

**COOPERATION AGREEMENT**  
**relating to**  
**THE PROPOSED ACQUISITION OF**  
**MCKAY SECURITIES PLC**

between  
**WORKSPACE GROUP PLC**  
and  
**MCKAY SECURITIES PLC**

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**This Agreement** is made on 2 March 2022 between:

- (1) **Workspace Group Plc**, a public limited company incorporated in England, with its registered address at Canterbury Court Kennington Park, 1-3 Brixton Road, London, England, SW9 6DE (“**Workspace**”); and
- (2) **McKay Securities Plc**, a public limited company incorporated in England, with its registered address 20 Greyfriars Road, Reading, Berks, RG1 1NL (“**McKay**”),

together referred to as the “**parties**” and each as a “**party**” to this agreement (the “**Agreement**”).

**Whereas:**

- (A) Workspace proposes to announce, immediately following execution of this Agreement, a firm intention to make a recommended offer for the entire issued and to be issued share capital of McKay on the terms and subject to the conditions set out in the Press Announcement (as defined below) (the “**Transaction**”).
- (B) The parties intend that the Transaction will be implemented by way of a scheme of arrangement between McKay and its shareholders pursuant to Part 26 of the Act (as defined below) (the “**Scheme**”), but Workspace reserves the right, as set out in (and subject to the terms and conditions of) the Press Announcement and this Agreement, to elect to implement the Transaction by way of a contractual takeover offer as defined in Chapter 3 of Part 28 of the Act (as defined below) (the “**Offer**”).
- (C) The parties have agreed to take certain steps to effect completion of the Transaction and wish to enter into this Agreement to record their respective rights, commitments and obligations relating to such matters.

**IT IS AGREED** as follows:

## **1. INTERPRETATION**

### **1.1 In this Agreement:**

“**Acceptance Condition**” means, if applicable, the acceptance condition to the Offer as specified in Clause 7.2;

“**Act**” means the Companies Act 2006;

“**Admission**” has the meaning given to that term in Clause 6.2;

“**Agreed Switch**” means a Switch in circumstances where the Transaction is implemented by way of an Offer in accordance with: (i) Clause 7.1.1; or (ii) Clause 7.1.2 in circumstances where no McKay Board Adverse Recommendation Change has occurred;

“**Business Day**” means a day, other than a Saturday or Sunday or public or bank holiday, on which clearing banks in London are open for normal business;

“**Code**” means the UK City Code on Takeovers and Mergers issued, and as from time to time amended and interpreted, by the Panel;

“**Competing Proposal**” means:

(i) an offer, including a partial, exchange or tender offer, merger, acquisition, dual-listed structure, scheme of arrangement, reverse takeover and/or business merger (or announcement of a firm intention to do the same), the purpose of which is to acquire, directly or indirectly, 30 per cent. or more of the issued or to be issued ordinary share capital of McKay (when aggregated with the shares already held by the acquirer and any person acting or deemed to be acting in concert with the acquirer) or any arrangements or series of arrangements which results in any party acquiring, consolidating or increasing “control” (as defined in the Code) of McKay; or

(ii) the acquisition, directly or indirectly, of all or a significant proportion (being 25 per cent. or more) of the business, assets and/or undertakings of McKay calculated by reference to any of its revenue, profits or value taken as a whole and which would constitute a Class 1 transaction for, or reverse takeover of, McKay under the Listing Rules;

(iii) a demerger, or any material reorganisation and/or liquidation, involving all or a significant proportion (being 25 per cent. or more) of McKay calculated by reference to any of its revenue, profits or value taken as a whole and which would constitute a Class 1 transaction for, or reverse takeover of, McKay under the Listing Rules,

in each case, which is not effected by Workspace, at the direction of Workspace, or with the written agreement of Workspace, whether implemented in a single transaction or a series of transactions and whether conditional or otherwise;

“**Conditions**” means (i) for so long as the Transaction is being implemented by means of the Scheme, the conditions to the implementation of the Scheme as set out in Part 1 of Appendix 1 to the Press Announcement and as may be further amended by Workspace with the consent of the Panel (and, unless there has been a McKay Board Adverse Recommendation Change, with the consent of McKay); and (ii) for so long as the Transaction is being implemented by means of an Offer, the conditions referred to in (i) above, as amended by replacing the Scheme Conditions with the Acceptance Condition and as may be further amended in accordance with Clause 7.2, and “**Condition**” shall be construed accordingly;

“**Confidentiality Agreement**” means the confidentiality agreements entered into between Workspace and McKay in relation to the Transaction dated 30 November 2021 and 9 February 2022;

“**Court**” means the High Court of Justice in England and Wales;

“**Court Meeting**” means the meeting of the holders of the Scheme Shares which are in issue as at the Voting Record Time (or of any class or classes thereof) to be convened by order of the Court pursuant to section 896 of the Act for the purpose of considering, and if thought fit, approving (with or without modification) the Scheme, including any adjournment thereof;

“**Day 60**” means where Workspace has elected to implement the Transaction by means of the Offer in accordance with Clause 7.1, the 60th day following the publication of the Offer Document or such later date as is set in relation to the Offer pursuant to Rule 31.3 of the Code and the notes on that Rule;

“**Disclosing Party**” has the meaning given to that term in Clause 3.4;

“**Effective Date**” means the date upon which either:

- (a) the Scheme becomes effective in accordance with its terms; or
- (b) if Workspace elects to implement the Transaction by way of the Offer in accordance with the terms of this Agreement, the Offer becomes or is declared unconditional in all respects;

“**FCA Handbook**” means the Financial Conduct Authority’s Handbook of rules and guidance as amended from time to time;

“**Initial Provisions**” means Clause 1, Clause 2.1, Clause 11 and Clauses 12 to 25 (inclusive);

“**Law**” means any applicable statutes, common law, rules, ordinances, regulations, codes, orders, judgments, injunctions, writs, decrees, directives, governmental guidelines or interpretations having the force of law or bylaws, in each case, of a Regulatory Authority;

“**Listing Rules**” means the listing rules promulgated by the Financial Conduct Authority pursuant to Part 6 of the Financial Services and Market Act 2000 and referred to in section 73A(2) of that act as set out in the FCA Handbook;

“**Longstop Date**” means 2 October 2022 or such later date as may be agreed by the parties in writing (with the Panel’s consent and as the Court may approve (if such consent and/or approval is/are required));

“**McKay Board Adverse Recommendation Change**” means:

- (a) if McKay makes an announcement prior to the publication of the Scheme Document that:
  - i. the McKay Directors no longer intend to make the McKay Board Recommendation or intend to adversely modify or adversely qualify such recommendation;
  - ii. other than where a Switch has occurred, it will not convene the Court Meeting or the McKay General Meeting; or
  - iii. other than where a Switch has occurred, it intends not to post the Scheme Document or (if different) the document convening the McKay General Meeting;
- (b) if McKay makes an announcement that it will delay the convening of, or will adjourn, the Court Meeting or the McKay General Meeting to a date which is later than the latest date permitted by the Condition set out in paragraph 2(c) of Part 1 of Appendix 1 to the Press Announcement or the Court Meeting or the McKay General Meeting is otherwise not held by the latest date permitted by the Condition set out in paragraph 2(c) of Part 1 of Appendix 1 to the Press Announcement, in each case without the consent of Workspace, except where:
  - i. Workspace has committed a breach of Clause 3 which has not been caused by any prior breach of this Agreement by McKay and such breach has caused the delay, provided that the duration of such delay is commensurate with such breach;
  - ii. a supplementary circular is required to be published in connection with the Scheme, and as a result, the Court Meeting and/or the McKay General Meeting cannot be held by such date in compliance with the Code and any other applicable Law (but provided that McKay has used reasonable endeavours to publish the supplementary circular as soon as reasonably practicable after the date on which the requirement to publish a supplementary circular arises); or
  - iii. such delay or adjournment is solely caused by logistical or practical reasons beyond McKay’s reasonable control;
- (c) other than where a Switch has occurred, the McKay Board Recommendation is not included in the Scheme Document;

- (d) the McKay Directors publicly withdraw or adversely modify or adversely qualify the McKay Board Recommendation; or
- (e) if, after the approval of the Resolutions, the McKay Directors announce that they will not implement the Scheme (other than: (i) in connection with an announcement of an offer or revised offer by Workspace for McKay; or (ii) because a Condition to the Transaction has become incapable of fulfilment or satisfaction),

provided that, in all cases, the issuance of: (1) any holding statement(s) by McKay following a change of circumstances; and (2) any announcement(s) by McKay that the McKay Directors are considering a possible offer for McKay by a third party, shall not, in any case, constitute a McKay Board Adverse Recommendation Change so long as either: (x) any such statement or announcement contains an express statement that the McKay Board Recommendation is not withdrawn, modified or qualified, or (y) McKay announces, within 7 Business Days after the relevant statement or announcement, its reconfirmation or reinstatement of the McKay Board Recommendation;

**“McKay Board Recommendation”** means a unanimous and unqualified recommendation from the McKay Directors to the McKay Shareholders in respect of the Transaction: (i) to vote in favour of the Resolutions; or (ii) if Workspace elects to implement the Transaction by means of an Offer in accordance with the terms of this Agreement, to accept the Offer (as the case may be);

**“McKay Directors”** means the directors of McKay from time to time;

**“McKay General Meeting”** means the general meeting of McKay Shareholders as at the Voting Record Time (including any adjournment thereof) to be convened and held in connection with the Scheme to consider, and if thought fit, approve the Resolutions;

**“McKay Group”** means McKay and its subsidiaries and subsidiary undertakings from time to time and **“member of the McKay Group”** shall be construed accordingly;

**“McKay Representative”** has the meaning given to it in Clause 13.4;

**“McKay Share Plans”** has the meaning given to it in Schedule 1 (*McKay Share Plans*);

**“McKay Shareholders”** means the registered holders of McKay Shares from time to time;

**“McKay Shares”** means the ordinary shares of 20 pence each in the capital of McKay from time to time;

**“New Workspace Shares”** means the Workspace Shares proposed to be issued to McKay Shareholders pursuant to the Scheme (or the Offer, as the context requires);

**“Notice”** has the meaning given to it in Clause 14.1;

**“Offer”** has the meaning given to it in Recital (B), and reference to Offer also includes any increased, renewed or revised offer;

**“Offer Document”** means, in the event Workspace elects to implement the Transaction by means of the Offer in accordance with Clause 7, the document setting out (among other things) details of the Transaction and the full terms and conditions of the Offer to be sent to (among others) McKay Shareholders, including any revised or supplementary offer document;

**“Panel”** means the UK Panel on Takeovers and Mergers of the United Kingdom;

**“Press Announcement”** means the press announcement to be released by Workspace and McKay pursuant to Rule 2.7 of the Code in relation to the Transaction, in the agreed form set out in Schedule 2 (*Press Announcement*);

**“Prospectus”** means any UK prospectus (or other equivalent document) which, in the event of a Switch only, is required to be published by Workspace in respect of Admission of the New Workspace Shares to be issued in connection with the Transaction, including any supplementary prospectus;

**“Recipient”** has the meaning given to it in Clause 13.4;

**“Registration Statement”** has the meaning given in Clause 7.6;

**“Regulatory Approvals”** means all approvals, consents, clearances, permissions, confirmations, comfort letters and waivers that may need, or are advisable, to be obtained, all filings that may need to be made or are advisable to be made and all waiting periods that may need to have expired, from or under any Laws or practices applied by any Regulatory Authority (or under any agreements or arrangements to which any Regulatory Authority is a party), in each case, that are required, necessary or advisable to satisfy one or more of the Regulatory Conditions;

**“Regulatory Authority”** means any central bank, ministry, governmental, quasi-governmental, national, supranational (including the European Union), statutory, regulatory, environmental, administrative, supervisory, fiscal or investigative body or authority (including any antitrust, competition or merger control authority, any sectoral ministry or regulator and any foreign investment or national security review body), national, state, municipal or local government (including any subdivision, court, administrative agency or commission or other authority thereof), any tribunal, court, trade agency, association, institution, employee representative body or any other body or person whatsoever in any jurisdiction, including the Panel;

**“Regulatory Conditions”** means the Conditions set out in paragraphs 3(b) to 3(d) of Part 1 of Appendix 1 to the Press Announcement;

**“Regulatory Information Service”** means a regulatory information service as defined in the FCA Handbook;

**“Relevant Third Party”** has the meaning given to it in Clause 19.1;

**“Remedies”** means any conditions, obligations, measures, commitments, modifications, undertakings, remedies (including disposals and any pre divestiture reorganisations) or assurance (financial or otherwise) offered or required in connection with the obtaining of any Regulatory Approvals and **“Remedy”** shall be construed accordingly;

**“Resolutions”** means: (i) such shareholder resolutions of McKay as are necessary to approve, implement and effect the Scheme and the Transaction; and (ii) a shareholder resolution of McKay to amend the articles of association of McKay by the adoption of a new article under which any McKay Shares issued or transferred after the McKay General Meeting shall either be subject to the Scheme or (after the Effective Date) shall be immediately transferred to Workspace (or as it may direct) in exchange for the same consideration as would be due under the Scheme;

**“Scheme”** has the meaning given to it in Recital (B), and reference to Scheme also includes any modified, renewed or revised scheme;

“**Scheme Conditions**” means the Conditions relating to the Scheme becoming effective in accordance with its terms, set out in paragraphs 2(d) and 2(f) of Part 1 of Appendix 1 to the Press Announcement;

“**Scheme Court Hearing**” means the hearing of the Court of the petition to sanction the Scheme pursuant to section 899 of the Act, including any adjournment thereof;

“**Scheme Document**” means the circular to be sent to (among others) McKay Shareholders setting out (among other things) details of the Transaction, the full terms and conditions of the Scheme and the explanatory statement required pursuant to Part 26 of the Act and incorporating the notices convening the Court Meeting and the McKay General Meeting, including any revised or supplementary circular;

“**Scheme Shares**” has the meaning given to that term in the Press Announcement;

“**Securities Act**” means the United States Securities Act of 1933 and the rules and regulations promulgated thereunder;

“**Switch**” has the meaning given to it in Clause 7.1;

“**Transaction**” has the meaning given to it in Recital (A);

“**Voting Record Time**” has the meaning given to it in the Press Announcement or such other time and/or date as the parties may agree in writing;

“**Workspace Directors**” means the directors of Workspace from time to time;

“**Workspace Group**” means Workspace and its subsidiaries and subsidiary undertakings from time to time and “**member of the Workspace Group**” shall be construed accordingly; and

“**Workspace Shares**” means the ordinary shares of £1 each in the capital of Workspace from time to time.

1.2 In this Agreement, except where the context otherwise requires:

1.2.1 the expression “**group**”, in relation to a party, means that party together with its subsidiaries and subsidiary undertakings from time to time;

1.2.2 the expressions “**subsidiary**” and “**subsidiary undertaking**” shall have the meanings given in the Act;

1.2.3 the expression “**acting in concert**” shall be construed in accordance with the Code;

1.2.4 a reference to an enactment or statutory provision shall include a reference to any subordinate legislation made under the relevant enactment or statutory provision and is a reference to that enactment, statutory provision or subordinate legislation as from time to time amended, consolidated, modified, re-enacted or replaced;

1.2.5 references to one gender include other genders;

1.2.6 words in the singular shall include the plural and vice versa;

1.2.7 a reference to a “**person**” shall include a reference to an individual, an individual’s executors or administrators, a partnership, a firm, a body corporate, an unincorporated association, government, state or agency of a state, local or municipal authority or government body, a joint venture or association (in any case, whether or not having separate legal personality);



- 1.2.8 a reference to a Recital, Clause or Schedule (other than to a schedule to a statutory provision) shall be a reference to a recital or clause of or schedule to (as the case may be) this Agreement;
- 1.2.9 references to times are to London time (unless otherwise specified);
- 1.2.10 any reference to a “**day**” (including within the phrase “**Business Day**”) shall mean a period of 24 hours running from midnight to midnight;
- 1.2.11 references to any English legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall in respect of any jurisdiction other than England be deemed to include what most nearly approximates the English legal term in that jurisdiction;
- 1.2.12 references to “**writing**” shall include any modes of reproducing words in any legible form and shall include email except where otherwise expressly stated;
- 1.2.13 a reference to “**includes**” or “**including**” shall mean “includes without limitation” or “including without limitation” respectively;
- 1.2.14 the rule known as the *ejusdem generis* rule shall not apply and accordingly general words introduced by the word “other” shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things;
- 1.2.15 general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by the general words;
- 1.2.16 references to “**£**”, “**pounds sterling**”, “**pence**” and “**penny**” are to the lawful currency of the United Kingdom;
- 1.2.17 a reference to any other document referred to in this Agreement is a reference to that other document as amended, varied, novated or supplemented at any time; and
- 1.2.18 references to this Agreement include this Agreement as amended or supplemented in accordance with its terms.
- 1.3 The headings in this Agreement are for convenience only and shall not affect the interpretation of this Agreement.
- 1.4 The Schedules form part of this Agreement and shall have the same force and effect as if set out in the body of this Agreement and any reference to this Agreement shall include the Schedules.
- 2. PUBLICATION OF THE PRESS ANNOUNCEMENT AND TERMS OF THE TRANSACTION**
- 2.1 The obligations of the parties under this Agreement, other than under the Initial Provisions, shall be conditional on the release of the Press Announcement via a Regulatory Information Service at or before 8.00 a.m. on the date of this Agreement, or such later time and/or date as the parties may agree (and, where required by the Code, the Panel may approve). The Initial Provisions shall take effect on and from execution of this Agreement.
- 2.2 The terms of the Transaction shall be as set out in the Press Announcement, together with such other terms as may be agreed by the parties in writing (save in the case of an improvement to the terms of the Transaction, which shall be at the sole discretion of Workspace) and, where required by the Code, approved by the Panel.

2.3 The terms of the Transaction at the date of posting of the Scheme Document shall be set out in the Scheme Document. Should Workspace elect to implement the Transaction by way of an Offer in accordance with Clause 7, the terms of the Transaction shall be set out in the announcement of the Switch, the Offer Document and any form of acceptance.

### **3. UNDERTAKINGS IN RELATION TO REGULATORY APPROVALS AND CONDITIONS**

3.1 Workspace shall take, or cause to be taken, all required or necessary steps (as applicable) to secure the Regulatory Approvals (if any) as soon as reasonably practicable following the date of this Agreement and, in any event, in sufficient time to enable the Effective Date to occur by the Longstop Date (including by offering, agreeing and/or executing any Remedies that are required or necessary to obtain such Regulatory Approvals). Notwithstanding any other provision of this Agreement to the contrary, Workspace acknowledges and agrees that its obligation to take, or cause to be taken, all required or necessary steps pursuant to this Clause 3.1 requires it to offer, agree and execute (and/or, if applicable, to cause to cause the offer, agreement and/or execution of) any Remedies that are required or necessary to obtain any and all Regulatory Approvals as soon as reasonably practicable following the date of this Agreement and, in any event, in sufficient time to enable the Effective Date to occur by the Longstop Date.

3.2 Without prejudice to the generality of Clause 3.1, Workspace undertakes to McKay to:

3.2.1 to the extent that any Regulatory Approvals are required in respect of the Transaction, make filings, notifications or submissions in respect of the Regulatory Approvals which it has a responsibility to make under applicable Law (or if otherwise required by a Regulatory Authority) with or to the relevant Regulatory Authorities in respect of the Transaction and to take all required or necessary steps (as applicable) to avoid: (i) any declaration of incompleteness by any Regulatory Authority; and (ii) any suspension of any review period by any Regulatory Authority;

3.2.2 if and to the extent permitted by applicable Law and the requirements of the relevant Regulatory Authority, notify McKay as soon as reasonably practicable of any communication (whether written or oral) from any Regulatory Authority in connection with the Transaction;

3.2.3 if and to the extent permitted by applicable Law and the requirements of the relevant Regulatory Authority, and where practicable, give McKay reasonable notice of and reasonable opportunity to participate in all meetings and telephone calls with any Regulatory Authority in connection with the Transaction (unless solely administrative in nature);

3.2.4 if and to the extent permitted by applicable Law and to the extent possible, provide McKay with drafts of all written communications (unless solely administrative in nature) intended to be sent to any Regulatory Authority in connection with the Transaction sufficiently in advance of their submission to allow McKay a reasonable opportunity to comment on them and provide McKay with final copies of all such communications; and

3.2.5 if and to the extent permitted by applicable law and the requirements of any Regulatory Authority, keep McKay informed of any developments which are material to the obtaining of the Regulatory Approvals.

3.3 Subject to Clause 3.4, to the extent that any Regulatory Approvals are required in respect of the Transaction, McKay undertakes promptly to provide such information and assistance to

Workspace as Workspace may reasonably require for the purposes of obtaining such Regulatory Approvals and making submissions, filings or notifications to any Regulatory Authorities.

3.4 If a provision of this Agreement obliges Workspace or McKay (the “**Disclosing Party**”) to disclose any information to another party:

3.4.1 that is personally identifiable information of a director, officer or employee of the Disclosing Party, unless that information can be reasonably anonymised (in which case the Disclosing Party shall provide the relevant information on an anonymous basis);

3.4.2 which the Disclosing Party reasonably considers to be commercially or competitively sensitive;

3.4.3 which the disclosing party is prohibited from disclosing by applicable Law or the terms of an existing contract;

3.4.4 where such disclosure would result in the loss of privilege that subsists in relation to such information, including legal professional privilege; or

3.4.5 where such disclosure would result in the relevant information being required to be disclosed to a competing bidder pursuant to Rule 21.3 of the Code,

the Disclosing Party shall, to the extent permitted by applicable Law (and, if relevant, the Code), disclose the relevant information to the other party:

3.4.6 on an outside-counsel basis pursuant to an appropriately established clean team arrangement; or

3.4.7 where disclosure to the other party would reasonably be expected to have a material adverse effect on the Disclosing Party’s legitimate business interest, directly to the relevant Regulatory Authority (and in such circumstances, the Disclosing Party shall provide, or procure the provision of, a non-confidential version of such information to the other party), but provided always that nothing in this Agreement shall oblige the Disclosing Party to disclose any information where such disclosure would result in the loss of privilege that subsists in relation to such information (including legal professional privilege).

3.5 Except with the prior written consent of McKay, Workspace shall not, and shall procure that each member of the Workspace Group shall not, and shall not direct or cause any person acting in concert with (or deemed to be acting in concert with) Workspace to, in each case, directly or indirectly:

3.5.1 take, or omit to take, or permit or cause to be taken, any action; or

3.5.2 enter into any acquisition, transaction, agreement or other arrangement,

in either case, which would, or would be reasonably expected to, preclude, impede, materially prejudice or materially delay receipt of the Regulatory Approvals or satisfaction of the Regulatory Conditions or prevent, impede, materially prejudice or materially delay completion of the Transaction.

## **4. SCHEME DOCUMENT**

### **4.1 Workspace agrees to:**

- 4.1.1 as soon as reasonably practicable, provide to McKay (and/or its legal advisers) all such information about itself, the Workspace Group, the Workspace Directors and any other person acting in concert with Workspace (including any information required by the Code or under other applicable Law, including in relation to the intentions of Workspace) as may be reasonably requested and which is reasonably required by McKay and/or its legal advisers, having regard to the Code and other applicable Law, for inclusion in the Scheme Document;
- 4.1.2 as soon as reasonably practicable, provide all such other assistance and access (including to personnel) as may be reasonably required for the preparation of the Scheme Document and any other document required by the Code or other applicable Law to be published in connection with the Scheme, including access to, and procuring that reasonable assistance is provided by, Workspace's relevant professional advisers; and
- 4.1.3 procure that the Workspace Directors (and any other person connected with Workspace, as required by the Panel) accept responsibility, in the terms required by the Code, for all the information in the Scheme Document, and any other document required by the Code or other applicable Law to be published in connection with the Scheme, relating to:
  - (a) themselves (and their close relatives (as defined in the Code), related trusts and companies and other persons connected with them) and the Workspace Group;
  - (b) the financing of the Transaction;
  - (c) information on Workspace's intentions and future plans for the McKay Group and its business, places of business, management, employees and pension schemes;
  - (d) any statements of the opinion, belief, intention or expectation of Workspace or the Workspace Directors in relation to the Transaction or the enlarged Workspace Group following the completion of the Transaction; and
  - (e) any other information in the Scheme Document for which a bidder and/or its directors are required to accept responsibility under the Code or other applicable Law.

## **5. IMPLEMENTATION OF THE SCHEME**

- 5.1 Where the Transaction is being implemented by way of the Scheme, Workspace undertakes to deliver a Notice in writing to McKay on the Business Day prior to the Scheme Court Hearing, confirming either:
  - 5.1.1 the satisfaction or waiver of all Conditions (other than the Scheme Conditions); or
  - 5.1.2 its intention to invoke one or more Conditions (if permitted by the Panel), and providing reasonable details of the event which has occurred, or circumstances which have arisen, which Workspace reasonably considers entitles it to invoke each such Condition or treat it as unsatisfied or incapable of satisfaction, together in each such case, with an explanation as to why Workspace considers such event or circumstance to be of

material significance to it in the context of the Transaction such that the Panel should permit it to invoke such Condition(s).

- 5.2 Where the Transaction is being implemented by way of the Scheme, Workspace shall instruct counsel to appear on its behalf at the Scheme Court Hearing and undertake to the Court to be bound by the terms of the Scheme in so far as it relates to Workspace and, to the extent that all the Conditions (other than the Scheme Conditions) have been satisfied or waived prior to or on the date of the Scheme Court Hearing, Workspace shall provide such documentation or information as may reasonably be required by McKay's counsel and/or the Court in relation to such undertaking.
- 5.3 Workspace agrees that if the board of Workspace resolves to seek the permission of the Panel to invoke a Condition, it will, subject to applicable Law, as soon as reasonably practicable and in any event prior to approaching the Panel inform McKay of its intention to do so and provide McKay with reasonable details of the ground on which it intends to invoke the relevant Condition.

## **6. NEW WORKSPACE SHARES**

- 6.1 Workspace shall procure that:
- 6.1.1 the Workspace Directors shall, at a duly convened meeting of the board of Workspace, resolve to allot and issue all of the New Workspace Shares that are to be issued to McKay Shareholders upon the Scheme becoming effective and cause such New Workspace Shares to be issued upon the Scheme being effective; and
- 6.1.2 the New Workspace Shares to be issued to McKay Shareholders shall be credited as fully paid and rank *pari passu* with the other Workspace Shares in issue then in issue on the Effective Date and to be issued free from any and all encumbrances.
- 6.2 Workspace shall use all reasonable endeavours to cause all of the New Workspace Shares that are to be issued to McKay Shareholders upon the Scheme becoming effective to be approved for admission to the premium listing segment of the Official List of the Financial Conduct Authority and admission to trading on the London Stock Exchange's main market for listed securities ("**Admission**") and shall otherwise ensure that the issuance of all such New Workspace Shares complies with all applicable laws and regulations.
- 6.3 For so long as the Transaction is being implemented by way of the Scheme:
- 6.3.1 Workspace shall not publish any prospectus (or other equivalent document) in connection with the New Workspace Shares which are issued to McKay Shareholders upon the Scheme becoming effective; and
- 6.3.2 Workspace shall use all reasonable endeavours to cause all New Workspace Shares which are issued to McKay Shareholders upon the Scheme becoming effective to be issued in reliance on the exemption from the registration requirements of the Securities Act provided by section 3(a)(10) of the Securities Act and in reliance on exemptions from registration under state "blue sky" or securities laws.

## **7. SWITCHING TO AN OFFER**

- 7.1 The parties intend that the Transaction will be implemented by way of the Scheme. However, Workspace shall be entitled, with the consent of the Panel, to elect to implement the Transaction by way of an Offer, rather than the Scheme (a "**Switch**"), only if:

- 7.1.1 McKay provides its prior written consent;
  - 7.1.2 a third party announces a firm intention to make an offer (whether or not subject to the satisfaction or waiver of any pre-conditions) under Rule 2.7 of the Code for the entire issued, and to be issued, share capital of McKay; or
  - 7.1.3 a McKay Board Adverse Recommendation Change occurs.
- 7.2 In the event of an Agreed Switch, the parties agree that the Acceptance Condition shall be set at 75 per cent. of the voting rights attaching to McKay Shares (or such other percentage as may be agreed between the parties in writing after (to the extent necessary) consultation with the Panel, being in any case more than 50 per cent. of the voting rights attaching to McKay Shares).
- 7.3 In the event of an Agreed Switch, unless otherwise agreed with McKay or required by the Panel, the parties agree that:
- 7.3.1 Workspace will consult with McKay in a timely manner as to the form and content of any announcements (and the related form of acceptance) relating to the Agreed Switch and its implementation and any proposed changes to the timetable in relation to the implementation of the Agreed Switch;
  - 7.3.2 Workspace shall prepare the Offer Document and any Prospectus and shall consult reasonably with McKay in relation thereto and shall allow McKay a reasonable opportunity to consider the draft Offer Document and any such draft Prospectus for review and comment, and shall consider in good faith comments proposed by McKay;
  - 7.3.3 Workspace agrees: (i) to seek McKay's approval of the contents of the information on McKay contained in the Offer Document and/ or any Prospectus in each case before the relevant document is published, to take into account in good faith comments reasonably made by McKay on the contents of the Offer Document and/or any Prospectus, and to afford McKay sufficient time to consider each such document in order to give its approval and make any comments; and (ii) consult and agree with McKay as to the timetable for publication of any Prospectus and use all reasonable endeavours to procure that such Prospectus is prepared and published in accordance with the timetable agreed between the parties;
  - 7.3.4 Workspace shall not take any action which would cause the Offer not to proceed, to lapse or to be withdrawn, in each case for non-fulfilment of any Condition, prior to midnight on Day 60 (including, without limitation, by publishing any acceptance condition invocation notice under Rule 31.6 of the Code or specifying in the Offer Document an unconditional date which is earlier than Day 60) and Workspace shall ensure that the Offer remains open for acceptance until such time;
  - 7.3.5 Workspace shall not, without the prior written consent of McKay, make any acceleration statement (as defined in the Code) unless: (i) all of the Conditions (other than the Acceptance Condition) have been satisfied or waived (if capable of waiver); (ii) the acceleration statement contains no right for Workspace to set the statement aside (except with McKay consent); and (iii) Workspace undertakes to McKay not to take any action or step otherwise to set the acceleration statement aside;
  - 7.3.6 if at any time following the publication of the Offer Document, it is reasonably expected that any outstanding Regulatory Condition is not likely to be satisfied or waived (if capable of waiver) prior to the last date permitted under Rule 31.1 of the Code, Workspace shall, before the 30<sup>th</sup> day after the publication of the Offer Document (or such later date as McKay may agree), consult with McKay as to whether the offer timetable should be suspended in accordance with Rule 31.4 of the Code (or, if

applicable, further suspended) and, if required by McKay, shall request such suspension to a date agreed with McKay and the Panel, in each case with the effect of extending Day 60 in accordance with Rule 31.3 of the Code, provided always that the date extended (as, if applicable, it may be further extended) shall be no later than the Longstop Date;

- 7.3.7 Workspace shall ensure that the Offer is made on the same terms as those set out in the Press Announcement and the only conditions of the Offer shall be the Conditions (subject to replacing the Conditions set out in paragraph 2 of Part 1 of Appendix 1 to the Press Announcement with the Acceptance Condition referred to in Clause 7.2), unless the parties agree otherwise in writing or with any modification or amendments to such terms and Conditions as may be required by the Panel; and
- 7.3.8 Workspace shall keep McKay informed, on a regular and confidential basis and in any event promptly following a written request by McKay, of the number of McKay Shareholders that have: (i) validly accepted the Offer; (ii) withdrawn their acceptance of the Offer; and/or (iii) incorrectly submitted their acceptance or withdrawal, together with, in each case, the identity of such shareholders and the number of McKay Shares held by such shareholders.
- 7.4 In the event of any Agreed Switch, the parties agree that all provisions of this Agreement relating to the Scheme and the Scheme Document and its implementation shall apply to the Offer, the Offer Document and its implementation *mutatis mutandis*, save as set out in this Clause 7.
- 7.5 Workspace hereby warrants that it is not, at the date of this Agreement, and undertakes that (for so long as the Agreement is in force) it shall not become, following the date of this Agreement, required to make a mandatory offer for McKay under Rule 9 of the Code.
- 7.6 In the event of any Switch in connection with which the Offer is to be registered under the Securities Act (absent an applicable exemption from the registration requirements of the Securities Act), Workspace, with McKay's assistance in the case of an Agreed Switch, shall prepare a registration statement on Form F-4 (or any other applicable form) with respect to the New Workspace Shares to be issued in connection with the Transaction (the "**Registration Statement**") and, in the event of an Agreed Switch, Workspace shall consult reasonably with McKay in relation thereto and shall allow McKay a reasonable opportunity to consider the draft Registration Statement for review and comment, and shall consider in good faith comments proposed by McKay.

## **8. CONDUCT OF BUSINESS**

- 8.1 Pending the Effective Date, except: (i) with McKay's prior written consent (such consent not to be unreasonably withheld or delayed); (ii) where required by law or regulation; or (iii) to the extent the relevant matter is expressly permitted or contemplated by or in this Agreement or the Press Announcement, Workspace shall not and shall procure that no member of the Workspace Group shall agree, resolve, commit or announce publicly any agreement or intention to:
  - 8.1.1 other than in the ordinary course of business and consistent with past practice (including, without limitation, the granting of options or awards in respect of shares in the normal and ordinary course and in accordance with the Workspace Group's incentive plans and the issuance of shares necessary to satisfy such options or awards vesting or due to be settled under such plans):
    - (a) allot or issue any Workspace Shares or any securities convertible into Workspace Shares; or

- (b) grant any option over or right to subscribe for any such shares or any such securities referred to in (a) above,

in each case that are allotted, issued or granted at less than the fair market value of the relevant share, security, option or right on the date of allotment, issuance or grant;

- 8.1.2 split, combine or reclassify any of its shares or amend its memorandum or articles of association, in each case, in any manner that would have an adverse impact on the value of the New Workspace Shares;
- 8.1.3 subject to Clause 8.2, authorise, declare or pay any dividend or other distribution on or with respect to the Workspace Shares (whether in cash, assets, shares or other securities); or
- 8.1.4 undertake any other form of capital reorganisation not otherwise referred to in this clause 8.1 which could reasonably be expected to have an adverse impact on the value of the New Workspace Shares.

8.2 Notwithstanding Clause 8.1.3, Workspace may:

- 8.2.1 continue to authorise, declare and pay dividends and distributions in the ordinary course and consistent with past practice (including as to the timing of the authorisation, declaration and payment of any dividend or distribution) and/or Workspace's stated dividend policy (provided that the timing of the authorisation, declaration and payment of any dividend or distribution is consistent with past practice) and/or in order to satisfy the requirements to make distributions to maintain its Real Estate Investment Trust status; and/or
- 8.2.2 authorise, declare and pay dividends and distributions with reference to a record date after the Effective Date (so that, if the Transaction is completed, the New Workspace Shares rank for participation in such dividends or distributions rateably and equally with all other Workspace Shares then issued).

## 9. MCKAY SHARE PLANS AND EMPLOYEE MATTERS

- 9.1 The parties agree that the provisions of Schedule 1 (*McKay Share Plans and Employee Matters*) with respect to certain employee-related matters shall be implemented in accordance with that Schedule.
- 9.2 Workspace and McKay agree that if the Transaction is implemented by way of the Scheme, the timetable for its implementation shall be fixed so as to enable options and awards under the relevant McKay Share Plans that are exercised and/or vest upon the sanction of the Scheme by the Court to be exercised or vest in sufficient time to enable the resulting McKay Shares to be bound by the Scheme on the same terms as the McKay Shares held by McKay Shareholders.

## 10. DIRECTORS' AND OFFICERS' INSURANCE

- 10.1 If and to the extent such obligations are permitted by applicable Law, for six years after the Effective Date, Workspace shall procure that the members of the McKay Group honour and fulfil their respective obligations (if any) existing as at the date of this Agreement to indemnify their respective directors and officers and to advance expenses, and to provide all reasonable assistance to the current directors and officers of McKay and each member of the McKay Group to the extent they need to make a claim against the existing McKay directors' and officers'



insurance policy (including any associated run-off cover), in each case with respect to matters existing or occurring at or prior to the Effective Date.

- 10.2 Workspace acknowledges and agrees that McKay may purchase, at any time prior to or following the Effective Date, directors' and officers' liability insurance cover for both current and former directors and officers of the McKay Group, including directors and officers who retire or whose employment is terminated (directly or indirectly) in connection with the Transaction, for acts and omissions up to and including the Effective Date, in the form of run-off cover for a period of six years following the Effective Date. Such insurance cover shall be with reputable insurers and provide cover, in terms of quantum and scope, substantially equivalent to that provided under the McKay Group's directors' and officers' liability insurance as at the date of this Agreement.

## **11. CODE AND APPLICABLE LAW**

- 11.1 Nothing in this Agreement shall in any way limit the parties' obligations under the Code and any other applicable Law, nor shall it be taken to restrict the directors and officers of the members of the McKay Group from complying with all applicable Law (including the Code, the Listing Rules, and the rules and regulations of the Panel and the FCA). Any uncontested rulings of the Panel as to the application of the Code in conflict with the terms of this Agreement shall take precedence over the terms of this Agreement.
- 11.2 The parties agree that, if the Panel determines that any provision of this Agreement that requires McKay to take or not take action, whether as a direct obligation or as a condition to any other person's obligation (however expressed), is not permitted by Rule 21.2 of the Code, that provision shall have no effect and shall be disregarded, and neither McKay nor the McKay Directors shall have any obligation to take or not take any such action.
- 11.3 Nothing in this Agreement shall oblige McKay or the McKay Directors to recommend an Offer or a Scheme proposed by Workspace or any member of the Workspace Group or any person acting in concert with any of them.

## **12. TERMINATION**

- 12.1 Subject to Clauses 12.2 and 12.3, this Agreement shall terminate with immediate effect and all rights and obligations of the parties under this Agreement shall cease immediately:
- 12.1.1 if agreed in writing between the parties, at any time prior to the Effective Date;
- 12.1.2 if the Press Announcement is not released via a Regulatory Information Service at or before 8.00 a.m. on the date of this Agreement (unless, prior to that time, the parties have agreed a later time and/or date in accordance with Clause 2.1);
- 12.1.3 upon service of written notice by Workspace to McKay, if one or more of the following occurs:
- (a) prior to the Longstop Date, a Competing Proposal is publicly recommended by the McKay Directors;
  - (b) a Competing Proposal completes, becomes effective or becomes, or is declared, unconditional in all respects; or
  - (c) a McKay Board Adverse Recommendation Change occurs;
- 12.1.4 upon service of written notice by Workspace on McKay or by McKay on Workspace, if one or more of the following occurs:

- (a) prior to the Longstop Date, any Condition has been invoked by Workspace (where the invocation of the relevant Condition is permitted by the Panel);
- (b) prior to the Longstop Date, a third party announces a firm intention to make an offer or revised offer (whether or not subject to the satisfaction or waiver of any pre-conditions) for McKay under Rule 2.7 of the Code, which completes, becomes effective or is declared or becomes unconditional in all respects;
- (c) if the Transaction is withdrawn, terminated or lapses in accordance with its terms prior to the Longstop Date and, where required, with the consent of the Panel (other than: (i) where such lapse or withdrawal is as a result of the exercise of Workspace's right to effect a Switch from the Scheme to the Offer; or (ii) it is otherwise to be followed within five Business Days (or such other period as McKay and Workspace may agree) by an announcement under Rule 2.7 of the Code made by Workspace or any person acting in concert with Workspace (or deemed to be acting in concert with Workspace) to implement the Transaction by a different offer or scheme on substantially the same or improved terms);
- (d) except following a Switch, if the Scheme is not approved by the requisite majority of holders of Scheme Shares at the Court Meeting and/or McKay Shareholders at the McKay General Meeting, or the Court definitively refuses to sanction the Scheme; or
- (e) unless otherwise agreed by the parties in writing or required by the Panel, if the Effective Date has not occurred by the Longstop Date.

12.2 Termination of this Agreement shall be without prejudice to the rights of any party that have or may have arisen at or prior to termination.

12.3 The following provisions shall survive termination of this Agreement:

12.3.1 Clause 8.2.2, Clause 10 and Schedule 1 (*McKay Share Plans*) (but, in each case, only in circumstances where this Agreement is terminated on or after the Effective Date); and

12.3.2 Clause 11, this Clause 12, Clauses 13 to 22 (inclusive), 24 and 25.

### **13. WARRANTIES AND UNDERTAKINGS**

13.1 Each party warrants to the other on the date of this Agreement that:

13.1.1 it has the requisite power and authority to enter into and perform its obligations under this Agreement;

13.1.2 this Agreement constitutes its legal, valid and binding obligations in accordance with its terms; and

13.1.3 the execution and delivery of, and performance of its obligations under, this Agreement shall not:

- (a) result in a breach of any provision of its constitutional documents;
- (b) result in a breach of, or constitute a default under, any instrument to which it is a party or by which it is bound; or

- (c) result in a breach of any order, judgment or decree of any court or governmental agency to which it is a party or by which it is bound.
- 13.2 No party shall have any claim against the other for breach of warranty after the Effective Date (without prejudice to any liability for fraudulent misrepresentation or fraudulent misstatement).
- 13.3 Workspace warrants to McKay that, as at the date of this Agreement:
- 13.3.1 no shareholder resolution of Workspace is required to implement the Transaction;
  - 13.3.2 no prospectus (or other equivalent document) is required to be published by the Workspace Group in respect of the New Workspace Shares to be issued in connection with the Transaction; and
  - 13.3.3 it is not aware of any matter or circumstance which would or could reasonably be expected to result in any of the Conditions not being satisfied.
- 13.4 Workspace acknowledges and agrees that any information and/or assistance provided by any of the McKay Directors, officers, employees or advisers (each an “**McKay Representative**”) to it and/or any other person acting in concert with either of them, and any of their respective directors, officers, employees or advisers (each a “**Recipient**”), whether before, on or after the date of this Agreement: (i) pursuant to the obligations of McKay or any member of the McKay Group under or otherwise in connection with this Agreement; or (ii) in connection with the Transaction, shall in each case be (and have been) given on the basis that the relevant McKay Representative shall not incur any liability, whether in contract, tort (including negligence) or otherwise, in respect of any loss or damage that any of the Recipients may suffer as a result of the provision of any such information and/or assistance, save, in each case for loss or damage resulting from the fraudulent misrepresentation of the relevant McKay Representative.

## 14. NOTICES

- 14.1 A notice under or in connection with this Agreement (a “**Notice**”) shall only be effective if it is:
- 14.1.1 in writing;
  - 14.1.2 in the English language; and
  - 14.1.3 delivered personally or sent by first class post pre-paid recorded delivery (and air mail if overseas) and also (or exclusively) by email to the party due to receive the Notice at the address specified in Clause 14.2 (or to another address specified by that party by not less than seven days’ written notice to the other party).
- 14.2 The address referred to in Clause 14.1.3 is:
- 14.2.1 in the case of Workspace:
    - Address: Workspace Group plc  
Canterbury Court Kennington Park  
1-3 Brixton Road  
London, England  
SW9 6DE
    - Email: [REDACTED]
- marked for the attention of Company Secretary;

and a copy to each of (but such copy shall not constitute Notice):

Address: Herbert Smith Freehills LLP  
Exchange House  
Primrose Street  
London  
EC2A 2EG

Email: [REDACTED]

marked for the attention of [REDACTED];

14.2.2 in the case of McKay:

Address: 20 Greyfriars Road  
Reading, Berks  
RG1 1NL

Email: [REDACTED]

marked for the attention of [REDACTED] (Chief Financial Officer);

and a copy to (but such copy shall not constitute Notice):

Address: Slaughter and May  
One Bunhill Row  
London  
EC1Y 8YY

Email: [REDACTED]

marked for the attention of [REDACTED] (Partner).

14.3 A party may change its notice details on giving Notice to the other party of the change in accordance with Clauses 14.1, 14.2 and 14.4.

14.4 Unless there is evidence that it was received earlier, a Notice is deemed given:

14.4.1 if delivered personally, when left at the address referred to in Clause 14.2;

14.4.2 if sent by post, except air mail, two Business Days after posting it;

14.4.3 if sent by air mail, six Business Days after posting it;

14.4.4 if sent by email, when sent, provided that the sender does not receive a notice of non-delivery.

Any Notice sent outside of the hours of 9.00 a.m. to 5.30 p.m. shall be deemed to be given at the start of the next Business Day.

14.5 The provisions of this Clause 14 shall not apply in relation to the service of any claim form, application notice, order, judgment or other document relating to any proceedings, suit or action arising out of or in connection with this Agreement, whether contractual or non-contractual.

## **15. REMEDIES AND WAIVERS**

- 15.1 No delay or omission by any party to this Agreement in exercising any right, power or remedy provided by applicable Law or under this Agreement shall affect that right, power or remedy or operate as a waiver of it.
- 15.2 The single or partial exercise of any right, power or remedy provided by applicable Law or under this Agreement shall not preclude any other or further exercise of it or the exercise of any other right, power or remedy.
- 15.3 The rights, powers and remedies provided in this Agreement are cumulative and not exclusive of any rights, powers and remedies provided by applicable Law.
- 15.4 Without prejudice to any other rights and remedies which any party may have, each party acknowledges and agrees that damages alone may not be an adequate remedy for any breach by any party of the provisions of this Agreement and each party shall be entitled to seek the remedies of injunction, specific performance and other equitable remedies, for any threatened or actual breach of any such provision of this Agreement by a party hereto, and no proof of special damages shall be necessary for the enforcement by any party of the rights under this Agreement.
- 15.5 Nothing in this Agreement shall oblige McKay to pay an amount in damages which the Panel determines would not be permitted by Rule 21.2 of the Code.

## **16. VARIATION**

No variation of this Agreement shall be valid unless it is in writing (which, for this purpose, does not include email) and signed by or on behalf of each of the parties.

## **17. INVALIDITY**

- 17.1 If at any time any provision of this Agreement is or becomes illegal, invalid or unenforceable in any respect under the applicable Law of any jurisdiction, that shall not affect or impair:
- 17.1.1 the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or
- 17.1.2 the legality, validity or enforceability under the applicable Law of any other jurisdiction of that or any other provision of this Agreement,

and, if such provision would be valid and enforceable if deleted in whole or in part or reduced in application, such provision shall apply with such deletion or modification as may be necessary to make it valid and enforceable.

## **18. ENTIRE AGREEMENT**

- 18.1 Save for the Confidentiality Agreements and any other agreements the parties agree in writing are deemed to be included in this Clause 18 (which, in each case, this Agreement shall not supersede), this Agreement constitutes the whole and only agreement between the parties relating to the Transaction, and supersedes any previous agreement whether written or oral between the parties in relation to the Transaction.
- 18.2 Except in the case of fraud, each party acknowledges that it is entering into this Agreement in reliance upon only this Agreement and that it is not relying upon any pre-contractual statement that is not set out in this Agreement.

- 18.3 Except in the case of fraud, no party shall have any right of action (including those in tort or arising under statute) against the other party arising out of or in connection with any pre-contractual statement, except to the extent that it is repeated in this Agreement.
- 18.4 For the purposes of this Clause 18, “**pre-contractual statement**” means any draft, agreement, undertaking, representation, warranty, promise, assurance or arrangement of any nature whatsoever, whether or not in writing, relating to the subject matter of this Agreement made or given by any person at any time before the date of this Agreement.

## **19. THIRD PARTY RIGHTS**

- 19.1 Each of:

19.1.1 the current and/or former directors and officers of the members of the McKay Group to which Clause 10.1 and/or Clause 10.2 applies; and

19.1.2 the McKay Representatives to which Clause 13.4 applies,

(each such person being a “**Relevant Third Party**”) may under the Contracts (Rights of Third Parties) Act 1999 enforce the terms of Clauses 10.1, 10.2 and/or 13.4 (as applicable). This right is subject to: (i) the rights of the parties to rescind or vary this Agreement without the consent of any other person (save that any amendment, waiver or variation of Clause 10.1, 10.2 and/or 13.4 shall require the consent of the affected Relevant Third Party); and (ii) the other terms and conditions of this Agreement.

- 19.2 Paragraphs 8, 9, 12 and 15(B) of Schedule 1 (*McKay Share Plans*) confer a benefit on the members of the McKay Remuneration Committee (as defined in Schedule 1 (*McKay Share Plans*)), who may under the Contracts (Rights of Third Parties) Act 1999 enforce the terms of Workspace’s agreement in paragraphs 8, 9, 12 and 15(B) of Schedule 1 (*McKay Share Plans*).
- 19.3 Except as set out in Clauses 19.1 and 19.2 above, the parties do not intend that any term of this Agreement should be enforceable by, or confer a benefit on, any person who is not a party to this Agreement by virtue of the Contracts (Rights of Third Parties) Act 1999.

## **20. NO PARTNERSHIP**

No provision of this Agreement creates a partnership between any of the parties or makes a party the agent of another party for any purpose. A party has no authority or power to bind, to contract in the name of, or to create a liability for another party in any way or for any purpose.

## **21. ASSIGNMENT**

No party shall be entitled to assign (whether absolutely or by way of security and whether in whole or in part), transfer, mortgage, charge, declare itself a trustee for a third party of, or otherwise dispose of in any manner whatsoever, the benefit of this Agreement (or any part of it) or sub-contract in any manner whatsoever its performance under this Agreement, without the prior written consent of the other parties.

## **22. COSTS AND EXPENSES**

Save as expressly provided otherwise, each party shall pay its own costs and expenses in relation to the negotiation, preparation, execution and implementation of this Agreement and

any matter contemplated by it (including the costs of preparation and/or submission of any filings and/or notifications).

**23. FURTHER ASSURANCE**

Each party shall, at the cost of the requesting party, use reasonable endeavours to, or use reasonable endeavours to procure that any relevant third party shall, do and/or execute and/or perform all such further deeds, documents, assurances, acts and things as the requesting party may reasonably be required to give effect to this Agreement to the requesting party.

**24. COUNTERPARTS**

24.1 This Agreement may be executed in any number of counterparts, and by the parties on separate counterparts, but shall not be effective until each party has executed at least one counterpart. Each counterpart shall constitute an original of this Agreement, but all the counterparts shall together constitute one and the same instrument.

24.2 Delivery of an executed counterpart signature page of this Agreement by email (pdf) shall be as effective as manual delivery. In relation to each counterpart, upon confirmation by or on behalf of the signatory that the signatory authorises the attachment of such counterpart signature page on the final text of this Agreement, such counterpart signature page shall take effect with such final text as a complete authorised counterpart.

**25. GOVERNING LAW AND JURISDICTION**

25.1 This Agreement is to be governed by and construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual, is to be governed by and determined in accordance with English law.

25.2 The parties irrevocably submit to the exclusive jurisdiction of the courts of England and Wales in respect of any matter, claim or dispute arising out of or in connection with this Agreement, whether contractual or non-contractual.

IN WITNESS WHEREOF the parties have executed this Agreement on the date first set out above.

**EXECUTED BY**

  
acting for and on behalf of  
**Workspace Group PLC**

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**EXECUTED BY**

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acting for and on behalf of  
**McKay Securities PLC**

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IN WITNESS WHEREOF the parties have executed this Agreement on the date first set out above.

**EXECUTED BY**

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acting for and on behalf of  
**Workspace Group PLC**

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acting for and on behalf of  
**McKay Securities PLC**

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## **SCHEDULE 1**

### **MCKAY SHARE PLANS AND EMPLOYEE MATTERS**

McKay and Workspace intend that the following arrangements and acknowledgements will, subject to the Scheme becoming effective in accordance with its terms, apply to the McKay Share Plans and the McKay Employees.

In the event that the Transaction is effected as an Offer, references to the date on which the Court sanctions the Scheme under section 899 of the Companies Act (the “**Court Sanction Date**”) and the Effective Date will be read as if they referred to the date on which the Offer becomes or is declared unconditional in all respects.

The acknowledgements in paragraphs 3, 4, 5, 8, 9, 10 and 12 of Part 1 (McKay Share Plans) and paragraphs 13 and 15 of Part 2 (McKay Employees) of this Schedule 1 do not impose contractual restrictions or obligations on any member of the McKay Group or their boards of directors.

In this Schedule 1, each of the following words and expressions shall have the following meanings:

- “**Awards**” has the meaning given to it in Part 1, paragraph 3(C) of this Schedule 1;
- “**DBSP**” means the McKay Deferred Bonus Share Plan 2017, as amended from time to time;
- “**McKay Board**” means the board of directors of McKay;
- “**McKay Employees**” means the employees of McKay and the employees of members of the McKay Group at the Court Sanction Date;
- “**McKay Redundancy Practices**” has the meaning given to it in Part 2, paragraph 18 of this Schedule 1;
- “**McKay Remuneration Committee**” means the remuneration committee of the McKay Board, as that committee is constituted before the Effective Date;
- “**McKay Share Plan**” means each of the PSP and DBSP;
- “**PSP**” means the McKay Performance Share Plan 2017, as amended from time to time;
- “**Scheme Record Time**” has the meaning given to it in the Announcement;
- “**Workspace LTIP**” means the Workspace Group Long Term Incentive Plan;
- “**2021/22 Financial Year**” means the financial year ending 31 March 2022; and
- “**2022/23 Financial Year**” means the financial year ending 31 March 2023.

### **Part 1**

#### **McKay Share Plans**

##### **General**

1. As at 25 February 2022, the following options and awards were outstanding under the McKay Share Plans:

<b>McKay Share Scheme</b>	<b>Number of McKay Shares subject to outstanding awards/options</b>
PSP	2,070,136
DBSP	88,711

- In addition, as at 25 February 2022, there were dividend equivalent entitlements in respect of 127,260 McKay Shares under the PSP and in respect of 5,895 McKay Shares under the DBSP.
2. Workspace acknowledges that, before the Effective Date, subject to the consent of the Panel where applicable, McKay reserves the right to operate the McKay Share Plans in accordance with the rules of the relevant plan, McKay's normal practice and, where applicable, the McKay Remuneration Policy. For the avoidance of doubt, the operation of the McKay Share Plans includes (without limitation): granting awards, determining the extent to which awards vest, and satisfying the vesting of awards and the exercise of options.
  3. Workspace and McKay acknowledge that:
    - (A) The Scheme Record Time shall take place after the Court Sanction Date, to allow those participants in McKay Share Plans who acquire McKay Shares on or before the Court Sanction Date to have those McKay Shares acquired by Workspace and dealt with through the Scheme.
    - (B) McKay may amend the rules of the McKay Share Plans if the McKay Directors (or the relevant committee) are of the opinion that such amendments are necessary to implement the Scheme or the treatment set out in this Agreement (including by providing for automatic vesting and exercise on the Court Sanction Date), to facilitate the administration of the McKay Share Plans or to obtain or maintain favourable tax treatment for participants or for McKay provided that in advance of making any amendment McKay has informed Workspace of the proposed amendment and has provided Workspace sufficient time to consider and make representations to McKay in respect of the proposed amendments.
    - (C) Workspace and McKay shall co-operate to prepare communications to be sent to participants in the McKay Share Plans on, or as soon as practicable after, the posting of the Scheme Document to inform them of the impact of the Scheme on their outstanding options and awards under the McKay Share Plans (“**Awards**”) and the extent to which their Awards will vest and become exercisable as a result of the Scheme.
    - (D) McKay Shareholder approval will be sought for an amendment to the articles of association of McKay so that any McKay Shares issued or transferred on or after the Scheme Record Time will be automatically transferred to, or to the order of, Workspace in exchange for the provision by Workspace of the same consideration payable per McKay Share under the Scheme (or such other consideration as may be agreed between Workspace and McKay and disclosed in the Scheme Document).
  4. Workspace acknowledges and agrees that if, for any reason, McKay Shares cannot be issued or transferred when options are exercised or awards vest under any of the McKay Share Plans, such Awards may be settled by McKay in cash.
  5. Workspace acknowledges that McKay may make any submission to the Panel which it deems necessary to implement the arrangements referred to in this Schedule 1, having consulted with Workspace before making such submission, and Workspace agrees to co-operate as soon as possible and in good faith in the making of any such submission.

6. Workspace confirms that none of the Awards will be exchanged for, converted into or replaced by any options or awards issued or granted by Workspace or any member of the Workspace Group in respect of the shares in Workspace or any member of the Workspace Group.

## **PSP**

7. Workspace acknowledges that the amendment to the PSP referred to above to provide for the automatic exercise of Awards on the Court Sanction Date shall be made such that any outstanding Awards under the PSP that are unvested on the Court Sanction Date will vest and be exercised on the Court Sanction Date.
8. Workspace acknowledges that the extent to which unvested Awards outstanding under the PSP vest in connection with the Transaction is to be determined solely by the McKay Remuneration Committee in accordance with its discretions under the rules of the PSP and the McKay Remuneration Policy to: (A) assess the achievement of performance conditions; and (B) determine the extent (if at all) to which time pro-rating shall apply.
9. Workspace acknowledges that:
  - (A) the satisfaction of performance conditions and the application of time pro-rating will be assessed by the McKay Remuneration Committee on, or shortly prior to, the Court Sanction Date; and
  - (B) provided the Effective Date occurs no later than 31 May 2022, it is the current intention of the McKay Remuneration Committee:
    - (i) not to apply time pro-rating in respect of PSP Awards granted in 2019 or 2020; and
    - (ii) to apply one-third time pro-rating in respect of PSP Awards granted in 2021, by treating the first year of the performance period as having been completed,noting that the performance period in respect of PSP Awards granted in 2019 will end on 31 March 2022.
10. Workspace acknowledges that it is the current intention of the McKay Remuneration Committee not to grant awards under the PSP during the 2022/23 Financial Year, and Workspace agrees that, conditional on completion of the Transaction and by no later than the later of (i) 30 June 2022 and (ii) one month following the Effective Date (or as soon as reasonably practical thereafter if the Company is subject to dealing restrictions which prevent the grant of awards at that time), it will grant awards under the Workspace LTIP to each McKay Employee who (i) received a PSP Award during the 2021/22 Financial Year and (ii) is still employed by McKay as at the date of grant of the Workspace LTIP award, such that:
  - (A) each such McKay Employee is treated as having been in service with a member of the Workspace Group from the start of the relevant performance period, which shall be the three year period starting on 1 April 2022;
  - (B) the value (as at the grant date) of the award equals  $A \times B$ , where A is the McKay Employee's annual salary and B is the percentage notified by McKay to Workspace as the percentage of salary that determines the award size for such McKay Employee for the purposes of the McKay PSP;
  - (C) without prejudice to (A) and (B) above or to (D) below, the award terms, and the treatment of the McKay Employee in respect of their awards, are consistent with the

award terms and treatment of Workspace employees, including, for the avoidance of doubt, in respect of the application of malus, clawback and any other conditions imposed under rule 1.5 of the Workspace LTIP, the application of dividend equivalents and holding periods, treatment on death and treatment on cessation of employment for a reason that is capable of being a ‘Good Leaver Reason’ (as defined in the rules of the Workspace LTIP) and the award vesting date for leavers; and

- (D) any such McKay Employee who ceases employment by reason of redundancy within the twelve month period immediately following the Effective Date shall be treated as a good leaver under the Workspace LTIP so that such Workspace LTIP award does not lapse by reason of the cessation of that McKay Employee’s employment but vests, subject to performance and to any other condition under rule 1.5 of the Workspace LTIP (if applicable), subject to a pro rata reduction to reflect the period from the date of cessation of employment until the original vesting date, as a proportion of the period from 1 April 2022 to the original vesting date.

## **DBSP**

- 11. Workspace acknowledges that, in respect of subsisting Awards under the DBSP, the McKay Shares subject to such Awards will vest in full on the Court Sanction Date.
- 12. Workspace acknowledges that it is the current intention of the McKay Remuneration Committee not to grant awards under the DBSP during the 2022/23 Financial Year, provided the Effective Date occurs before the date on which McKay normally grants awards under the DBSP in the ordinary course of business (and Workspace acknowledges that the McKay Remuneration Committee would grant such awards to meet McKay’s obligations under its remuneration policy if that is not the case).

## **Part 2 McKay Employees**

### **Ordinary course of business arrangements**

- 13. Workspace acknowledges and agrees that McKay intends to carry out annual (or other periodic) pay reviews, appraisals and promotion rounds in the ordinary course of business, including a McKay Group salary increase of 3% currently expected to take effect in April 2022.

### **Maintenance of Compensation and Benefits**

- 14. Workspace agrees that it shall, or shall cause the relevant employing entity in the McKay Group or the Workspace Group to, at a minimum, for the twelve month period immediately following the Effective Date:
  - (A) in respect of each McKay Employee who remains in employment within the McKay Group or the Workspace Group, maintain at least the same base salary or wage rate and pension benefits as were provided to such McKay Employee immediately prior to the Effective Date (unless agreed otherwise with the relevant employee); and
  - (B) provide a benefits and allowance package (including pension benefits), which, taken as a whole, is at least substantially comparable in the aggregate to the benefits and allowances available to each such McKay Employee immediately prior to the Effective Date.

## Annual bonus

15. In respect of McKay's annual bonus plan:
- (A) Workspace acknowledges that McKay operates annual bonus arrangements which are conditional on financial and individual performance;
  - (B) Workspace acknowledges that it is the current intention of the McKay Remuneration Committee that bonus determinations for the 2021/22 Financial Year will be undertaken by the McKay Remuneration Committee and determined in April 2022 (or as soon as reasonably practicable thereafter) or, if earlier, on the Effective Date and will be paid by McKay in accordance with the McKay Remuneration Policy (where applicable) on the normal bonus payment date, or, if earlier and if the Transaction has completed or is expected to complete shortly after the bonus determination has been made, as soon as practicable after the Effective Date;
  - (C) in respect of the 2022/23 Financial Year:
    - (i) Workspace acknowledges that it is the current intention of the McKay Remuneration Committee not to operate an annual bonus scheme in respect of the 2022/23 Financial Year, provided the McKay Remuneration Committee, acting reasonably, continues to expect the Effective Date to occur no later than 31 May 2022;
    - (ii) Workspace agrees that, conditional on completion of the Transaction and within one month of the Court Sanction Date, it will grant a bonus opportunity under the Workspace annual bonus plan to each McKay Employee who (i) was granted a bonus opportunity under the McKay annual bonus plan in respect of the 2021/22 Financial Year and (ii) is still employed by McKay as at the date of grant of the Workspace bonus opportunity, such that:
      - (1) each such McKay Employee is treated as having been in service with a member of the Workspace Group from the start of the relevant performance period, which shall be the one year period starting on 1 April 2022;
      - (2) the value of the bonus opportunity equals  $C \times D$ , where C is the McKay Employee's annual salary and D is the percentage notified by McKay to Workspace as the percentage of salary that determines the size of the bonus opportunity for such McKay Employee for the purposes of the McKay annual bonus programme;
      - (3) subject to the rules of the Workspace annual bonus plan, bonuses in respect of the 2022/23 Financial Year are paid to each such McKay Employee on the normal bonus payment date for Workspace employees (and no such amount will be deferred into shares);
      - (4) without prejudice to (1) to (3) above or (5) below, the bonus terms, and the treatment of the McKay Employee in respect of their bonus, are consistent with the bonus terms and treatment of Workspace employees; and
      - (5) any such McKay Employee who ceases employment by reason of redundancy on or before the date on which such bonus is paid shall be treated as a good leaver under the Workspace annual bonus scheme and

is entitled to a bonus payment, subject (if the date of cessation of employment is later than 31 March 2023) to a pro rata reduction to reflect the period from the date of cessation of employment until 31 March 2023, as a proportion of the period from 1 April 2022 to 31 March 2023; and

- (D) Workspace agrees that for financial years starting after the McKay financial year in which the Effective Date occurs, McKay Employees will be eligible to participate in such bonus arrangements as may be operated by Workspace in accordance with Workspace's policies and practices from time to time.

### **Severance arrangements**

- 16. Workspace agrees that it shall not (and shall procure that the relevant employing entity in the McKay Group or the Workspace Group shall not), in the six month period immediately following the Effective Date, and unless otherwise agreed with any such McKay Employee (i) give notice to any McKay Employees of the termination of their employment by reason of redundancy or (ii) invite any such McKay Employees to participate in any voluntary redundancy scheme.
- 17. Without prejudice to paragraph 16, Workspace agrees that, if notice is given to terminate the employment of any McKay Employee by reason of redundancy during the twelve month period immediately following the Effective Date, such McKay Employee will (subject to compliance with any relevant legislative requirements):
  - (A) be entitled to redundancy and severance payments, benefits and arrangements that are no less favourable than those under applicable McKay Redundancy Practices;
  - (B) receive reasonable and appropriate outplacement support commensurate to their seniority and consistent with McKay's practices as at the date of this Agreement; and
  - (C) receive a contribution of £1,000 (plus VAT) towards legal fees if they enter into a settlement agreement in connection with the termination of their employment.
- 18. In this Schedule 1, "**McKay Redundancy Practices**" is any policy or established McKay practice in existence on (and notified to Workspace or Workspace's legal advisers in writing prior to) the date of this Agreement and/or any policy or arrangement agreed between Workspace and McKay on or before the Effective Date.

**SCHEDULE 2**  
**PRESS ANNOUNCEMENT**



**NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.**

**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.**

**FOR IMMEDIATE RELEASE.**

**2 March 2022**

**RECOMMENDED OFFER**  
**for**  
**MCKAY SECURITIES PLC**  
**by**  
**WORKSPACE GROUP PLC**  
**to be effected by means of a Scheme of Arrangement**  
**under Part 26 of the Companies Act 2006**

**Summary**

The boards of directors of McKay Securities Plc ("**McKay**") and Workspace Group Plc ("**Workspace**") are pleased to announce that they have reached agreement on the terms and conditions of a recommended offer to be made by Workspace for the entire issued, and to be issued, ordinary share capital of McKay. It is intended that the Acquisition will be implemented by way of a scheme of arrangement under Part 26 of the Companies Act.

**Key Terms**

Under the terms of the Acquisition, each McKay Shareholder will be entitled to receive:

**for each McKay Share:            209 pence in cash**  
**and**  
**0.115 New Workspace Shares**

On the basis of the Closing Price per Workspace Share of 769 pence on 1 March 2022, being the last Business Day prior to the date of this Announcement, the Acquisition values each McKay Share at 297 pence and the entire issued and to be issued share capital of McKay at approximately £272 million on a fully diluted basis.

On the basis of the 3-month VWAP of 818 pence per Workspace Share on 1 March 2022, being the last Business Day prior to the date of this Announcement, the Acquisition values each McKay Share at 303 pence and the entire issued and to be issued share capital of McKay at approximately £277 million on a fully diluted basis.

The Acquisition represents, based on the 3-month VWAP of 818 pence per Workspace Share on 1 March 2022 (being the last Business Day prior to the date of this Announcement):

- a premium of approximately 36.2 per cent. to the Closing Price of 223 pence per McKay Share on 1 March 2022 (being the last Business Day prior to the date of this Announcement);
- a premium of approximately 34.5 per cent. to the 3-month VWAP of 225 pence per McKay Share on 1 March 2022 (being the last Business Day prior to the date of this Announcement); and
- a discount of approximately 7.0 per cent. to McKay's estimated Net Tangible Assets, adjusted for prepayment costs in relation to the Aviva Term Loan, of 326 pence per McKay Share as at 31 January 2022.

Immediately following completion of the Acquisition, existing Workspace Shareholders will hold approximately 95 per cent. of the Enlarged Group and McKay Shareholders will hold approximately 5 per cent. of the Enlarged Group.

**Background to and reasons for the Acquisition**

The Workspace Board believes there is a strong strategic, operational and financial rationale for the Acquisition, providing a highly attractive investment case. In particular:

- Workspace will be a larger and more resilient company with enhanced income and capital growth prospects and gross property assets of £2.9 billion, comprising 84 per cent. London office, 10 per cent. light industrial, 5 per cent. South-East office and 1 per cent. other;
- the Acquisition will, by applying Workspace's proven operational model and flexible lease offer, increase Workspace's ability to capture the strong demand in London and selectively extend its reach into the South-East;
- the Acquisition will provide the opportunity to unlock corporate and operational synergies;
- the Acquisition is expected to be earnings accretive from year two and the Workspace Board believes it will enhance earnings and dividend growth over the medium term; and
- Workspace will continue to operate with a conservative level of leverage. While the Acquisition will initially take the Enlarged Group's loan to value (LTV) to 32 per cent. on a pro forma basis, the Workspace Board is committed to maintaining LTV below 30 per cent. in the medium term.

### **Recommendation, Irrevocable Undertakings and Letter of Intent**

The McKay Directors, who have been so advised by Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its financial advice, Rothschild & Co has taken into account the commercial assessments of the McKay Directors. Rothschild & Co is providing independent financial advice to the McKay Directors for the purposes of Rule 3 of the Code.

Accordingly, the McKay Directors intend to recommend unanimously that McKay Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, as the McKay Directors have irrevocably undertaken to do in respect of their own legal and/or beneficial holdings which are under their control of 298,280 McKay Shares in aggregate, representing approximately 0.3 per cent. of McKay's issued share capital on 1 March 2022 (being the last Business Day prior to the date of this Announcement).

In addition to the irrevocable undertakings referred to above, Workspace has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting from McKay Shareholders in respect of 19,639,879 McKay Shares, representing approximately 21.8 per cent. of McKay's issued share capital as at 1 March 2022 (being the last Business Day prior to the date of this Announcement).

In addition, Aberforth Partners LLP has given to Workspace a non-binding letter of intent to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting in respect of 13,402,943 McKay Shares representing approximately 14.9 per cent. of McKay's issued share capital as at 1 March 2022 (being the last Business Day prior to the date of this Announcement).

Accordingly, Workspace has received irrevocable undertakings and a letter of intent in respect of a total of 33,341,102 McKay Shares representing, in aggregate, approximately 37.0 per cent. of McKay's issued share capital on 1 March 2022 (being the last Business Day prior to the date of this Announcement). Further details of the irrevocable undertakings are set out in Appendix 3 to this Announcement.

### **Information on Workspace**

Workspace is a FTSE 250 REIT and one of London's leading providers of flexible office space. Workspace owns and manages approximately four million sq. ft. of business space across 59 properties in dynamic London locations. Workspace is home to thousands of London's brightest businesses, including fast-growing and established brands across a wide range of sectors.

Workspace delivers capital and income growth from its distinctive flexible operating model, expertise in urban regeneration, active asset management and a focus on customer experience. It drives rental growth on its like-for-like portfolio, executes an ongoing programme of refurbishments and redevelopments to sustainably enhance and expand assets in line with customers' changing requirements, as well as growing its footprint through selective acquisitions.

### **Information on McKay**

McKay is a commercial property investment company with REIT status specialising in the development, refurbishment and management of office, industrial and logistics property in the South East and London.

McKay's strategy is to invest in well located, quality commercial real estate assets with income and capital growth potential over the longer term, realisable through active portfolio management, refurbishment and development.

## **Transaction Structure and Timetable**

It is intended that the Acquisition will be implemented by way of a Court-sanctioned scheme of arrangement of McKay under Part 26 of the Companies Act, further details of which are contained in the full text of this Announcement and full details of which will be set out in the Scheme Document. However, Workspace reserves the right, subject to the terms of the Co-operation Agreement and with the consent of the Panel, to implement the Acquisition by way of a Takeover Offer.

The Acquisition will be subject to the Conditions and certain further terms set out in Appendix 1 to this Announcement and to the full terms and conditions which will be set out in the Scheme Document, including the approval of the Scheme by the Scheme Shareholders and the sanction of the Scheme by the Court.

The Scheme Document will include full details of the Scheme and the Acquisition, together with notices of the Court Meeting and the General Meeting and the expected timetable of the Scheme, and will specify the action to be taken by McKay Shareholders. It is expected that the Scheme Document will be despatched to McKay Shareholders in March 2022 and in any event within 28 days of this Announcement (unless otherwise agreed by the Panel, Workspace and McKay).

The Scheme is expected to become Effective during May 2022, subject to the satisfaction or, where applicable, waiver of the Conditions and certain further terms set out in Appendix 1 to this Announcement.

### **Commenting on the Acquisition, Richard Grainger, Chair of McKay said:**

"The McKay Board's recommendation of the Acquisition follows a detailed and rigorous review during which we considered a broad range of options to unlock value for McKay Shareholders and which determined Workspace's proposal to be the most attractive. The offer from Workspace provides McKay Shareholders with an opportunity to receive a return which values the business substantially above where it has been trading historically with a substantial proportion of this return payable in cash. It also provides McKay Shareholders with the opportunity to participate in the future success of the enlarged and well capitalised Workspace Group, whose business model is well placed to meet post Covid-19 demand for high quality, flexible business space."

### **Commenting on the Acquisition, Graham Clemett, Chief Executive Officer of Workspace said:**

"The market for office space is shifting, with businesses prioritising greater flexibility and the right location for their teams. This Acquisition is a fantastic opportunity to accelerate our growth plans by capturing more of the strong demand we are seeing for our flexible offer in London, whilst selectively extending our reach into attractive commercial locations in the South-East. We will be a larger, more resilient company with an enhanced financial profile, and by applying our proven operational model and expertise, we expect to generate strong returns from McKay's portfolio of high-quality assets over the medium term."

## **Analyst and investor presentation**

Workspace will host a presentation for analysts and investors at 9.45 a.m. (UK time) today to discuss the Acquisition.

To join the webcast: <https://secure.emincote.com/client/workspace/workspace019>

To join via conference call: please register at the following link and you will be provided with dial-in details and a unique access code:

[https://secure.emincote.com/client/workspace/workspace019/vip\\_connect](https://secure.emincote.com/client/workspace/workspace019/vip_connect)

**This summary should be read in conjunction with, and is subject to, the full text of this Announcement and the Appendices.**

**The Acquisition will be subject to the Conditions and certain further terms of the Acquisition set out in Appendix 1 to this Announcement and to the full terms and conditions to be set out in the Scheme Document. Appendix 2 contains the sources and bases of certain information and the bases of calculations used in this summary and this Announcement. Appendix 3 contains details of the irrevocable undertakings and letter of intent given to Workspace in relation to the Acquisition.**

**Appendix 4 to this Announcement contains property valuations supported by valuation reports for each of Workspace and McKay as at 31 January 2022 pursuant to the requirements of Rule 29 of the Code. These property valuation reports will, subject to the requirements of the Code, be**

reproduced in the Scheme Document. Each of CBRE and Knight Frank has given and not withdrawn its consent to the publication of its valuation report in this Announcement in the form and context in which it is included.

Appendix 5 contains the definitions of certain terms used in this Announcement.

**Enquiries:**

**Workspace**

Graham Clemett, Chief Executive Officer +44 20 7138 3300  
Dave Benson, Chief Financial Officer  
Paul Hewlett, Director of Strategy & Corporate Development  
Clare Marland, Head of Corporate Communications

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Ellie Sweeney

Herbert Smith Freehills LLP is acting as legal adviser to Workspace in connection with the Acquisition.  
Slaughter and May is acting as legal adviser to McKay in connection with the Acquisition.

## **Further Information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer or invitation to purchase, or otherwise acquire, subscribe for, sell or otherwise dispose of any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise nor shall there be any sale, issuance or transfer of securities of McKay in any jurisdiction in contravention of applicable laws.*

*The Acquisition will be implemented solely pursuant to the terms of the Scheme Document (or, in the event that the Acquisition is to be implemented by means of a Takeover Offer, the Offer Document), which, together with the Forms of Proxy, will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision by McKay Shareholders in respect of, or other response to, the Acquisition (including any vote in respect of the Resolutions to approve the Acquisition, the Scheme or related matters), should be made only on the basis of the information contained in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document).*

*This Announcement does not constitute a prospectus or a prospectus equivalent document.*

*This Announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation. The person responsible for arranging for the release of this Announcement on behalf of Workspace is Carmelina Carfora, Company Secretary, and on behalf of McKay is Giles Salmon, Chief Financial Officer.*

## **Information Relating to McKay Shareholders**

*Please be aware that addresses, electronic addresses and certain other information provided by McKay Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from McKay may be provided to Workspace during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c).*

## **Overseas Jurisdictions**

*The release, publication or distribution of this Announcement in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their McKay Shares with respect to the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purpose of complying with English law, the Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.*

*Unless otherwise determined by Workspace or required by the Code, and permitted by applicable law and regulation, the New Workspace Shares to be issued pursuant to the Acquisition to McKay Shareholders will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction, and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send such documents in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction*

*and the Acquisition will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*The availability of New Workspace Shares pursuant to the Acquisition to McKay Shareholders who are not resident in the United Kingdom or the ability of those persons to hold such shares may be affected by the laws or regulatory requirements of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements. McKay Shareholders who are in any doubt about such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.*

*Further details in relation to McKay Shareholders in overseas jurisdictions will be contained in the Scheme Document.*

*The Acquisition will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.*

#### **Additional Information for US Investors**

*Shareholders in the United States should note that the Acquisition relates to the shares of an English company and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, English law. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Scheme. Moreover the Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this Announcement and the Scheme Document has been or will be prepared in accordance with accounting standards applicable in the UK and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. If Workspace exercises its right to implement the Acquisition by way of a Takeover Offer in accordance with the terms of the Cooperation Agreement and determines to extend the offer into the United States, such offer will be made in compliance with applicable United States securities laws and regulations.*

*McKay and Workspace are each organised under the laws of England. Some or all of the officers and directors of McKay and Workspace are residents of countries other than the United States. It may not be possible to sue McKay and Workspace in a non-US court for violations of US securities laws. It may be difficult to compel McKay, Workspace and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.*

*The receipt of cash and shares by a US holder of McKay Shares as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each McKay Shareholder (including US holders) is urged to consult its independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them.*

*This announcement does not constitute or form a part of any offer to sell or issue, or any solicitation of any offer to purchase, subscribe for or otherwise acquire, any securities in the United States.*

*Neither the US Securities and Exchange Commission nor any securities commission of any state or other jurisdiction of the United States has approved the Acquisition, passed upon the fairness of the Acquisition, or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.*

#### **Notes regarding New Workspace Shares**

*The New Workspace Shares to be issued pursuant to the Scheme have not been and will not be registered under the relevant securities laws of Japan and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada. No prospectus in relation to the New Workspace Shares has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission. Accordingly, the New Workspace Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly in or into a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of relevant laws of, or require registration thereof in, such jurisdiction (except pursuant to an exemption, if available, from any applicable registration requirements or otherwise in compliance with all applicable laws).*

*The New Workspace Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold except pursuant to an exemption from, or in a transaction*

not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. It is expected that the New Workspace Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act of 1933 (as amended) provided by Section 3(a)(10) thereof. For the purpose of qualifying for the exemption provided by Section 3(a)(10) of the US Securities Act, Workspace will advise the Court that its sanctioning of the Scheme will be relied on by Workspace for purposes of a Section 3(a)(10) exemption following a hearing on the fairness of the Scheme to McKay Shareholders.

### **Important Notices Relating to the Financial Advisers and Corporate Brokers**

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove, is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom. J.P. Morgan Cazenove is acting exclusively as financial adviser to Workspace and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the matters set out in this Announcement and will not be responsible to anyone other than Workspace for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, or for providing advice in relation to the contents of this announcement or any other matter referred to herein.*

*N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for McKay and for no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than McKay for providing the protections afforded to clients of Rothschild & Co, nor for providing advice in relation to any matter referred to in this Announcement. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained herein, the Acquisition or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this Announcement.*

*Stifel Nicolaus Europe Limited ("Stifel"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as corporate broker exclusively for McKay and no-one else in connection with the matters referred to in this Announcement and will not regard any other person as its client in relation to such matters and will not be responsible to anyone other than McKay for providing the protections afforded to clients of Stifel, nor for providing advice in relation to any matter referred to in this Announcement.*

### **Disclosure requirements**

*Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.*

### **Forward-looking statements**

*This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by Workspace and McKay contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Workspace and McKay about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this Announcement may include statements relating to the expected effects of the Acquisition on Workspace and McKay, the expected timing of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Workspace and McKay believe that the expectations reflected in such forward-looking statements are reasonable, Workspace and McKay can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the commercial property industry; changes in government policy and taxations; changes in political conditions, economies and markets in which Workspace and McKay operate; changes in the markets from which Workspace and McKay raise finance; the impact of legal or other proceedings; changes in accounting practices and interpretation of accounting standards under IFRS; changes in interest and exchange rates; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document.*

*Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Workspace nor McKay, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA), neither Workspace or McKay is under any obligation, and Workspace and McKay expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **No profit forecasts, estimates or quantified benefits statements**

*No statement in this Announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for McKay or Workspace for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for McKay or Workspace respectively.*

### **Publication of this Announcement**

*A copy of this Announcement will be available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on [www.workspace.co.uk/investors/investor-centre/recommended-offer-for-](http://www.workspace.co.uk/investors/investor-centre/recommended-offer-for-)*



*mckay-securities-plc and www.mckaysecurities.plc.uk by no later than 12 noon (London time) on the Business Day following this Announcement.*

*The contents of Workspace's website and McKay's website are not incorporated into and do not form part of this Announcement.*

### **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Code, McKay Shareholders, persons with information rights and participants in McKay Share Plans may request a hard copy of this Announcement by writing to McKay Securities Plc, 20 Greyfriars Road, Reading Berkshire RG1 1NL or contacting McKay's Company Secretary, during business hours on +44 (0)118 950 2333. In accordance with Rule 30.3 of the Code, a person so entitled may also request that all future documents, announcements and information be sent to them in relation to the Acquisition should be in hard copy form. For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.*

*If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or from an independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended).*

### **Rounding**

*Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.*

### **Rule 2.9 of the Code**

*For the purposes of Rule 2.9 of the Code, McKay confirms that, as at 1 March 2022 (being the last Business Day prior to the date of this Announcement), it had in issue 90,089,313 ordinary shares of 20 pence each. The ISIN for the shares is GB0005522007.*

*For the purposes of Rule 2.9 of the Code, Workspace confirms that, as at 1 March 2022 (being the last Business Day prior to the date of this Announcement), it had in issue 181,123,659 ordinary shares of one pound each. The ISIN for the shares is GB00B67G5X01.*

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OR REGULATIONS OF SUCH JURISDICTION.

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION.

FOR IMMEDIATE RELEASE.

2 March 2022

**RECOMMENDED OFFER**  
for  
**MCKAY SECURITIES PLC**  
by  
**WORKSPACE GROUP PLC**  
to be effected by means of a Scheme of Arrangement  
under Part 26 of the Companies Act

1. **Introduction**

The boards of directors of McKay Securities plc ("**McKay**") and Workspace Group Plc ("**Workspace**") are pleased to announce that they have reached agreement on the terms and conditions of a recommended offer to be made by Workspace for the entire issued, and to be issued, ordinary share capital of McKay. It is intended that the Acquisition will be implemented by way of a scheme of arrangement under Part 26 of the Companies Act.

2. **The Acquisition**

Under the terms of the Acquisition, which will be subject to the Conditions and further terms set out in this Announcement and to the full terms and conditions which will be set out in the Scheme Document, each McKay Shareholder will be entitled to receive:

**for each McKay Share:            209 pence in cash**  
**and**  
**0.115 New Workspace Shares**

On the basis of the Closing Price per Workspace Share of 769 pence on 1 March 2022, being the last Business Day prior to the date of this Announcement, the Acquisition values each McKay Share at 297 pence and the entire issued and to be issued share capital of McKay at approximately £272 million on a fully diluted basis.

On the basis of the 3-month VWAP of 818 pence per Workspace Share on 1 March 2022, being the last Business Day prior to the date of this Announcement, the Acquisition values each McKay Share at 303 pence and the entire issued and to be issued share capital of McKay at approximately £277 million on a fully diluted basis.

The Acquisition represents, based on the 3-month VWAP of 818 pence per Workspace Share on 1 March 2022 (being the last Business Day prior to the date of this Announcement):

- a premium of approximately 36.2 per cent. to the Closing Price of 223 pence per McKay Share on 1 March 2022 (being the last Business Day prior to the date of this Announcement);
- a premium of approximately 34.5 per cent. to the 3-month VWAP of 225 pence per McKay Share on 1 March 2022 (being the last Business Day prior to the date of this Announcement); and
- a discount of approximately 7.0 per cent. to McKay's estimated Net Tangible Assets, adjusted for prepayment costs in relation to the Aviva Term Loan, of 326 pence per McKay Share as at 31 January 2022.

Immediately following completion of the Acquisition, existing Workspace Shareholders will hold approximately 95 per cent. of the Enlarged Group and McKay Shareholders will hold approximately 5 per cent. of the Enlarged Group.

It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement of McKay under Part 26 of the Companies Act, further details of which are contained in paragraph 13 below.

If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by McKay in respect of a McKay Share on or after the date of this Announcement and prior to the Effective Date, Workspace will have the right to reduce the value of the consideration payable for each McKay Share by up to the amount per McKay Share of such dividend, distribution or return of value except where the McKay Share is or will be acquired pursuant to the Scheme on a basis which entitles Workspace to receive the dividend, distribution or return of value and to retain it. If any such dividend or distribution or return of value is paid or made after the date of this Announcement and Workspace exercises its rights described above, any reference in this Announcement to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced.

Appendix 4 contains property valuations supported by valuation reports for each of Workspace and McKay as at 31 January 2022 pursuant to the requirements of Rule 29 of the Code. Appendix 2 contains a schedule of adjustments made to each of Workspace's and McKay's investment property valuation in order to calculate Workspace's and McKay's estimated Net Tangible Assets as at 31 January 2022 respectively. These property valuations will be reproduced in the Scheme Document, which is expected to be sent to McKay Shareholders in March 2022 and in any event within 28 days of this Announcement (unless otherwise agreed by the Panel, Workspace and McKay).

### 3. **Background to and reasons for the Acquisition**

As one of London's leading providers of flexible office space operating for over 30 years, Workspace has pioneered a distinctive offer, letting space on flexible terms to a wide range of small and medium-sized enterprise customers. Workspace owns its properties, typically large, character buildings in well-connected locations across London, and allows customers to fit out their own office space to reflect their own identity and culture while also providing significant areas of communal space and an attractive range of support facilities.

Workspace's sustainable model of employment-led regeneration, extensive pipeline of refurbishment and redevelopment projects and selective acquisitions, alongside its successful operational platform, have delivered an attractive combination of dividend and capital growth over the long term.

The Covid-19 pandemic has highlighted the attraction of flexible office space, as well as the importance for businesses of choosing the right office environment to attract and retain talent. Importantly Workspace's flexible lease terms allow customers to expand and contract quickly in line with their business needs.

Against this backdrop, the Acquisition represents an attractive opportunity for Workspace to accelerate its existing growth strategy and create value for shareholders. The Acquisition will grow Workspace's office market share across London and selectively extend its reach into well-connected commercial locations in the surrounding South-East, while also adding an attractive portfolio of light industrial properties. Workspace has a long track record of managing and maximising value from office and light industrial assets.

The Workspace Board believes the Acquisition will create significant value through increased economies of scale, the application of Workspace's proven operating model and flexible lease offer and, where appropriate, the recycling of assets for reinvestment. As it has done successfully and continues to do with its existing portfolio, Workspace will apply the most appropriate business plan to each McKay asset in order to deliver the best returns.

The Workspace Board also believes there is a good cultural fit between the two companies and recognises the value of the 'McKay Way' customer service commitment, the 'McKay +' offer and McKay's wider portfolio of refurbishment and redevelopment opportunities. Taking this cultural fit and portfolio opportunity alongside Workspace's strong balance sheet and its strategic focus on customer-led growth, operational excellence and sustainability puts the Enlarged Group in a strong position to create further value for shareholders.

The Workspace Board believes the Acquisition will support Workspace's ambition to deliver total returns that outperform the market over the long-term. Workspace will continue to:

- take advantage of the economies of scale available from its operating platform;

- maintain an intensive approach to asset management;
- execute its extensive refurbishment and redevelopment pipeline;
- make acquisitions with attractive existing or potential income profiles; and
- maintain a firm discipline on recycling assets where appropriate.

The Workspace Board believes there is a strong strategic, operational and financial rationale for the Acquisition, providing a highly attractive investment case. In particular:

- Workspace will be a larger and more resilient company with enhanced income and capital growth prospects and gross property assets of £2.9 billion, comprising 84 per cent. London office, 10 per cent. light industrial, 5 per cent. South-East office and 1 per cent. other;
- the Acquisition will, by applying Workspace's proven operational model and flexible lease offer, increase Workspace's ability to capture the strong demand in London and selectively extend its reach into the South-East;
- the Acquisition will provide the opportunity to unlock corporate and operational synergies;
- the Acquisition is expected to be earnings accretive from year two and the Workspace Board believes it will enhance earnings and dividend growth over the medium term; and
- Workspace will continue to operate with a conservative level of leverage. While the Acquisition will initially take the Enlarged Group's loan to value (LTV) to 32 per cent. on a pro forma basis, the Workspace Board is committed to maintaining LTV below 30 per cent. in the medium term.

#### 4. **Recommendation**

The McKay Directors, who have been so advised by Rothschild & Co as to the financial terms of the Acquisition, consider the terms of the Acquisition to be fair and reasonable. In providing its financial advice, Rothschild & Co has taken into account the commercial assessments of the McKay Directors. Rothschild & Co is providing independent financial advice to the McKay Directors for the purposes of Rule 3 of the Code.

Accordingly, the McKay Directors intend unanimously to recommend that McKay Shareholders vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting as the McKay Directors have irrevocably undertaken to do in respect of their own legal and/or beneficial holdings which are under their control of 298,280 McKay Shares in aggregate, representing approximately 0.33 per cent. of McKay's issued share capital on 1 March 2022 (being the last Business Day prior to the date of this Announcement).

#### 5. **Background to and reasons for the Recommendation**

McKay is the only UK REIT specialising entirely in the South East and London office, industrial and logistics markets. As at 31 January 2022, McKay's property portfolio comprised 34 properties valued at £490.4 million, 64.2 per cent. of which comprised South East and London offices, 31.6 per cent. South East industrial/logistics assets and developments and 4.2 per cent. other assets.

In January 2014, McKay placed equity at a price of 189 pence per share, raising gross proceeds of £86.7 million to increase the scale and diversification of its property portfolio, including for acquisitions, refurbishments and development projects.

McKay's strategy since its 2014 capital raising has been to build upon its long established expertise in its core London and South East markets, including its reputation with occupiers, to deliver attractive income and capital returns from its property portfolio of quality assets within established and resilient markets, with conservative levels of gearing on a risk-adjusted basis. In particular, McKay's property strategy includes: (i) the rolling refurbishment and repositioning of selected assets to enhance and realise reversionary rental value; (ii) growing the 'McKay +' offering of flexible, semi-fitted office space to reduce office voids and increase rental tone; (iii) undertaking significant development projects, for example the speculative development and leasing to Amazon of 135 Theale Logistics Park; (iv) capital re-cycling including selective disposals; and (v) selective value-add acquisitions (for example Evergreen Studios, Richmond).

Capital investment in the property portfolio has been supported by capital re-cycling and selective disposals, which have maintained a strong balance sheet position and prudent loan-to-value (LTV) of 35.1 per cent. as at 31 January 2022. Successful recent disposals have included, for example, the sale of 30 Lombard Street in 2020 for £68.5 million in net sale proceeds, above its 31 March

2020 book value and at a net initial yield of 4.16 per cent. on a topped-up basis, and the sale of Great Brighams Mead announced on 2 February 2022, having achieved a residential planning consent, for £19.0 million, 21.0 per cent. above its 30 September 2021 book value.

McKay has delivered robust returns on its property portfolio since its 2014 capital raising, generating an average annualised total accounting return of 7.8 per cent. over the approximately 8 year period from 31 March 2014 to 31 January 2022.

Notwithstanding McKay's successful delivery against its property strategy, McKay's share price has traded at a persistent discount to EPRA Net Tangible Assets. McKay's trading discount has averaged 20.9 per cent. over the last 8 years, 25.8 per cent. over the last 5 years and 28.6 per cent. over the last 3 years, even when adjusting for the period of maximum Covid-19 related equity market disruption from 16 March 2020 to 2 November 2020.

The McKay Directors believe the following factors contribute to the persistent trading discount:

- the small scale of McKay relative to the listed real estate sector;
- McKay's relatively high overhead cost proportion compared to net rental income, particularly following recent disposals;
- the relatively low levels of liquidity in McKay Shares and its concentrated shareholder register; and
- the relatively low distributable income yield with an average dividend yield of 3.8 per cent. over the last 5 years and an average dividend yield versus EPRA Net Tangible Assets of 2.8 per cent. over the same time period.

During the summer of 2021, McKay appointed Rothschild & Co to undertake a review of McKay's strategy in relation to the positioning of its business generally and options to narrow the trading discount. In assessing the offer from Workspace, the McKay Directors have had regard to the alternative options identified as part of the strategic review, including opportunities to invest and scale the business over the medium term, as well as the possibility of returning capital to McKay Shareholders, as discussed further below.

The offer from Workspace follows the receipt of indicative offers for McKay from two parties, including Workspace, which were negotiated in late 2021 and early 2022. Workspace's current offer represents a material increase relative to its initial indicative proposal.

Whilst the McKay Board remains confident in its property strategy, the resilience of its assets and the outlook in its core London and South East markets, the McKay Board also believes that the structural factors impacting on McKay's share price are likely to persist, and that the share price is likely to remain depressed relative to its fundamental value. As such, following careful consideration, the McKay Board is recommending the Acquisition to McKay Shareholders. The McKay Board considered the following in arriving at its recommendation:

- on the basis of the 3-month VWAP of 818 pence per Workspace Share on 1 March 2022, being the last Business Day prior to the date of this Announcement, the Acquisition price of 209 pence in cash and 0.115 in New Workspace Shares per McKay Share represents:
  - a premium of approximately 36.2 per cent. to the Closing Price of 223 pence per McKay Share on 1 March 2022 (being the last Business Day prior to the date of this Announcement);
  - a premium of approximately 34.5 per cent. to the 3-month VWAP of 225 pence per McKay Share on 1 March 2022 (being the last Business Day prior to the date of this Announcement); and
  - a discount of approximately 7.0 per cent. to McKay's estimated Net Tangible Assets, adjusted for prepayment costs in relation to the Aviva Term Loan, of 326 pence per McKay Share as at 31 January 2022, which compares favourably with McKay's 5-year average trading discount. The McKay Board believes that, notwithstanding its confidence in McKay's property strategy and returns that may be generated from McKay's property portfolio, the trading discount is likely to persist;
- 70 per cent. of total consideration for the Acquisition will be payable in cash, which provides McKay Shareholders with the opportunity to realise a significant proportion of their otherwise illiquid shareholdings in cash;

- 30 per cent. of total consideration for the Acquisition will be payable in New Workspace Shares, which provides McKay Shareholders with on-going participation in the success of the Enlarged Group. Immediately following completion of the Acquisition, McKay Shareholders will hold approximately 5 per cent. of the Enlarged Group and will benefit from a more liquid shareholding in a large and well capitalised group;
- the Board of McKay believes the Enlarged Group will be more resilient, with stronger income and capital value growth prospects, and the Acquisition is expected to unlock corporate and operational synergies to the benefit of all shareholders of the Enlarged Group; and
- the Board of McKay believes that the certainty of the Acquisition offers an attractive risk adjusted outcome for McKay Shareholders relative to McKay's long term prospects and alternative strategies as an independent company. In particular, the McKay Directors believe that a managed capital return strategy over time has certain risks, including meaningfully reduced scale and liquidity, which itself has contributed historically to the trading discount.

The McKay Directors have also taken into account Workspace's intentions for the McKay business, as well as Workspace's intentions for McKay's management, employees, pension scheme and other stakeholders.

Accordingly, following careful consideration of the above factors, the McKay Directors intend unanimously to recommend the Acquisition to McKay Shareholders.

## 6. Information on Workspace

Workspace is a FTSE 250 REIT and one of London's leading providers of flexible office space. Workspace owns and manages approximately four million sq. ft. of business space across 59 properties in dynamic London locations. Workspace is home to thousands of London's brightest businesses, including fast-growing and established brands across a wide range of sectors.

Workspace delivers capital and income growth thanks to its distinctive flexible operating model, expertise in urban regeneration, active asset management and a focus on customer experience. It drives rental growth on its like-for-like portfolio, executes an ongoing programme of refurbishments and redevelopments to sustainably enhance and expand assets in line with customers' changing requirements, as well as growing its footprint through selective acquisitions.

As at 31 January 2022, the estimated rolled-forward Net Tangible Assets was 969 pence per Workspace Share, up by 4.4 per cent. since 30 September 2021. Based on the valuation by CBRE, Workspace's total property valuation increased by £131 million in the four months to 31 January 2022 to £2,402 million, reflecting an increase in the underlying valuation of 3.2 per cent., predominantly driven by yield shift. Net debt was £573 million as at 31 January 2022, with LTV of 24 per cent.

## 7. Information on McKay

McKay is a commercial property investment company with REIT status specialising in the development, refurbishment and management of office, industrial and logistics property in the South East and London.

McKay's strategy is to invest in well located, quality commercial real estate assets with income and capital growth potential over the longer term, realisable through active portfolio management, refurbishment and development. McKay has a long track record of delivering shareholder value through the development, refurbishment and management of commercial property. Its operational business model involves the active management of assets in-house, rather than using third party managing agents, enabling it to build strong relationships and work in partnership with its occupiers and local supply chains. ESG considerations continue to play an integral part in McKay's strategy and operating practices, based on its 2019 Sustainability Framework and 2021 Net Zero Carbon Pathway.

McKay's portfolio, as at 31 January 2022, comprises 34 properties located in established areas, valued at £490.4 million. Its property portfolio is weighted to the M4 corridor, where McKay has deep expertise, with a focus on growing satellite towns benefitting from strong connectivity to London and robust demand amongst leading occupiers.

The largest segment of McKay's property portfolio comprises South East and London offices (64.2 per cent. by value as at 31 January 2022). South East industrial/logistics and developments comprise a further 31.6 per cent. and 4.2 per cent. respectively (each as at 31 January 2022).

#### 8. **Irrevocable undertakings and letter of intent to vote in favour of the Acquisition**

Workspace has received irrevocable undertakings from each of the McKay Directors in respect of their own legal and/or beneficial holdings of McKay Shares which are under their control to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting, in respect of a total of 298,280 McKay Shares representing, in aggregate, approximately 0.3 per cent. of McKay's issued share capital as at 1 March 2022 (being the last Business Day prior to the date of this Announcement).

In addition to the irrevocable undertakings referred to above, Workspace has received irrevocable undertakings to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting from McKay Shareholders in respect of 19,639,879 McKay Shares representing, in aggregate, approximately 21.8 per cent. of McKay's issued share capital as at 1 March 2022 (being the last Business Day prior to the date of this Announcement).

In addition, Aberforth Partners LLP has given to Workspace a non-binding letter of intent to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting in respect of 13,402,943 McKay Shares representing approximately 14.9 per cent. of McKay's issued share capital as at 1 March 2022 (being the last Business Day prior to the date of this Announcement).

Accordingly, Workspace has received irrevocable undertakings and a letter of intent to vote in favour of the Scheme at the Court Meeting and to vote in favour of the Resolutions at the General Meeting in respect of 33,341,102 McKay Shares representing, in aggregate, approximately 37.0 per cent. of McKay's issued share capital as at 1 March 2022 (being the last Business Day prior to the date of this Announcement).

Further details of the irrevocable undertakings and letter of intent described above are set out in Appendix 3.

#### 9. **Directors, management, employees, pensions and locations**

##### *Workspace's strategic plans for McKay*

Workspace recognises the high quality of, and opportunity within, the portfolio of assets that McKay owns and manages. As set out in paragraph 3 above, Workspace believes the Acquisition of McKay represents a highly attractive opportunity for Workspace to accelerate its existing growth strategy and create value for shareholders.

Workspace will apply the most appropriate business plan to deliver the best returns for each of the McKay properties. Taking into account, amongst other factors, the location of the property, the suitability of the buildings and anticipated demand for a flexible lease offering, Workspace will:

- adapt the McKay properties to Workspace's business centre model;
- adopt Workspace's proven operating model and flexible lease offer;
- use Workspace's extensive experience of active asset management to optimise the leasing strategy for the McKay properties, complementing its flexible model with a focus on the duration and terms of new leases and ensuring a customer mix that is consistent with Workspace's strategy for each property; and/or
- take advantage of attractive opportunities to recycle capital into other assets, which may result in the disposal of certain assets, including light industrial properties.

##### *Board, management and employees*

Workspace and McKay recognise the importance of the skills and experience of the existing management and employees of McKay. Workspace intends to support the McKay management team and save for (i) the expectation that Simon Perkins (Chief Executive Officer), Giles Salmon (Chief Financial Officer) and Tom Elliott (Property Director and Head of Sustainability) will leave their current roles following a period of handover and (ii) any rationalisation of employees identified as part of the evaluation of McKay's operations described further below, Workspace has no intention to make any change to the continued employment of the 18 employees and management of McKay, including any material changes to the terms and conditions of employment or in the balance of skills and functions of the management and employees of the McKay organisation as a result of the Acquisition.

The Chairman and Non-Executive Directors of McKay will step down from the Enlarged Group upon completion of the Acquisition. It is intended that, following completion of the Acquisition and a period of handover, Simon Perkins, Giles Salmon and Tom Elliott will each leave their respective roles as Chief Executive Officer, Chief Financial Officer, and Property Director and Head of Sustainability of McKay.

Workspace intends to undertake an evaluation of McKay and its operations within six months following completion of the Acquisition and has agreed not to issue any notice of termination by reason of redundancy or invite voluntary redundancies during such six month period. The evaluation will include an assessment of any overlap of roles currently undertaken by McKay and Workspace, including in respect of certain corporate functions which exist in relation to McKay's status as a premium-listed publicly traded company which will no longer be required on a standalone basis or will be reduced in scope, which may result in a rationalisation of employee roles. Workspace has not yet developed proposals as to how any such headcount reductions could be implemented.

#### *Conditions of employment*

Workspace confirms that, following completion of the Acquisition, the existing contractual and statutory rights and terms and conditions of employment, including pension obligations, of the management and employees of McKay will be fully safeguarded in accordance with applicable law. In addition, Workspace has agreed that for 12 months following completion of the Acquisition, if any McKay employee is made redundant they will be entitled to redundancy payments on no less favourable terms than under the applicable McKay redundancy practices.

#### *Incentivisation arrangements*

Following completion of the Acquisition, managers (including the three executive directors) and employees of McKay will participate in Workspace's current annual bonus arrangements and Long Term Incentive Plan. For the financial year in which completion of the Acquisition occurs, the bonus opportunities and Long Term Incentive Plan grant levels for such managers and employees will be those that would have applied had McKay operated its usual arrangements.

As required by, and solely for the purposes of, Rule 16.2 of the Takeover Code, Rothschild & Co has (in its capacity as independent adviser to the McKay Directors for the purposes of Rule 3 of the Takeover Code) reviewed the terms of the arrangements described in the paragraph above and has confirmed that, in its opinion, that those arrangements are fair and reasonable as far as McKay's Shareholders are concerned. In providing this advice to the McKay Directors, Rothschild & Co has taken into account the commercial assessments of the McKay Directors.

#### *Pensions*

McKay operates and participates in a defined benefit pension scheme in the UK, the McKay Securities Plc Pension and Life Assurance Scheme (the "DB Scheme"). The DB Scheme is closed to new members and future accrual. It has six members, all of whom are pensioners. The last full actuarial valuation of the DB Scheme was undertaken as at March 2020, and revealed a funding level of 78 per cent. on a technical provisions basis (a shortfall of £1.38 million).

Workspace has engaged in constructive discussions with the Pension Trustees. Workspace has agreed that, pursuant to the Pension Trustee Letter summarised at paragraph 11 below, the employer will continue to make contributions in line with the current schedule of contributions and recovery plan and shall also procure that additional contributions are made equal to 50 per cent. of the current annual contributions payable (an increase of £120,000 per annum). These increased contributions will be payable until the agreement of the next triennial valuation as at 31 March 2023. Workspace has also agreed to provide a parent company guarantee up to the amount of the DB Scheme's deficit from time to time on an insurance company buy-out basis. Workspace does not intend to re-open the DB Scheme to new members or future accrual.

In addition, Workspace does not intend to make any change to the benefits provided by McKay's defined contribution pension schemes and intends for the employer to continue to make contributions in line with the current arrangements.

#### *Headquarters, locations, research and development and fixed assets*

Following completion of the Acquisition the headquarters of McKay will be at Workspace's offices in London. As part of the evaluation of McKay's operations referred to above, Workspace will review the continuing business need to retain McKay's Reading office and the appropriate size for the



office if it is to be retained. The existing head office functions of McKay will also be considered as part of this review and may be retained at McKay's Reading office or moved to Workspace's London office depending on the outcome of the review.

McKay has no research and development function and Workspace has no plans in this regard.

Other than as set out above under the heading *Workspace's strategic plans for McKay*, Workspace has no other plans to make changes to the fixed assets of McKay.

#### *Trading facilities*

The McKay Shares are currently listed on the premium listing segment of the Official List and are admitted to trading on the London Stock Exchange's Main Market for listed securities. Subject to the Scheme becoming Effective, applications will be made to the FCA and the London Stock Exchange to cancel the listing of the McKay Shares on the Official List and trading on the Main Market, following which McKay will be re-registered as a private limited company.

No statements in this paragraph 9 constitute "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

### 10. **Financing of the Acquisition**

Workspace has entered into a loan facility agreement with Banco Santander S.A., London Branch, HSBC UK Bank plc and National Westminster Bank plc as original lenders and National Westminster Bank plc as agent dated 2 March 2022 (the "**Facility Agreement**"), pursuant to which a £200,000,000 credit facility is being made available to Workspace to finance the cash payable to McKay Shareholders under the terms of the Acquisition. Further details in respect of the Facility Agreement and these financing arrangements will be included in the Scheme Document.

J.P. Morgan Cazenove, in its capacity as financial adviser to Workspace, is satisfied that sufficient cash resources are available to Workspace to satisfy in full the cash consideration payable to McKay Shareholders under terms of the Acquisition.

Further information on the financing of the Acquisition will be set out in the Scheme Document.

### 11. **Offer-related arrangements**

#### ***Co-operation Agreement***

McKay and Workspace have entered into a Co-operation Agreement dated 2 March 2022, pursuant to which McKay and Workspace have agreed: (i) to co-operate and provide each other with reasonable information, assistance and access in relation to the filings, submissions and notifications to be made in relation to regulatory clearances and authorisations (if any) that are required in connection with the Acquisition; (ii) to provide each other with reasonable information, assistance and access for the preparation of certain parts of the key shareholder documentation; and (iii) to certain provisions if the Scheme should switch to a Takeover Offer. Workspace has also agreed to provide McKay with certain information for the purposes of the Scheme Document and to otherwise assist with the preparation of the Scheme Document.

The Co-operation Agreement records the intention of Workspace and McKay to implement the Acquisition by way of the Scheme, subject to Workspace's right to switch to a Takeover Offer in certain circumstances.

The Co-operation Agreement may be terminated with immediate effect in the following circumstances, among others:

- if McKay and Workspace so agree in writing;
- upon notice by Workspace to McKay if: (i) a competing proposal is publicly recommended by the McKay Directors; (ii) a competing proposal completes, becomes effective or becomes, or is, declared, unconditional in all respects; or (iii) the McKay Directors cease to recommend the Acquisition to McKay Shareholders (in certain circumstances as described therein); and
- upon notice by McKay to Workspace or by Workspace to McKay if: (i) prior to the Long Stop Date, a Condition has been invoked by Workspace where permitted by the Panel; (ii) a third party announces a firm intention to make an offer or revised offer; (iii) the Acquisition is withdrawn, terminated or lapses in accordance with its terms prior to the Long Stop Date and, where required, with consent of the Panel (except in certain circumstances prescribed therein); (iv) the Scheme is not approved by the requisite majority of holders of Scheme

Shares at the Court Meeting or by McKay Shareholders at the General Meeting, or the Court definitively refuses to sanction the Scheme; or (v) unless otherwise agreed by Workspace and McKay in writing or required by the Panel, if the Effective Date has not occurred by the Long Stop Date.

The Co-operation Agreement also contains provisions that will apply in respect of the McKay Share Plans.

#### ***McKay Confidentiality Agreement***

On 30 November 2021, McKay and Workspace entered into a confidentiality agreement pursuant to which Workspace undertook, among other things, to keep certain information relating to McKay and the Acquisition confidential and not to disclose it to third parties (other than permitted parties) unless required by law or regulation, among other exceptions. These confidentiality obligations will remain in force until the earlier of: (i) 24 months from the date of the McKay Confidentiality Agreement; and (ii) the date of completion of the Acquisition, subject to certain exceptions.

#### ***Workspace Confidentiality Agreement***

On 9 February 2022, McKay and Workspace entered into a confidentiality agreement pursuant to which McKay undertook, among other things, to keep certain information relating to Workspace confidential and not to disclose it to third parties (other than permitted parties) unless required by law or regulation, among other exceptions. These confidentiality obligations will remain in force until the earlier of: (i) 24 months from the date of the Workspace Confidentiality Agreement; and (ii) the date of completion of the Acquisition, subject to certain exceptions.

#### ***Pension Trustee Confidentiality Agreement***

On 14 February 2022, Workspace, and certain of the Pension Trustees, entered into a confidentiality agreement pursuant to which such Pension Trustees undertook, among other things, to keep certain information relating to Workspace confidential and not to disclose it to third parties (other than permitted parties) unless required by law or regulation, among other exceptions. These confidentiality obligations will remain in force until the date which is five years after the date of the Pension Trustee Confidentiality Agreement (unless terminated by Workspace prior to that date).

#### ***Pension Trustee Letter***

On 25 February 2022, Workspace entered into an agreement with the Pension Trustees and McKay pursuant to which Workspace has agreed that the employer under the McKay Securities Plc Pension and Life Assurance Scheme will continue to make contributions in line with the current schedule of contributions and recovery plan and shall also procure that additional contributions are made equal to 50 per cent. of the current annual contributions payable (an increase of £120,000 per annum). These increased contributions will be payable until the agreement of the next triennial valuation as at 31 March 2023. Workspace has also agreed to provide a parent company guarantee up to the amount of the DB Scheme's deficit from time to time on an insurance company buy-out basis.

### **12. McKay Share Plans**

Participants in the McKay Share Plans will be contacted regarding the effect of the Acquisition on their options under the McKay Share Plans.

The Scheme will extend to any McKay Shares which are unconditionally allotted or issued before the Scheme Record Time, including those allotted, issued or transferred to satisfy the exercise of options under the McKay Share Plans.

The Scheme will not extend to McKay Shares issued on or after the Scheme Record Time. However, it is proposed to amend McKay's articles of association at the General Meeting to provide that, if the Acquisition becomes Effective, any McKay Shares issued to any person on or after the Scheme Record Time (including in satisfaction of an option exercised under one of the McKay Share Plans) will be automatically transferred to Workspace in consideration for the payment by Workspace to such persons of 209 pence in cash and 0.115 New Workspace Shares for each McKay Share so transferred.

### **13. Structure of the Acquisition**

#### ***The Scheme***

It is intended that the Acquisition will be implemented by means of a Court-sanctioned scheme of arrangement between McKay and the Scheme Shareholders under Part 26 of the Companies Act.

The purpose of the Scheme is to provide for Workspace to become the owner of the entire issued and to be issued share capital of McKay. In order to achieve this, the Scheme Shares will be transferred to Workspace under the Scheme. In consideration for this transfer, the Scheme Shareholders will receive 209 pence in cash and 0.115 New Workspace Shares on the basis set out in paragraph 2 above. The transfer to Workspace of the Scheme Shares will result in McKay becoming a wholly owned subsidiary of Workspace.

The Acquisition is subject to the Conditions and further terms set out in Appendix 1 of this Announcement and to be set out in the Scheme Document.

In order for the Scheme to become Effective:

- (a) the Scheme must be approved by Scheme Shareholders by the passing of a resolution at the Court Meeting. This resolution must be approved by a majority in number of the Scheme Shareholders (or relevant classes thereof) present and voting (and entitled to vote) at the Court Meeting, and any separate class meeting(s) which may be required by the Court either in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders (or relevant classes thereof);
- (b) Resolutions to deal with certain ancillary matters in connection with the Scheme must be passed at the General Meeting to be held immediately after the Court Meeting;
- (c) following the Court Meeting, the Scheme must also be sanctioned by the Court; and
- (d) following the sanction by the Court, a copy of the Court Order must be delivered to the Registrar of Companies for registration.

The Scheme will only become Effective if, among other things, the events described in the paragraph immediately above occur no later than the Long Stop Date.

Additionally, the Scheme will lapse if, amongst other things:

- (a) the Court Meeting and General Meeting are not held on or before the 22<sup>nd</sup> day after the expected date of such meetings, which will be set out in the Scheme Document in due course (or such later date as may be agreed by Workspace and McKay with the consent of the Panel and, if required, the Court);
- (b) the Court Sanction Hearing is not held on or before the 22<sup>nd</sup> day after the expected date of such hearing, which will be set out in the Scheme Document in due course (or such later date as may be agreed by Workspace and McKay with the consent of the Panel and, if required, the Court); or
- (c) the Scheme does not become Effective on or before the Long Stop Date,

Any Scheme Shareholder is entitled to attend the Court Sanction Hearing in person or through counsel to support or oppose the sanctioning of the Scheme.

Once the Scheme becomes Effective, it will be binding on all Scheme Shareholders, whether or not they voted at the Court Meeting and/or the General Meeting and, if they did vote, whether or not they voted in favour of or against the resolutions proposed at those meetings.

The terms of the Scheme will provide that the McKay Shares will be acquired under the Scheme fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights attaching thereto, including the right to receive and retain all dividends and other distributions and returns of value declared, paid or made after the Effective Date.

If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by McKay in respect of a McKay Share on or after the date of this Announcement and prior to the Scheme becoming Effective Workspace will have the right to reduce the value of the consideration payable for each McKay Share by up to the amount per McKay Share of such dividend, distribution or return of value except where the McKay Share is or will be acquired pursuant to the Scheme on a basis which entitles Workspace to receive the dividend, distribution or return of value and to retain it.

If any such dividend, distribution or return of value is paid or made after the date of this Announcement and Workspace exercises its rights described above, any reference in this Announcement to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by Workspace of its rights referred to in this

paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.

Further details of the Scheme, including an indicative timetable for its implementation, will be set out in the Scheme Document. It is expected that the Scheme Document will be despatched to McKay Shareholders in March 2022 and in any event within 28 days of this Announcement (unless otherwise agreed by the Panel, Workspace and McKay).

Subject, among other things, to the satisfaction or waiver of the Conditions, it is expected that the Scheme will become Effective during May 2022.

Workspace reserves the right, subject to the terms of the Co-operation Agreement and with the prior consent of the Panel, to elect to implement the Acquisition by way of a Takeover Offer. In such event, such Takeover Offer will be implemented on the same terms, so far as applicable, as those which would apply to the Scheme. Furthermore, if such Takeover Offer is made and Workspace receives acceptances pursuant to such Takeover Offer, or otherwise acquires, 90 per cent. or more of the McKay Shares to which the Takeover Offer relates, it is the intention of Workspace to exercise its rights under the provisions of section 979 of the Companies Act to acquire compulsorily any outstanding McKay Shares in respect of which valid acceptances have not been provided.

#### **14. De-listing and re-registration**

It is expected that the last day of dealings in, and for registration of transfers of, McKay Shares (other than the registration of the transfer of the Scheme Shares to Workspace pursuant to the Scheme) will be the last Business Day prior to the Effective Date, following which all of the McKay Shares will be suspended from the Official List and from trading on the London Stock Exchange's Main Market for listed securities, and McKay Shares will be disabled in CREST.

After the Scheme Record Time and before the Scheme becomes Effective, entitlements to McKay Shares in CREST will be cancelled and such entitlements rematerialised. On the Effective Date, all share certificates in respect of McKay Shares will cease to be valid and should be destroyed.

Applications will be made to the FCA for the cancellation of the listing of the McKay Shares on the Official List and to the London Stock Exchange for the cancellation of the admission to trading of McKay Shares on the London Stock Exchange's Main Market for listed securities. It is expected that such delisting and cancellation of admission to trading would take effect on the first Business Day following the Effective Date.

Following the Scheme becoming Effective, Workspace intends to re-register McKay as a private company as soon as is appropriate.

#### **15. Settlement, listing and dealing of New Workspace Shares**

Applications will be made to the FCA for the New Workspace Shares to be issued to McKay Shareholders under the Scheme to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for the New Workspace Shares to be admitted to trading on the London Stock Exchange's Main Market for listed securities.

It is expected that Admission will become effective and that unconditional dealings in the New Workspace Shares will commence on the London Stock Exchange, at 8.00 a.m. (London time) on the first Business Day following the date on which the Scheme becomes Effective.

Details of how McKay Shareholders can hold, access and trade in Workspace Shares will be set out in the Scheme Document. McKay Shareholders resident in the United Kingdom will be able to hold their Workspace Shares through any of the ways currently available to McKay Shareholders, including through an intermediary of their own choice should they wish to do so.

#### **16. Overseas McKay Shareholders**

The distribution of this Announcement to, and the availability of the New Workspace Shares to be issued pursuant to the Acquisition to, persons who are not resident in the United Kingdom may be affected by the laws of their relevant jurisdiction. Such persons should inform themselves of and observe any applicable legal or regulatory requirements of their jurisdiction. Further details in relation to McKay Shareholders who are not resident in the United Kingdom will be set out in the Scheme Document.

This Announcement does not constitute, or form part of, any offer for, or any solicitation of any offer for, securities, nor is it a solicitation of any vote or approval in any jurisdiction, nor will there be any

purchase or transfer of the securities referred to in this Announcement in any jurisdiction in contravention of applicable law or regulation.

17. **McKay Share Buy Back Programme**

On 8 March 2021, McKay announced the launch of a share buy-back programme with a total size of up to £10.0 million, or approximately 5 per cent. of McKay's issued ordinary share capital (the "Programme"). The Programme initially ran from 8 March 2021 until 1 July 2021, and was subsequently extended on 6 July 2021 to run until the Company's 2022 AGM, unless completed earlier.

Consistent with the McKay Directors' stated intention to keep the Programme under review and in light of the proposed Acquisition, McKay is today terminating the Programme with effect from 4 March 2022.

18. **Disclosure of Interests**

As at the close of business on 1 March 2022, being the last Business Day prior to the publication of this Announcement, save for the irrevocable undertakings referred to in paragraph 8 above, neither Workspace, nor any of the Workspace Directors, nor, so far as Workspace is aware, any person acting in concert (within the meaning of the Code) with Workspace has:

- (a) any interest in, or right to subscribe for, any McKay Shares nor does any such person have any short position in McKay Shares, including any short position under a derivative, any agreement to sell, any delivery obligation or right to require another person to purchase or take delivery of McKay Shares; or
- (b) borrowed or lent any McKay Shares or entered into any financial collateral arrangements relating to McKay Shares; or
- (c) any dealing arrangement of the kind referred to in Note 11 on the definition of acting in concert in the Code in relation to McKay Shares or in relation to securities convertible or exchangeable into McKay Shares,

and "interests in securities" for these purposes arise, in summary, when a person has long economic exposure, whether absolute or conditional, to changes in the price of securities (and a person who only has a short position in securities is not treated as interested in those securities).

19. **Expected timetable**

Further details of the Scheme will be contained in the Scheme Document which is expected to be sent to McKay Shareholders in March 2022 and in any event within 28 days of this Announcement unless otherwise agreed by the Panel, Workspace and McKay.

Further details on the timetable for implementation of the Scheme will be set out in the Scheme Document, which will also include the notices of the Court Meeting and the General Meeting and specify the necessary actions to be taken by McKay Shareholders. It is expected that the Court Meeting and General Meeting will be held during April 2022.

Subject to the satisfaction or waiver of the relevant Conditions as set out in Appendix 1 to this Announcement, the Scheme is expected to become Effective during May 2022.

20. **Valuations**

For the purposes of Rule 29.5 of the Code, the Workspace Directors confirm that CBRE has confirmed to them that an updated valuation of Workspace's assets as at the date of this Announcement would not be materially different to the valuation contained in CBRE's valuation report set out in Appendix 4).

For the purposes of Rule 29.5 of the Code, the McKay Directors confirm that Knight Frank has confirmed to them that an updated valuation of McKay's assets as at the date of this Announcement would not be materially different to the valuation contained in Knight Frank's valuation report set out in Appendix 4).

In the event that either Workspace's or McKay's property portfolio was to be sold at the valuations contained in the valuation reports set out in Appendix 4, any gains realised on such disposals may be subject to taxation in the UK. Generally, capital gains arising from disposals by a UK REIT of assets used in its property rental business and shares in UK property rich companies should be exempt from UK corporation tax, however there are specific rules which can result in assets within the property rental business being subject to tax on disposal (for example when a property is

materially developed and sold within three years of completion of that development or where a property has been used partly for the purposes of property rental business and partly for other purposes).

#### 21. **Documents available on website**

Copies of the following documents will, by no later than 12 noon (London time) on the Business Day following this Announcement, be published on Workspace's website at [www.workspace.co.uk/investors/investor-centre/recommended-offer-for-mckay-securities-plc](http://www.workspace.co.uk/investors/investor-centre/recommended-offer-for-mckay-securities-plc) and on McKay's website at [www.mckaysecurities.plc.uk](http://www.mckaysecurities.plc.uk):

- (a) this Announcement;
- (b) the irrevocable undertakings and letter of intent listed in Appendix 3 to this Announcement;
- (c) the Facility Agreement;
- (d) the Co-operation Agreement;
- (e) the McKay Confidentiality Agreement;
- (f) the Workspace Confidentiality Agreement
- (g) the Pension Trustee Confidentiality Agreement;
- (h) the Pension Trustee Letter;
- (i) the CBRE valuation report;
- (j) the Knight Frank valuation report;
- (k) an investor presentation provided to certain Workspace Shareholders; and
- (l) consent letters from each of J.P. Morgan Cazenove, Rothschild & Co, CBRE and Knight Frank.

The contents of these websites and any websites accessible from hyperlinks on these websites are not incorporated into and do not form part of this Announcement.

#### 22. **General**

Each of J.P. Morgan Cazenove, Rothschild & Co, CBRE and Knight Frank has given and not withdrawn their consent to the publication of this Announcement with the inclusion herein of the references to their opinions and names in the form and context in which they are included.

**The Conditions and certain further terms of the Acquisition are set out in Appendix 1 to this Announcement. Appendix 2 contains the sources and bases of certain information and the bases of calculations used in this summary and this Announcement. Appendix 3 contains details of the irrevocable undertakings and letter of intent given to Workspace.**

**Appendix 4 to this Announcement contains property valuations supported by valuation reports for each of Workspace and McKay as at 31 January 2022 pursuant to the requirements of Rule 29 of the Code. These property valuation reports will, subject to the requirements of the Code, be reproduced in the Scheme Document. Each of CBRE and Knight Frank has given and not withdrawn its consent to the publication of its valuation report in this Announcement in the form and context in which it is included.**

**Appendix 5 contains the definitions of certain terms used in this Announcement.**

#### **Analyst and investor presentation**

Workspace will host a presentation for analysts and investors at 9.45 a.m. (UK time) today to discuss the Acquisition.

To join the webcast: <https://secure.emincote.com/client/workspace/workspace019>

To join via conference call: please register at the following link and you will be provided with dial-in details and a unique access code:

[https://secure.emincote.com/client/workspace/workspace019/vip\\_connect](https://secure.emincote.com/client/workspace/workspace019/vip_connect)

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Herbert Smith Freehills LLP is acting as legal adviser to Workspace in connection with the Acquisition.  
Slaughter and May is acting as legal adviser to McKay in connection with the Acquisition.

**Further Information**

*This Announcement is for information purposes only and is not intended to and does not constitute, or form part of, an offer, invitation or the solicitation of an offer or invitation to purchase, or otherwise acquire, subscribe for, sell or otherwise dispose of any securities or the solicitation of any vote or approval in any*

*jurisdiction pursuant to the Acquisition or otherwise nor shall there be any sale, issuance or transfer of securities of McKay in any jurisdiction in contravention of applicable laws.*

*The Acquisition will be implemented solely pursuant to the terms of the Scheme Document (or, in the event that the Acquisition is to be implemented by means of a Takeover Offer, the Offer Document), which, together with the Forms of Proxy, will contain the full terms and conditions of the Acquisition, including details of how to vote in respect of the Acquisition. Any decision by McKay Shareholders in respect of, or other response to, the Acquisition (including any vote in respect of the Resolutions to approve the Acquisition, the Scheme or related matters), should be made only on the basis of the information contained in the Scheme Document (or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document).*

*This Announcement does not constitute a prospectus or a prospectus equivalent document.*

*This Announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation. The person responsible for arranging for the release of this Announcement on behalf of Workspace is Carmelina Carfora, Company Secretary and on behalf of McKay is Giles Salmon, Chief Financial Officer.*

### **Information Relating to McKay Shareholders**

*Please be aware that addresses, electronic addresses and certain other information provided by McKay Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from McKay may be provided to Workspace during the offer period as required under Section 4 of Appendix 4 of the Code to comply with Rule 2.11(c).*

### **Overseas Jurisdictions**

*The release, publication or distribution of this Announcement in or into jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe any applicable legal or regulatory requirements. In particular, the ability of persons who are not resident in the United Kingdom to vote their McKay Shares with respect to the Scheme at the Court Meeting, or to execute and deliver Forms of Proxy appointing another to vote at the Court Meeting on their behalf, may be affected by the laws of the relevant jurisdictions in which they are located. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purpose of complying with English law, the Code, the Market Abuse Regulation and the Disclosure Guidance and Transparency Rules and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.*

*Unless otherwise determined by Workspace or required by the Code, and permitted by applicable law and regulation, the New Workspace Shares to be issued pursuant to the Acquisition to McKay Shareholders will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Acquisition by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this Announcement and any formal documentation relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in or into or from any Restricted Jurisdiction or any other jurisdiction where to do so would constitute a violation of the laws of that jurisdiction, and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send such documents in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Acquisition. If the Acquisition is implemented by way of a Takeover Offer (unless otherwise permitted by applicable law and regulation), the Takeover Offer may not be made directly or indirectly, in or into, or by the use of mails or any means or instrumentality (including, but not limited to, facsimile, e-mail or other electronic transmission or telephone) of interstate or foreign commerce of, or of any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Acquisition will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.*

*The availability of New Workspace Shares pursuant to the Acquisition to McKay Shareholders who are not resident in the United Kingdom or the ability of those persons to hold such shares may be affected by the laws or regulatory requirements of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or*



regulatory requirements. McKay Shareholders who are in any doubt about such matters should consult an appropriate independent professional adviser in the relevant jurisdiction without delay.

Further details in relation to McKay Shareholders in overseas jurisdictions will be contained in the Scheme Document.

The Acquisition will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange and the FCA.

### **Additional Information for US Investors**

Shareholders in the United States should note that the Acquisition relates to the shares of an English company and is proposed to be made by means of a scheme of arrangement provided for under, and governed by, English law. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Scheme. Moreover the Scheme will be subject to the disclosure requirements and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this Announcement and the Scheme Document has been or will be prepared in accordance with accounting standards applicable in the UK and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States. If Workspace exercises its right to implement the Acquisition by way of a Takeover Offer in accordance with the terms of the Cooperation Agreement and determines to extend the offer into the United States, such offer will be made in compliance with applicable United States securities laws and regulations.

McKay and Workspace are each organised under the laws of England. Some or all of the officers and directors of McKay and Workspace are residents of countries other than the United States. It may not be possible to sue McKay and Workspace in a non-US court for violations of US securities laws. It may be difficult to compel McKay, Workspace and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

The receipt of cash and shares by a US holder of McKay Shares as consideration for the transfer of its Scheme Shares pursuant to the Scheme may be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each McKay Shareholder (including US holders) is urged to consult its independent professional adviser immediately regarding the tax consequences of the Acquisition applicable to them.

This announcement does not constitute or form a part of any offer to sell or issue, or any solicitation of any offer to purchase, subscribe for or otherwise acquire, any securities in the United States.

Neither the US Securities and Exchange Commission nor any securities commission of any state or other jurisdiction of the United States has approved the Acquisition, passed upon the fairness of the Acquisition, or passed upon the adequacy or accuracy of this document. Any representation to the contrary is a criminal offence in the United States.

### **Notes regarding New Workspace Shares**

The New Workspace Shares to be issued pursuant to the Scheme have not been and will not be registered under the relevant securities laws of Japan and the relevant clearances have not been, and will not be, obtained from the securities commission of any province of Canada. No prospectus in relation to the New Workspace Shares has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission. Accordingly, the New Workspace Shares are not being, and may not be, offered, sold, resold, delivered or distributed, directly or indirectly in or into a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of relevant laws of, or require registration thereof in, such jurisdiction (except pursuant to an exemption, if available, from any applicable registration requirements or otherwise in compliance with all applicable laws).

The New Workspace Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. It is expected that the New Workspace Shares will be issued in reliance upon the exemption from the registration requirements of the US Securities Act of 1933 (as amended) provided by Section 3(a)(10) thereof. For the purpose of qualifying for the exemption provided by Section 3(a)(10) of the US Securities Act, Workspace will advise the Court that its sanctioning of the Scheme will be relied on by Workspace for purposes of a Section 3(a)(10) exemption following a hearing on the fairness of the Scheme to McKay Shareholders.

## **Important Notices Relating to the Financial Advisers and Corporate Brokers**

*J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove, is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom. J.P. Morgan Cazenove is acting exclusively as financial adviser to Workspace and no one else in connection with the Acquisition and will not regard any other person as its client in relation to the matters set out in this Announcement and will not be responsible to anyone other than Workspace for providing the protections afforded to clients of J.P. Morgan Cazenove or its affiliates, or for providing advice in relation to the contents of this Announcement or any other matter referred to herein.*

*N.M. Rothschild & Sons Limited ("Rothschild & Co"), which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for McKay and for no one else in connection with the Acquisition and will not regard any other person as its client in relation to the Acquisition and will not be responsible to anyone other than McKay for providing the protections afforded to clients of Rothschild & Co, nor for providing advice in relation to any matter referred to in this Announcement. Neither Rothschild & Co nor any of its affiliates (nor their respective directors, officers, employees or agents) owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Rothschild & Co in connection with this Announcement, any statement contained herein, the Acquisition or otherwise. No representation or warranty, express or implied, is made by Rothschild & Co as to the contents of this Announcement.*

*Stifel Nicolaus Europe Limited ("Stifel"), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority, is acting as corporate broker exclusively for McKay and no-one else in connection with the matters referred to in this Announcement and will not regard any other person as its client in relation to such matters and will not be responsible to anyone other than McKay for providing the protections afforded to clients of Stifel, nor for providing advice in relation to any matter referred to in this Announcement.*

### **Disclosure requirements**

*Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.*

*Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.*

*If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.*

*Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).*

*Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk), including details of the number of relevant securities in*

issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

### **Forward-looking statements**

*This Announcement (including information incorporated by reference in this Announcement), oral statements made regarding the Acquisition, and other information published by Workspace and McKay contain statements which are, or may be deemed to be, "forward-looking statements". Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Workspace and McKay about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this Announcement may include statements relating to the expected effects of the Acquisition on Workspace and McKay, the expected timing of the Acquisition and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects" or "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Workspace and McKay believe that the expectations reflected in such forward-looking statements are reasonable, Workspace and McKay can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the commercial property industry; changes in government policy and taxations; changes in political conditions, economies and markets in which Workspace and McKay operate; changes in the markets from which Workspace and McKay raise finance; the impact of legal or other proceedings; changes in accounting practices and interpretation of accounting standards under IFRS; changes in interest and exchange rates; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document.*

*Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Workspace nor McKay, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations (including under the Listing Rules and the Disclosure Guidance and Transparency Rules of the FCA), neither Workspace or McKay is under any obligation, and Workspace and McKay expressly disclaim any intention or obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.*

### **No profit forecasts, estimates or quantified benefits statements**

*No statement in this Announcement is intended as a profit forecast, profit estimate or quantified benefits statement for any period and no statement in this Announcement should be interpreted to mean that earnings or earnings per share for McKay or Workspace for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per share for McKay or Workspace respectively.*

### **Publication of this Announcement**

*A copy of this Announcement will be available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on [www.workspace.co.uk/investors/investor-centre/recommended-offer-for-mckay-securities-plc](http://www.workspace.co.uk/investors/investor-centre/recommended-offer-for-mckay-securities-plc) and [www.mckaysecurities.plc.uk](http://www.mckaysecurities.plc.uk) by no later than 12 noon (London time) on the Business Day following this Announcement.*

*The contents of Workspace's website and McKay's website are not incorporated into and do not form part of this Announcement.*

## **Requesting hard copy documents**

*In accordance with Rule 30.3 of the Code, McKay Shareholders, persons with information rights and participants in McKay Share Plans may request a hard copy of this Announcement by writing to McKay Securities Plc, 20 Greyfriars Road, Reading, Berkshire RG1 1NL or by contacting McKay's Company Secretary, during business hours on +44 (0)118 950 2333. In accordance with Rule 30.3 of the Code, a person so entitled may also request that all future documents, announcements and information be sent to them in relation to the Acquisition should be in hard copy form. For persons who receive a copy of this Announcement in electronic form or via a website notification, a hard copy of this Announcement will not be sent unless so requested. Such persons may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.*

## **Rounding**

*Certain figures included in this Announcement have been subjected to rounding adjustments. Accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of figures that precede them.*

## **Rule 2.9 of the Code**

*For the purposes of Rule 2.9 of the Code, McKay confirms that, as at 1 March 2022 (being the last Business Day prior to the date of this Announcement), it had in issue 90,089,313 ordinary shares of 20 pence each. The ISIN for the shares is GB0005522007.*

*For the purposes of Rule 2.9 of the Code, Workspace confirms that, as at 1 March 2022 (being the last Business Day prior to the date of this Announcement), it had in issue 181,123,659 ordinary shares of one pound each. The ISIN for the shares is GB00B67G5X01.*

## APPENDIX 1

### CONDITIONS AND CERTAIN FURTHER TERMS OF THE ACQUISITION

#### Part 1 Conditions of the Scheme and Acquisition

1. The Acquisition will be conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Code, on or before the Long Stop Date.

#### Scheme Conditions

2. The Scheme will be conditional upon:
  - (a) its approval by a majority in number of the Scheme Shareholders (or relevant class or classes thereof) present and voting (and entitled to vote) at the Court Meeting and any separate class meeting which may be required by the Court, or at any adjournment of such meetings, either in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares held by such Scheme Shareholders (or relevant class or classes thereof);
  - (b) all Resolutions being duly passed by the requisite majority or majorities of the McKay Shareholders at the General Meeting, or at any adjournment thereof;
  - (c) the Court Meeting and the General Meeting being held on or before the 22nd day after the expected date of such meetings to be set out in the Scheme Document in due course (or such later date (if any) as Workspace and McKay may agree (with the consent of the Panel) and the Court may approve, if such approval is required);
  - (d) the sanction of the Scheme by the Court (with or without modifications, but subject to any modifications being on terms acceptable to McKay and Workspace);
  - (e) the Court Sanction Hearing being held on or before the 22nd day after the expected date of the Court Sanction Hearing to be set out in the Scheme Document in due course (or such later date (if any) as Workspace and McKay may agree (with the consent of the Panel) and the Court may approve, if such approval is required); and
  - (f) a copy of the Court Order being delivered for registration to the Registrar of Companies.

#### General Conditions

3. Subject as stated in Part 2 below and to the requirements of the Panel, the Acquisition is also conditional on the following Conditions having been satisfied or, where applicable, waived and accordingly the necessary actions to make the Scheme Effective will not be taken unless such Conditions have been so satisfied or waived:

#### Admission of New Workspace Shares

- (a)
  - (i) the FCA having acknowledged to Workspace or its agent (and such acknowledgement not having been withdrawn) that the application for the admission of the New Workspace Shares to the Official List with a premium listing has been approved and (after satisfaction of any conditions to which such approval is expressed to be subject ("listing conditions")) will become effective as soon as a dealing notice has been issued by the FCA and any listing conditions having been satisfied; and
  - (ii) the London Stock Exchange having acknowledged to Workspace or its agent (and such acknowledgement not having been withdrawn) that the New Workspace Shares will be admitted to trading on the London Stock Exchange's Main Market for listed securities;

#### Official authorisations, regulatory clearances and third party clearances

- (b) the waiver (or non-exercise within any applicable time limits) by any relevant government or governmental, quasi-governmental, supranational, statutory, regulatory, environmental or investigative body, court, trade agency, association, institution, any entity owned or controlled by any relevant government or state, or any other body or person whatsoever in any jurisdiction (each a "Third Party") of any termination right, right of pre-emption, first refusal or similar right (which is material in the context of the Wider McKay Group taken as a whole) arising as a result of or in connection with the Acquisition including,

without limitation, its implementation and financing or the proposed direct or indirect Acquisition of any shares or other securities in, or control or management of, McKay by Workspace or any member of the Wider Workspace Group;

- (c) (i) all necessary filings or applications having been made in connection with the Acquisition and all statutory or regulatory obligations in any jurisdiction having been complied with in connection with the Acquisition or the acquisition by any member of the Wider Workspace Group of any shares or other securities in, or control of, McKay and all authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals reasonably deemed necessary by Workspace or any member of the Wider Workspace Group for or in respect of the Acquisition (including without limitation, its implementation and financing or the proposed direct or indirect acquisition of any shares or other securities in, or control of, McKay or any member of the Wider McKay Group by any member of the Wider Workspace Group), in each case, having been obtained from all appropriate Third Parties or persons with whom any member of the Wider McKay Group has entered into contractual arrangements and in each case, where the consequence of a failure to make such filing or application, comply with such statutory or regulatory obligation or obtain such material authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals would be unlawful in any jurisdiction, and (ii) all such material authorisations, orders, grants, recognitions, determinations, confirmations, consents, licences, clearances, permissions, exemptions and approvals necessary or appropriate to carry on the business of any member of the Wider McKay Group which is material in the context of the Workspace Group or the McKay Group as a whole or of the financing of the Acquisition remaining in full force and effect and all filings necessary for such purpose having been made and there being no written notice of any intention to revoke or not to renew any of the same at the time at which the Acquisition becomes otherwise unconditional;
- (d) no Third Party having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, not having withdrawn the same), or having enacted, made or proposed any statute, regulation, decision or order, or change to published practice or having taken any other steps, and there not continuing to be outstanding any statute, regulation, decision or order, which in each case would reasonably be expected to:
- (i) require, prevent or delay the divestiture, or materially alter the terms envisaged for any proposed divestiture by any member of the Wider Workspace Group or any member of the Wider McKay Group of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses (or any of them) or to own any of their respective assets or properties or any part thereof which, in any such case, is material in the context of the Wider Workspace Group or the Wider McKay Group in either case taken as a whole;
  - (ii) require, prevent or delay the divestiture by any member of the Wider Workspace Group of any shares or other securities in McKay;
  - (iii) impose any material limitation on, or result in a delay in, the ability of any member of the Wider Workspace Group directly or indirectly to acquire or to hold or to exercise effectively any rights of ownership in respect of shares or loans or securities convertible into shares or any other securities (or the equivalent) in any member of the Wider McKay Group or the Wider Workspace Group or to exercise voting or management control over any such member;
  - (iv) otherwise adversely affect the business, assets, profits or prospects of any member of the Wider Workspace Group or of any member of the Wider McKay Group to an extent which is material in the context of the Wider Workspace Group or the Wider McKay Group in either case taken as a whole;
  - (v) make the Acquisition or its implementation or the Acquisition or proposed Acquisition by Workspace or any member of the Wider Workspace Group of any shares or other securities in, or control of McKay void, illegal, and/or unenforceable under the laws of any jurisdiction, or otherwise, directly or

indirectly, restrain, restrict, prohibit, delay or otherwise interfere with the same, or impose additional conditions or obligations with respect thereto;

- (vi) except pursuant to the implementation of the Acquisition and/or, if applicable, sections 974 to 991 of the Companies Act, require any member of the Wider Workspace Group or the Wider McKay Group to offer to acquire any shares or other securities (or the equivalent) or interest in any member of the Wider McKay Group or the Wider Workspace Group owned by any third party;
- (vii) impose any limitation on the ability of any member of the Wider McKay Group to co-ordinate its business, or any part of it, with the businesses of any other members which is adverse to and material in the context of the Wider McKay Group taken as a whole or in the context of the Acquisition; or
- (viii) result in any member of the Wider McKay Group ceasing to be able to carry on business under any name under which it presently does so,

and all applicable waiting and other time periods (including any extensions thereof) during which any such Third Party could institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference or any other step under the laws of any jurisdiction in respect of the Acquisition or proposed acquisition of any McKay Shares having expired, lapsed or been terminated, in each case, where the consequence of a failure to wait for the expiry, lapse or termination of such waiting or time period would be unlawful in any jurisdiction;

**Certain matters arising as a result of any arrangement, agreement etc.**

- (e) save as Disclosed, there being no provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider McKay Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, or any circumstance which in consequence of the Acquisition or the proposed acquisition of any shares or other securities (or equivalent) in McKay or because of a change in the control or management of McKay or otherwise, could result in any of the following to an extent which is material and adverse in the context of the Wider McKay Group, or the Wider Workspace Group, in either case taken as a whole, or in the context of the Acquisition:
  - (i) any moneys borrowed by or any other indebtedness or liabilities (actual or contingent) of, or grant available to any such member, being or becoming repayable or capable of being declared repayable immediately or earlier than their or its stated maturity date or repayment date or the ability of any such member to borrow moneys or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;
  - (ii) any such agreement, arrangement, licence, permit or instrument or the rights, liabilities, obligations or interests of any such member thereunder being terminated or adversely modified or affected or any obligation or liability arising or any action being taken or arising thereunder;
  - (iii) any asset or interest of any such member being or failing to be disposed of or charged or ceasing to be available to any such member or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any such member otherwise than in the ordinary course of business;
  - (iv) other than liens arising in the ordinary course of business the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property, assets or interest of any such member;
  - (v) the rights, liabilities, obligations or interests of any such member, or the business of any such member with, any person, firm, company or body (or any arrangement or arrangements relating to any such interest or business) being terminated, adversely modified or affected or any adverse action being taken or any onerous obligation or liability arising thereunder;
  - (vi) the value of any such member or its financial or trading position or prospects being prejudiced or adversely affected;

- (vii) any such member ceasing to be able to carry on business under any name under which it presently does so; or
  - (viii) the creation or acceleration of any liability, actual or contingent, by any such member (including any material tax liability or any obligation to obtain or acquire any material authorisation, notice, waiver, concession, agreement or exemption from any Third Party or any person) other than trade creditors or other liabilities incurred in the ordinary course of business or in connection with the Acquisition,
- and no event having occurred which, under any provision of any agreement, arrangement, licence, permit or other instrument to which any member of the Wider McKay Group is a party or by or to which any such member or any of its assets may be bound, entitled or subject, would or might reasonably be expected to result in any of the events or circumstances as are referred to in sub-paragraphs (i) to (viii) of this Condition;

**Certain events occurring since Last Accounts Date**

- (f) save as Disclosed, no member of the Wider McKay Group having, since the Last Accounts Date:
  - (i) save as between McKay and wholly-owned subsidiaries of McKay or for McKay Shares issued under or pursuant to the exercise of options and vesting of awards granted under the McKay Share Plans, issued or agreed to issue, authorised or proposed the issue of additional shares of any class;
  - (ii) save as between McKay and wholly-owned subsidiaries of McKay or for the grant of options and awards and other rights under the McKay Share Plans, issued or agreed to issue, authorised or proposed the issue of securities convertible into shares of any class or rights, warrants or options to subscribe for, or acquire, any such shares or convertible securities;
  - (iii) other than to another member of the McKay Group, prior to completion of the Acquisition, recommended, declared, paid or made any dividend or other distribution payable in cash or otherwise or made any bonus issue;
  - (iv) save for intra-McKay Group transactions, merged or demerged with any body corporate or acquired or disposed of or transferred, mortgaged or charged or created any security interest over any assets or any right, title or interest in any asset (including shares and trade investments) or authorised or proposed or announced any intention to propose any merger, demerger, disposal, transfer, mortgage, charge or security interest, in each case, other than in the ordinary course of business and, in each case, to the extent which is material in the context of the Wider McKay Group taken as a whole;
  - (v) save for intra-McKay Group transactions, made or authorised or proposed or announced an intention to propose any change in its loan capital in each case, to the extent which is material in the context of the Wider McKay Group taken as a whole;
  - (vi) issued, authorised or proposed the issue of, or made any change in or to, any debentures or (save for intra-McKay Group transactions), save in the ordinary course of business, incurred or increased any material indebtedness or become subject to any material contingent liability;
  - (vii) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced or, save in respect to the matters mentioned in sub-paragraphs (i) or (ii) above, made any other change to any part of its share capital in each case, to the extent which is material in the context of the Wider McKay Group taken as a whole (excluding, for the avoidance of doubt, any such actions taken in connection with McKay's share buyback programme announced on 8 March 2021, as extended);
  - (viii) save for intra-McKay Group transactions, implemented, or authorised, proposed or announced its intention to implement, any reconstruction, merger, demerger, amalgamation, scheme, commitment or other transaction or arrangement otherwise than in the ordinary course of business;



- (ix) entered into or varied or authorised, proposed or announced its intention to enter into or vary any contract, transaction or commitment (whether in respect of capital expenditure or otherwise) which is of a long term, onerous or unusual nature or magnitude or which involves or could involve an obligation of such a nature or magnitude other than in the ordinary course of business, in each case, to the extent which is material in the context of the Wider McKay Group taken as a whole;
- (x) (other than in respect of a member which is dormant and was solvent at the relevant time) taken any corporate action or steps or had any legal proceedings started or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up, dissolution or reorganisation or for the appointment of a receiver, administrative receiver, administrator, manager, trustee or similar officer of all or any part of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed, in each case, to the extent which is material in the context of the Wider McKay Group taken as a whole;
- (xi) entered into any contract, transaction or arrangement which would be restrictive on the business of any member of the Wider McKay Group or the Wider Workspace Group other than of a nature and extent which is normal in the context of the business concerned;
- (xii) waived or compromised any claim otherwise than in the ordinary course of business which is material in the context of the Wider McKay Group taken as a whole;
- (xiii) made any material alteration to its memorandum or articles of association or other incorporation documents (in each case, other than in connection with the Scheme or where any such alteration does not introduce unusual or onerous provisions which are material in the context of the Acquisition);
- (xiv) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xv) entered into any contract, commitment, arrangement or agreement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced any intention to, or proposed to, effect any of the transactions, matters or events referred to in this Condition;
- (xvi) (except in relation to changes made or agreed as a result of, or arising from, applicable law or changes to applicable law and/or pursuant to the terms of the Pension Trustee Letter) made or agreed or consented to any change to:
  - a) the terms of the trust deeds constituting the pension scheme(s) established by any member of the Wider McKay Group for its directors, employees or their dependents, including the McKay Securities Plc Pension and Life Assurance Scheme;
  - b) the contributions payable to any such scheme(s) or to the benefits which accrue or to the pensions which are payable thereunder;
  - c) the basis on which qualification for, or accrual or entitlement to, such benefits or pensions are calculated or determined; or
  - d) the basis upon which the liabilities (including pensions) of such pension schemes are funded, valued or made,
 in each case, to the extent which is material in the context of the Wider McKay Group taken as a whole;
- (xvii) except pursuant to the terms of the Co-operation Agreement proposed, agreed to provide or modified the terms of any of the McKay Share Plans or other benefit

constituting a material change relating to the employment or termination of employment of a material category of persons employed by the Wider McKay Group or which constitutes a material change to the terms or conditions of employment of any senior employee of the Wider McKay Group, save as agreed by the Panel (if required) and by Workspace;

- (xviii) on or after the date of this Announcement, and other than with the consent of Workspace and (if required) the Panel, taken (or agreed or proposed to take) any action which requires, or would require the approval of McKay Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Code;
- (xix) except pursuant to the terms of the Co-operation Agreement, entered into, or varied in a material way the terms of, any contract, agreement or arrangement with any of the directors or senior executives of any members of the Wider McKay Group; or
- (xx) waived or compromised any claim which is material in the context of the Wider McKay Group taken as a whole, otherwise than in the ordinary course.

#### **No adverse change, litigation or regulatory enquiry**

- (g) save as Disclosed, since the Last Accounts Date:
  - (i) no adverse change or deterioration having occurred in the business, assets, financial or trading position or profits or prospects or operational performance of any member of the Wider McKay Group which, in any such case, is material in the context of the Wider McKay Group taken as a whole and no circumstances have arisen which would reasonably be expected to result in such adverse change or deterioration;
  - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings to which any member of the Wider McKay Group is or may become a party (whether as a plaintiff, defendant or otherwise) and no enquiry, review or investigation by, or complaint or reference to, any Third Party or other investigative body against or in respect of any member of the Wider McKay Group having been instituted, announced, implemented or threatened by or against or remaining outstanding in respect of any member of the Wider McKay Group which in any such case has had or would reasonably be expected to have a material and adverse effect on the Wider McKay Group taken as a whole or in the context of the Acquisition;
  - (iii) no contingent or other liability of any member of the Wider McKay Group having arisen or become apparent to Workspace or increased which has had or would reasonably be expected to have a material and adverse effect on the Wider McKay Group taken as a whole; or in the context of the Acquisition;
  - (iv) no enquiry or investigation by, or complaint or reference to, any Third Party having been threatened, announced, implemented, instituted by or remaining outstanding against or in respect of any member by or the Wider McKay Group which in any case is material in the context of the Wider McKay Group taken as a whole;
  - (v) no member of the Wider McKay Group having conducted its business in breach of any applicable laws and regulations and which is material in the context of the Wider McKay Group as a whole or material in the context of the Acquisition; and
  - (vi) no steps having been taken which are likely to result in the withdrawal, cancellation, termination or modification of any licence or permit held by any member of the Wider McKay Group which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which has had, or would reasonably be expected to have, a material and adverse effect on the Wider McKay Group taken as a whole;

#### **No discovery of certain matters**

- (h) save as Disclosed, Workspace not having discovered:
  - (i) that any financial, business or other information concerning the Wider McKay Group as contained in the information publicly disclosed at any time by or on

- behalf of any member of the Wider McKay Group is materially misleading, contains a material misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which was not subsequently corrected before the date of this Announcement by disclosure either publicly or otherwise to Workspace or its professional advisers, in each case, to the extent which is material in the context of the Wider McKay Group taken as a whole;
- (ii) that any member of the Wider McKay Group or partnership, company or other entity in which any member of the Wider McKay Group has a significant economic interest and which is not a subsidiary undertaking of McKay, is subject to any liability (contingent or otherwise) which is not disclosed in the annual report and accounts for McKay for the financial year ended 31 March 2021, in each case, to the extent which is material in the context of the Wider McKay Group taken as a whole; or
  - (iii) any information which affects the import of any information disclosed at any time by or on behalf of any member of the Wider McKay Group and which is material in the context of the Wider McKay Group taken as a whole;
- (i) save as Disclosed, Workspace not having discovered that:
- (i) any past or present member of the Wider McKay Group has failed to comply with any and/or all applicable legislation or regulation, of any jurisdiction with regard to the use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health or animal health or otherwise relating to environmental matters or the health and safety of humans, or that there has otherwise been any such use, treatment, handling, storage, carriage, disposal, spillage, release, discharge, leak or emission (whether or not the same constituted a non-compliance by any person with any such legislation or regulations, and wherever the same may have taken place) any of which storage, carriage, disposal, spillage, release, discharge, leak or emission would be likely to give rise to any liability (actual or contingent) or cost on the part of any member of the Wider McKay Group and which is material in the context of the Wider McKay Group taken as a whole;
  - (ii) there is, or is likely to be, for any reason whatsoever, any liability (actual or contingent) of any past or present member of the Wider McKay Group to make good, remediate, repair, reinstate or clean up any property or any controlled waters now or previously owned, occupied, operated or made use of or controlled by any such past or present member of the Wider McKay Group (or on its behalf) or by any person for which a member of the Wider McKay Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest, under any environmental legislation, regulation, notice, circular or order of any Third Party and which is material in the context of the Wider McKay Group taken as a whole or the Acquisition;
  - (iii) circumstances exist (whether as a result of the making of the Acquisition or otherwise) which would be reasonably likely to lead to any Third Party instituting, or whereby any member of the Wider Workspace Group or any present or past member of the Wider McKay Group would be likely to be required to institute, an environmental audit or take any other steps which would in any such case be reasonably likely to result in any liability (whether actual or contingent) to improve, modify existing or install new plant, machinery or equipment or carry out changes in the processes currently carried out or make good, remediate, repair, re-instate or clean up any land or other asset currently or previously owned, occupied or made use of by any past or present member of the Wider McKay Group (or on its behalf) or by any person for which a member of the Wider McKay Group is or has been responsible, or in which any such member may have or previously have had or be deemed to have had an interest which is material in the context of the Wider McKay Group taken as a whole or the Acquisition; or
  - (iv) circumstances exist whereby a person or class of persons would be likely to have any claim or claims in respect of any product or process of manufacture or materials used therein currently or previously manufactured, sold or carried out

by any past or present member of the Wider McKay Group which claim or claims would be likely, materially and adversely, to affect any member of the Wider McKay Group and which is material in the context of the Wider McKay Group taken as a whole or the Acquisition; and

**Anti-corruption, economic sanctions, criminal property and money laundering**

- (j) save as Disclosed, Workspace not having discovered that:
  - (i) (A) any past or present member, director, officer or employee of the Wider McKay Group is or has at any time engaged in any activity, practice or conduct which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks or (B) any person that performs or has performed services for or on behalf of the Wider McKay Group is or has at any time engaged in any activity, practice or conduct in connection with the performance of such services which would constitute an offence under the Bribery Act 2010, the US Foreign Corrupt Practices Act of 1977 or any other applicable anti-corruption or anti-bribery law, rule or regulation or any other applicable law, rule, or regulation concerning improper payments or kickbacks; or
  - (ii) any asset of any member of the Wider McKay Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition) or proceeds of crime under any other applicable law, rule, or regulation concerning money laundering or proceeds of crime or any member of the Wider McKay Group is found to have engaged in activities constituting money laundering under any applicable law, rule, or regulation concerning money laundering; or
  - (iii) any past or present member, director, officer or employee of the Wider McKay Group, or any other person for whom any such person may be liable or responsible, is or has engaged in any conduct which would violate applicable economic sanctions or dealt with, made any investments in, made any funds or assets available to or received any funds or assets from:
    - (a) any government, entity or individual in respect of which US, UK or European Union persons, or persons operating in those territories, are prohibited from engaging in activities or doing business, or from receiving or making available funds or economic resources, by US, UK or European Union laws or regulations, including the economic sanctions administered by the United States Office of Foreign Assets Control, or HMRC; or
    - (b) any government, entity or individual targeted by any of the economic sanctions of the United Nations, the United States, the United Kingdom, the European Union or any of its member states, save that this shall not apply if and to the extent that it is or would be unenforceable by reason of breach of any applicable Blocking Law; or
  - (iv) any past or present member, director, officer or employee of the Wider McKay Group, or any other person for whom any such person may be liable or responsible:
    - (a) has engaged in conduct which would violate any relevant anti-terrorism laws, rules, or regulations, including but not limited to the U.S. Anti-Terrorism Act;
    - (b) has engaged in conduct which would violate any relevant anti-boycott law, rule, or regulation or any applicable export controls, including but not limited to the Export Administration Regulations administered and enforced by the U.S. Department of Commerce or the International Traffic in Arms Regulations administered and enforced by the U.S. Department of State;
    - (c) has engaged in conduct which would violate any relevant laws, rules, or regulations concerning human rights, including but not limited to any law, rule, or regulation concerning false imprisonment, torture or other cruel and unusual punishment, or child labour; or

- (d) is debarred or otherwise rendered ineligible to bid for or to perform contracts for or with any government, governmental instrumentality, or international organization or found to have violated any applicable law, rule, or regulation concerning government contracting or public procurement; or
- (v) any member of the Wider McKay Group is or has been engaged in any transaction which would cause Workspace to be in breach of any law or regulation upon its Acquisition of McKay, including but not limited to the economic sanctions of the United States Office of Foreign Assets Control, or HMRC, or any other relevant government authority.

For the purposes of these Conditions the "Wider McKay Group" means McKay and its subsidiary undertakings, associated undertakings and any other undertaking in which McKay and/or such undertakings (aggregating their interests) have a significant interest and the "Wider Workspace Group" means Workspace and its subsidiary undertakings, associated undertakings and any other undertaking in which Workspace and/or such undertakings (aggregating their interests) have a significant interest and for these purposes subsidiary undertaking and undertaking have the meanings given by the Companies Act, associated undertaking has the meaning given by paragraph 19 of Schedule 6 to the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, other than paragraph 19(1)(b) of Schedule 6 to those regulations which shall be excluded for this purpose, and significant interest means a direct or indirect interest in 20 per cent. or more of the total voting rights conferred by the equity share capital (as defined in section 548 of the Companies Act).

## Part 2 Waiver and invocation of Conditions

1. The Acquisition will be subject to the satisfaction (or waiver, if permitted) of the Conditions set out in this Appendix 1, to the further terms set out in this Appendix 1, and to the full terms and conditions which will be set out in the Scheme Document.
2. Subject to the requirements of the Panel, Workspace reserves the right to waive, in whole or in part, all or any of the Conditions set out in Part 1 of Appendix 1 above, except for the Conditions set out at paragraphs 1, 2(a), 2(b), 2(d) and 2(f), which cannot be waived. The deadlines in the Conditions set out at paragraphs 2(c) and 2(e) may also be extended to such later date as may be agreed in writing by Workspace and McKay (with the Panel's consent and approval of the Court, if required). If any of the Conditions set out at paragraphs 2(c) and 2(e) are not satisfied by the relevant deadline specified in the relevant Condition, Workspace shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether, subject to paragraph 3 below, it has invoked the relevant Condition, waived the relevant deadline or agreed with McKay to extend the relevant deadline.
3. Workspace shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as satisfied any of Conditions set out in paragraphs 3 (b) to (j) (inclusive) by a date earlier than the latest date specified above for the fulfilment of the relevant Condition, notwithstanding that the other Conditions to the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any such Condition(s) may not be capable of fulfilment.
4. Under Rule 13.5(a) of the Code, Workspace may only invoke a Condition to the Acquisition so as to cause the Acquisition not to proceed or to be withdrawn with the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to Workspace in the context of the Acquisition. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise.
5. Any Condition that is subject to Rule 13.5(a) of the Code may be waived by Workspace.
6. The Conditions set out in paragraphs 1, **Error! Reference source not found.**(a), 2(b), 2(d) and 2(f) (and, if applicable, any offer acceptance condition adopted on the basis specified in paragraph 1 of Part 3 below if the Acquisition is implemented by way of a Takeover Offer) are not subject to Rule 13.5(a) of the Code.

7. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

Conditions 3 **Error! Reference source not found.**(b) to (j) (inclusive) must be fulfilled, be determined by Workspace to be or remain satisfied or (if capable of waiver) be waived by Workspace by 11.59 p.m. on the date immediately preceding the Court Sanction Hearing, failing which the Scheme shall lapse.

### **Part 3 Certain further terms of the Acquisition**

1. Workspace reserves the right to elect to implement the Acquisition by way of a Takeover Offer, subject to the Panel's consent and the terms of the Co-operation Agreement. In such event, such Takeover Offer will (unless otherwise determined by Workspace and subject to the consent of the Panel,) be implemented on the same terms and conditions as those which would apply to the Scheme subject to appropriate amendments to reflect the change in method of effecting the Acquisition, which may include (without limitation and subject to the consent of the Panel and subject and without prejudice to the terms of the Co-operation Agreement for so long as it is continuing) an acceptance condition that is set at 90 per cent. (or such lesser percentage, being more than 50 per cent., as Workspace may decide) of the voting rights attaching to McKay Shares, including, for this purpose, any such voting rights attaching to McKay Shares that are unconditionally allotted or issued before the Takeover Offer becomes or is declared unconditional, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.
2. If Workspace is required by the Panel to make an offer for McKay Shares under the provisions of Rule 9 of the Code, Workspace may make such alterations to any of the above Conditions as necessary to comply with the provisions of that Rule.
3. The Scheme and the Acquisition and any dispute or claim arising out of, or in connection with, them (whether contractual or non-contractual in nature) will be governed by English law and will be subject to the jurisdiction of the Courts of England. The Acquisition will be subject to the applicable requirements of the Code, the Panel, the London Stock Exchange, the FCA and the Listing Rules.
4. The McKay Shares will be acquired under the Acquisition fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights attaching thereto, including the right to receive and retain all dividends and other distributions and returns of value declared, paid or made after the Effective Date. If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by McKay in respect of a McKay Share on or after the date of this Announcement and prior to the Effective Date, Workspace will have the right to reduce the value of the consideration payable for each McKay Share by up to the amount per McKay Share of such dividend, distribution or return of value except where the McKay Share is or will be acquired pursuant to the Scheme on a basis which entitles Workspace to receive the dividend, distribution or return of value and to retain it. If any such dividend or distribution or return of value is paid or made after the date of this Announcement and Workspace exercises its rights described above, any reference in this Announcement to the consideration payable under the Scheme shall be deemed to be a reference to the consideration as so reduced. Any exercise by Workspace of its rights referred to in this paragraph shall be the subject of an Announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme.
5. The availability of the New Workspace Shares to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions. Persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about and observe any applicable requirements.
6. The New Workspace Shares to be issued under the Scheme will be issued credited as fully paid and will rank pari passu with the issued ordinary shares in Workspace, including the right to receive in full all dividends and other distributions, if any, declared, made or paid after Scheme Effective Time.
7. Fractions of New Workspace Shares will not be allotted or issued to accepting McKay Shareholders. Fractional entitlements to New Workspace Shares will be aggregated and sold in the market and the net proceeds of sale distributed pro rata to the McKay Shareholders entitled thereto.

## APPENDIX 2

### SOURCES AND BASES OF INFORMATION AND BASES OF CALCULATION

In this Announcement, unless otherwise stated or the context otherwise requires, the following bases and sources have been used:

1. All Closing Prices for Workspace Shares and McKay Shares have been derived from Bloomberg;
2. All VWAPs are derived from Bloomberg for the relevant time periods;
3. Issued and to be issued share capital of McKay Shares, being 91,418,263 McKay Shares, is calculated as at 1 March 2022 (being the last Business Day prior to the date of this Announcement) on the basis of:
  - a. the 90,089,313 McKay Ordinary Shares in issue as at 1 March 2022 (being the last Business Day prior to the date of this Announcement); and
  - b. the 1,328,950 McKay Ordinary Shares expected to be issued under the McKay Share Plans;
4. The financial information relating to McKay has been extracted or derived (without adjustment) from the:
  - a. audited consolidated financial statements of McKay for the year ended 31 March 2021; and
  - b. unaudited consolidated interim financial statements contained in the interim results of McKay for the period ended 30 September 2021;
5. The financial information relating to Workspace is extracted or derived (without adjustment) from the:
  - a. audited consolidated financial statements of Workspace for the year ended 31 March 2021;
  - b. unaudited consolidated interim financial statements contained in the interim results of Workspace for the period ended 30 September 2021; and
  - c. management estimates in respect of the net debt and LTV values as at 31 January 2022;
6. Property portfolio and valuation information relating to McKay is from the valuation report produced by Knight Frank as set out in Appendix 4 to this Announcement;
7. Property portfolio and valuation information relating to Workspace is from the valuation report produced by CBRE as set out in Appendix 4 to this Announcement;
8. The figure of £68.5 million of net sale proceeds for the sale of 30 Lombard Street as set out in paragraph 5 of this Announcement is net of outstanding tenant incentives, tax and sale costs.
9. For the purposes of Rule 29.1(d) of the Code, an updated valuation of Workspace's investment properties has been obtained. This has been used to calculate Workspace's estimated Net Tangible Assets per Workspace Share as at 31 January 2022:

Summary Balance Sheet	31 Jan 2022 <sup>(1)</sup>		
	Net assets £'m	No' of shares <sup>(5)</sup> million	Net assets per share pence
Investment properties <sup>(2)</sup>	2,401.8		
Net borrowings <sup>(3)</sup>	573.2		
Other liabilities <sup>(4)</sup>	66.2		
<b>Net Tangible Assets</b>	<b>1,762.4</b>	<b>181.9</b>	<b>969</b>

(1) Estimated figures

(2) Investment property value is presented as per CBRE valuation

(3) As at 31 January 2022

(4) Other liabilities include: trade and other receivables, trade and other payables and other investments

(5) 30 September 2021 diluted shares

The estimated Net Tangible Assets as at 31 January 2022, and the adjustments referred to above, have been derived from Workspace's estimate of the financial position of Workspace as at 31 January 2022. The estimated Net Tangible Assets per Workspace Share has been calculated on the basis of the Workspace Shares in issue at 30 September 2021.

10. For the purposes of Rule 29.1(d) of the Code, an updated valuation of McKay's investment properties has been obtained. This has been used to calculate McKay's estimated Net Tangible Assets per McKay Share and adjusted Net Tangible Assets per McKay Share, each as at 31 January 2022:

Summary Balance Sheet	31 Jan 2022 <sup>(1)</sup>		
	Net assets £'m	No' of shares million	Net assets per share pence
Investment properties <sup>(2)</sup>	486.5		
Other assets <sup>(3)</sup>	12.6		
Net borrowings	(172.3)		
Other liabilities <sup>(4)</sup>	(18.9)		
Net Tangible Assets	307.8	90.69	339p
Estimated Aviva term loan prepayments cost <sup>(5)</sup>	(12.1)		
Adjusted Net Tangible Assets	295.7	90.69	326p

(1) Estimated figures

(2) Investment property value is presented in accordance with the Company's accounting policies and previous disclosures. The difference between this figure and the Knight Frank valuation of wholly owned investment properties of £490.4m is made up of the following items; IFRS 16 adjustments for rent free periods and tenant incentives (£-7.9m) and the grossing up of headlease liabilities (£3.6m)

(3) Other assets include: fixed assets, trade and other receivables and IFRS 16 rent free and incentives debtor

(4) Other liabilities include: trade and other payables, rent received in advance, lease liabilities and provisions

(5) Calculated as at 31-Jan-22 in line with the lenders Standard Method

The estimated Net Tangible Assets as at 31 January 2022, and the adjustments referred to above, have been derived from McKay's estimate of the financial position of McKay as at 31 January 2022. The estimated Net Tangible Assets per McKay Share has been calculated on the basis of the McKay Shares in issue at 31 January 2022.

11. Certain figures in this announcement have been subject to rounding adjustments.



## APPENDIX 3

### IRREVOCABLE UNDERTAKINGS AND LETTER OF INTENT

#### (A) Irrevocable undertakings from McKay Directors

The following McKay Directors have given irrevocable undertakings to, amongst other things, vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting in relation to the following McKay Shares currently held by them as well as any further McKay Shares which they may become the registered or beneficial owner of or otherwise interested in:

Name	Number of McKay Shares	Percentage of issued share capital of McKay (%)
Richard Grainger	57,638	0.06%
Simon Perkins	55,245	0.06%
Giles Salmon	103,702	0.12%
Thomas Elliott	33,030	0.04%
Jonathan Austen	25,350	0.03%
Helen Sachdev	0	0.00%
Jeremy Bates	0	0.00%
Nicholas Shepherd	23,315	0.03%
<b>TOTAL</b>	<b>298,280</b>	<b>0.33%</b>

The obligations of the McKay Directors under the irrevocable undertakings they have given shall lapse and cease to have effect if:

- the Scheme Document is not despatched to the McKay Shareholders within 28 days from the date of the irrevocable undertakings except as permitted by the Code, or such later date as may be agreed by the Panel provided that Workspace has not subsequently elected (in accordance with and subject to the terms of the Cooperation Agreement) to proceed with the implementation of the Offer by way of a Takeover Offer;
- where Workspace has elected (in accordance with and subject to the terms of the Co-operation Agreement) to proceed with the implementation of the Acquisition by way of a Takeover Offer, the Offer Document is not despatched to McKay Shareholders within 28 days of the date of the publication of the announcement made in accordance with the requirements of paragraph 8 of Appendix 7 of the Code (or such other date as the Panel may require);
- the Scheme lapses (other than in circumstances where Workspace has, in accordance with and subject to the terms of the Co-operation Agreement, announced a firm intention to proceed with the implementation of the Acquisition by way of a Takeover Offer);
- Workspace announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new replacement Scheme or Takeover Offer is announced by Workspace in accordance with Rule 2.7 of the Code at the same time; or
- any competing offer for the entire issued and to be issued ordinary share capital of McKay becomes or is declared unconditional in all respects (if implemented by way of a Takeover Offer) or becomes effective (if implemented by way of a Scheme).

#### (B) Irrevocable undertakings from other McKay Shareholders

The following holders, controllers and/or beneficial owners of McKay Shares have given irrevocable undertakings that they shall or shall procure that the registered holder of such McKay Shares shall, amongst other things, vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting in relation to the following McKay Shares currently held by them as well as any further McKay Shares which they may become the registered or beneficial owner of or otherwise interested in:

Registered Holder	Beneficial Holder	Number of McKay Shares	Percentage of issued share capital of McKay (%)
Alistair McKay	Alistair McKay	557,558	0.62%
Andrew McKay	Andrew McKay	621,645	0.69%
Iain McKay	Iain McKay	242,858	0.27%

GF McKay Marriage Settlement	Alistair McKay, Andrew McKay, Charlotte McKay and Catriona Littlehales	654,782	0.73%
Iain McKay Discretionary Grandchildren's Trust	Eleanor and James McKay, Matilda and Jemima Littlehales, Alastair, Andrew and Charlotte McKay and Catriona Littlehales	536,192	0.60%
Sutherland Securities Limited	Sutherland Securities Limited	2,712,551	3.01%
Smith & Williamson Nominees Limited	Brompton 35 Limited	2,712,552	3.01%
Margaret Chilton	GF McKay Fund on behalf of Margaret Chilton, Sacha Chilton, Candida Waters, Fenella Nicholas and Alexander Chilton	2,590,429	2.88%
Candida Waters	Chilton 2015 Trust on behalf of Chilton family members	1,450,816	1.61%
TR Property Investment Trust plc	TR Property Investment Trust plc	7,560,496	8.39%
<b>TOTAL</b>		<b>19,639,879</b>	<b>21.80%</b>

The obligations of the McKay Shareholders under the irrevocable undertakings they have given shall lapse and cease to have effect if:

- the Scheme Document is not despatched to the McKay Shareholders within 28 days from the date of the irrevocable undertakings except as permitted by the Code, or such later date as may be agreed by the Panel provided that Workspace has not subsequently elected (in accordance with and subject to the terms of the Cooperation Agreement) to proceed with the implementation of the Offer by way of a Takeover Offer;
- where Workspace has elected (in accordance with and subject to the terms of the Co-operation Agreement) to proceed with the implementation of the Acquisition by way of a Takeover Offer, the Offer Document is not despatched to McKay Shareholders within 28 days of the date of the publication of the announcement made in accordance with the requirements of paragraph 8 of Appendix 7 of the Code (or such other date as the Panel may require);
- the Scheme lapses (other than in circumstances where Workspace has, in accordance with and subject to the terms of the Co-operation Agreement, announced a firm intention to proceed with the implementation of the Acquisition by way of a Takeover Offer);
- Workspace announces, with the consent of the Panel, that it does not intend to make or proceed with the Acquisition and no new replacement Scheme or Takeover Offer is announced by Workspace in accordance with Rule 2.7 of the Code at the same time; or
- any competing offer for the entire issued and to be issued ordinary share capital of McKay becomes or is declared unconditional in all respects (if implemented by way of a Takeover Offer) or becomes effective (if implemented by way of a Scheme).

In addition, the McKay Shareholders other than TR Property Investment Trust may accept a competing offer for the entire issued and to be issued ordinary share capital of McKay or exercise their voting rights in favour of a competing offer for the entire issued and to be issued ordinary share capital of McKay provided that in the reasonable opinion of the McKay Board the offer represents a value per McKay Share of not less than 327 pence and Workspace has not announced a firm intention to make a revised offer for the entire issued and to be issued share capital of McKay for an equivalent or improved consideration to that available under such competing offer by 5.00 p.m. on the fifteenth business day after the date of the announcement made under Rule 2.7 of the Code of such competing offer.

TR Property Investment Trust may accept a competing offer for the entire issued and to be issued ordinary share capital of McKay or exercise its voting rights in favour of a competing offer for the entire issued and to be issued ordinary share capital of McKay provided that in its reasonable opinion the offer represents a value per McKay Share of not less than 300 pence.

**(C) Letter of Intent**

Aberforth Partners LLP has given to Workspace a non-binding letter of intent to vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the General Meeting (or, if the Acquisition is to be implemented by way of a Takeover Offer accept or procure the acceptance of any such Takeover Offer) in respect of 13,402,943 McKay Shares representing approximately 14.9 per cent. of McKay's issued share capital as at 1 March 2022 (being the last Business Day prior to the date of this Announcement).

**APPENDIX 4**

**VALUATION REPORTS**

**PART A: VALUATION REPORT OF CBRE LIMITED IN RESPECT OF WORKSPACE GROUP PLC PROPERTIES**

**CONDENSED  
VALUATION  
REPORT**

Valuation Date: 31 January 2022

Report Date: 1 March 2022

In respect of:

Workspace Group plc Portfolio

On behalf of:

The Addressees as stated below

# Introduction

Report Date 1 March 2022  
Valuation Date 31 January 2022  
Addressee The Directors  
Workspace Group plc

(herein after referred to as “Workspace”)

and

J.P. Morgan Securities plc  
25 Bank Street  
London E14 5JP

(in its capacity as Financial Adviser to the  
Company)

(and the above collectively referred to hereinafter  
as the “Addressees”)

The Properties	The properties held by Workspace Group plc as listed in the Schedule of Assets below (the “Properties”).
Instruction	To value the unencumbered freehold, heritable and leasehold interests (as applicable) in the Properties on the basis of Market Value as at the Valuation Date in accordance with the terms of engagement entered into between CBRE and the Addressees dated 1 March 2022.
Capacity of Valuer	External Valuer, as defined in the current version of the RICS Valuation – Global Standards.
Purpose	<p>The purpose of our valuation and the Appendices to it will be to assess the Market Value of the freehold, heritable and leasehold interests in the Properties (together the “Valuation Report”) for inclusion in an announcement to be made under Rule 2.7 of the Takeover Code and for inclusion in a subsequent offer document or scheme document (as applicable) (the “Purpose”).</p> <p>This Valuation Report has been prepared in accordance with Rule 29 of the Takeover Code.</p> <p>The effective date of valuation is 31 January 2022.</p>

## Market Value of Workspace's Interest in the Properties

**£2,401,835,000 (TWO BILLION FOUR HUNDRED AND ONE MILLION EIGHT HUNDRED AND THIRTY FIVE THOUSAND POUNDS)** exclusive of VAT, as shown in Schedule of Assets below.

Appendix A contains details of the Properties that are in the course of development or held for development as required by Rule 29 of the Takeover Code.

We are required to show the split of values between freehold (and heritable) and leasehold property, and to report separately on properties held for investment and held for development.

The Company has expressly instructed us not to disclose the individual values or rents of the Properties which it considers commercially sensitive.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached, and has been primarily derived using comparable recent market transactions on arm's length terms.

	Freehold £	Leasehold £	Sub-total £
Central London	955,000,000	280,950,000	1,235,950,000
Inner London	892,195,000	63,325,000	955,520,000
Industrial/Workshop	60,165,000	-	60,165,000
Development	127,700,000	22,500,000	150,200,000
Totals	<b>2,035,060,000</b>	<b>366,775,000</b>	<b>2,401,835,000</b>

*In accordance with Note 3 of Rule 29.4 of the Takeover Code, please find additional figures relating to the development Properties attached at Appendix A to this report.*

We have valued the Properties individually and no account has been taken of any discount or premium that may be negotiated in the market if all or part of the portfolio was to be marketed simultaneously, either in lots or as a whole.

Where a property is owned through an indirect investment structure or a joint tenancy in a trust for sale, our Valuation represents the relevant apportioned percentage of ownership of the value of the whole property, assuming full management control. Our Valuation therefore is unlikely to represent the value of the interests in the indirect investment structure through which the property is held.

Our opinion of Market Value is based upon the Scope of Work and Valuation Assumptions attached and has been primarily derived using comparable recent market transactions on arm's length terms.

We hereby confirm that as at the date of this report, we are not aware of any material changes to the Properties which would affect our Valuation between the effective date of the Valuation and the date of this report.

## Development Assets

The development Properties have been valued by way of a discounted cashflow

and residual appraisals. These methods of valuation are very sensitive to changes in key inputs. Small changes in variables such as sales volumes or build costs will have a disproportionate effect on land value as demonstrated

	<p>below. Site values can therefore be susceptible to considerable variances as a result of changes in market conditions.</p>
<p>Compliance with Valuation Standards</p>	<p>The Valuation has been prepared in accordance with the latest version of the RICS Valuation – Global Standards (incorporating the International Valuation Standards) and the UK national supplement (the “Red Book”) current as at the Valuation Date.</p> <p>The Properties have been valued by a valuer who is qualified for the purpose of the Valuation in accordance with the Red Book. We confirm that we have sufficient local and national knowledge of the particular property market involved and have the skills and understanding to undertake the Valuation competently.</p> <p>Where the knowledge and skill requirements of the Red Book have been met in aggregate by more than one valuer within CBRE, we confirm that a list of those valuers has been retained within the working papers, together with confirmation that each named valuer complies with the requirements of the Red Book.</p> <p>This Valuation is a professional opinion and is expressly not intended to serve as a warranty, assurance or guarantee of any particular value of the subject Properties. Other valuers may reach different conclusions as to the value of the subject Properties. This Valuation is for the sole purpose of providing the intended user with the valuer’s independent professional opinion of the value of the subject Properties as at the Valuation Date.</p> <p>In accordance with the RICS Valuation Global Standards (2020) (“Red Book”) we have made certain disclosures in connection with this valuation instruction and our relationship with the Addressees.</p>
<p>Assumptions</p>	<p>The Properties details on which each Valuation are based are as set out in this report. We have made various assumptions as to tenure, letting, taxation, town planning, and the condition and repair of buildings and sites – including ground and groundwater contamination – as set out below.</p> <p>If any of the information or assumptions on which the Valuation is based are subsequently found to be incorrect, the Valuation figures may also be incorrect and should be reconsidered.</p>
<p>Variations and/or Departures from Standard Assumptions</p>	<p>None.</p>
<p>Novel Coronavirus (COVID-19)</p>	<p>The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a “Global Pandemic” on the 11 March 2020, has impacted many aspects of daily life and the global economy. However, in UK Industrial Logistics, as at the Valuation Date, transaction volumes provided enough up-to-date comparable market evidence upon which to base opinions of value. Given the unknown future impact of COVID-19 on the real estate market and the difficulty in differentiating between short-term impacts and longer-term structural market changes, we recommend that you keep the Valuation contained in this report under frequent review.</p>
<p>Sustainability Considerations</p>	<p>Wherever appropriate, sustainability and environmental matters are an integral part of the valuation approach. ‘Sustainability’ is taken to mean the consideration of such matters as environment and climate change, health and well-being and corporate responsibility that can or do impact on the valuation of an asset. In a valuation context, sustainability encompasses a wide range of physical, social, environmental, and economic factors that can affect value. The range of issues includes key environmental risks, such as flooding, energy efficiency and climate, as well as matters of design, configuration, accessibility,</p>

	<p>legislation, management, and fiscal considerations – and current and historic land use.</p> <p>Sustainability has an impact on the value of an asset, even if not explicitly recognised. Valuers reflect markets, they do not lead them. Where we recognise the value impacts of sustainability, we are reflecting our understanding of how market participants include sustainability requirements in their bids and the impact on market valuations.</p>
Climate Risk Legislation	<p>The UK Government is currently producing legislation which enforces the transition to net zero by 2050, and the stated 78% reduction of greenhouse gases by 2035 (based on a 1990 baseline).</p> <p>We understand this to include an update to the Minimum Energy Efficiency Standards, stated to increase the minimum requirements from an E (since 2018) to a B in 2030. The government also intends to introduce an operational rating. It is not yet clear how this will be legislated, but fossil fuels used in building, such as natural gas for heating, are incompatible with the UK's commitment to be Net Zero Carbon by 2050.</p> <p>This upcoming legislation could have a potential impact to future asset value. We also note that the UK's introduction of mandatory climate related disclosures (reporting climate risks and opportunities consistent with recommendations by the "Task Force for Climate Related Financial Disclosure" (TCFD)), including the assessment of so-called physical and transition climate risks, will potentially have an impact on how the market views such risks and incorporates them into the sale of letting of assets.</p> <p>The European Union's "Sustainable Finance Disclosure Regulations" (SFDR) may impact on UK asset values due to the requirements in reporting to European investors.</p>
Independence	<p>CBRE currently value the Properties as part of a wider mandate for financial reporting purposes on behalf of the Company. CBRE Ltd have had no other previous material involvement with any of the Properties.</p> <p>The total fees, including the fee for this assignment, earned by CBRE Ltd (or other companies forming part of the same group of companies within the UK) from the Company (or other companies forming part of the same group of companies) is less than 5.0% of the total UK revenues.</p>
Responsibility	<p>We are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import.</p>
Reliance	<p>This Valuation Report will be relied upon by the Addressees.</p> <p>No reliance may be placed upon the contents of this Valuation Report by any party for any purpose other than in connection with the Purpose.</p>
	<p>Yours faithfully</p> <p>Yours faithfully</p>



Nick Knight  
Executive Director  
**RICS Registered Valuer**  
For and on behalf of CBRE Limited  
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## Schedule of Assets

Address	Tenure
AVRO HOUSE & HEWLETT HOUSE, Havelock Terrace	Freehold
ANGEL HOUSE, London EC1	Freehold
ARCHER STREET, London W1	Freehold
BARLEY MOW CENTRE, Chiswick W4	Freehold
55 BENDON VALLEY, London SW18	Freehold
BRICKFIELDS, London E2	Freehold
CANALOT STUDIOS, London W10	Freehold
CANNON WHARF, Pell St, Surrey Quays	Virtual Freehold
CARGO WORKS (was Enterprise House, London SE1	Freehold
CENTRO BUILDINGS & CENTRO 1&2, London	Freehold
CHINA WORKS, London SE1	Freehold
CHISWICK STUDIOS, Chiswick	Freehold
CHOCOLATE FACTORY, Wood Green N22	Freehold
CLERKENWELL WORKSHOPS, London	Freehold
E1 Studios, 1-15 WHITECHAPEL HOUSE, London E1	Freehold
EAST LONDON WORKS, London E1	Freehold
EDINBURGH HOUSE, Kennington	Leasehold
EXMOUTH HOUSE, London EC1	Leasehold
160 FLEET STREET, London EC4	Leasehold
FUEL TANK, Deptford	Freehold
60 GRAY'S INN ROAD, London	Freehold
GRAND UNION STUDIOS, London W10	Freehold
HIGHWAY BUS PARK, London E1	Freehold
INK ROOMS, EASTON STREET, London WC1	Freehold
KENNINGTON PARK, Kennington	Freehold
LEATHERMARKET, London SE1	Freehold
LEROY HOUSE, London N1	Freehold
LIGHTBOX (111 POWER ROAD), Chiswick	Freehold
LIGHT BULB, Wandsworth SW18	Freehold
LOCK STUDIOS, London	Freehold
MALLARD PLACE, Wood Green N22	Leasehold
MARE STREET STUDIOS, London	Part Freehold & Part Leasehold
MECCA BINGO SITE, Garratt Lane, Wandsworth	Freehold
METAL BOX FACTORY, Southwark SE1	Freehold
MIRROR WORKS, Stratford, E15	Freehold
MORIE STREET (NO 1), London SW18	Freehold
PALL MALL DEPOSIT, London W10,	Freehold
PARKHALL TRAD EST, London SE21	Freehold
PARMA HOUSE, Wood Green N22	Freehold
PEER HOUSE, 8-14 Verulam St, London	Freehold
PILL BOX, London E2	Freehold
POPLAR BUS PARK, London E14	Freehold
PRINTROOMS, London SE1	Freehold
Q WEST, Brentford	Freehold
RAINBOW IND PARK, Raynes Park SW20	Freehold
RECORD HALL, London	Freehold

Address	Tenure
RIVERSIDE BUS CENTRE (EXCL 55), London SW18	Freehold
SALISBURY HOUSE, London	Leasehold
SCREENWORKS, N5	Freehold
SHAFTESBURY CENTRE, London W10	Freehold
SHEPHERDS BUILDING, W14	Freehold
TAPERS STUDIO, London SE1	Freehold
THE BISCUIT FACTORY, London SE16	Freehold
THE BUSWORKS, London, N7	Leasehold
THE FRAMES, London	Freehold
THE OLD DAIRY, EC2A	Part Freehold & Part Leasehold
THURSTON ROAD IND EST, London SE13	Freehold
VOX STUDIOS, London SE11	Freehold
WENLOCK BUSINESS PARK, WHARF ROAD, London N1	Freehold
WESTBOURNE STUDIOS, London W10	Leasehold

## Source of Information and Scope of Works

Sources of Information	We have carried out our work based upon information supplied to us by Workspace, as set out within this report, which we have assumed to be correct and comprehensive.
The Properties	Our report contains a brief summary of the Property details on which our Valuation has been based.
Inspection	<p>In accordance with your instructions, we have not re-inspected the Properties for the purposes of this valuation.</p> <p>We have inspected all the Properties internally within the last three years under the terms of the Workspace’s instructions for us to value the Properties for financial reporting purposes.</p> <p>Following the outbreak of the Novel Coronavirus (COVID-19) declared by the World Health Organisation as a “Global Pandemic” on 11<sup>th</sup> March 2020, we were unable to carryout internal inspections between 25 March 2020 and 18 May 2020.</p> <p>Subsequent to this, internal inspections need to comply with new UK Government, PHE, Regional and local guidance.</p> <p>With some properties it has not been possible to arrange an inspection in compliance with the new guidelines and we have been unable to inspect these assets internally within the last 12 months. We have therefore valued these Properties subject to an external inspection, adopting the assumptions concerning the state of these Properties as set out within this report.</p> <p>Workspace has confirmed that it is not aware of any material changes to the physical attributes of these properties, since the last inspection. We have assumed this advice to be correct.</p> <p>Where valuations are undertaken on a desktop basis, the valuer will not carry out the usual range of enquiries performed during an inspection of these Properties and will make the appropriate assumptions based on the information provided or available that, without inspection, cannot be verified. There are heightened and inherent uncertainty and risks relying upon a valuation prepared on a desktop basis</p>
Areas	We have not measured the Properties but have relied upon the floor areas provided to us by Workspace and their professional advisors, which we have assumed to be correct and comprehensive, and which Workspace has advised us have been calculated using theNet Internal Area (NIA) or International Property Measurement Standard (IPMS) 3 – Office, measurement methodology as set out in the latest edition of the RICS Property Measurement Standards.
Environmental Considerations	Unless otherwise stated above, we have not undertaken, nor are we aware of the content of, any environmental audit or other environmental investigation or soil survey which may have been carried out on the Properties and which may draw attention to any contamination or the possibility of any such contamination. We have not carried out investigation into past uses, either of the property or of any adjacent lands, to establish whether there is any potential for contamination from such uses or sites, or other environmental risk factors and have therefore assumed that none exists.
Services and Amenities	<p>We understand that the Properties are located in an area served by mains gas, electricity, water and drainage.</p> <p>None of the services have been tested by us.</p> <p>Enquiries regarding the availability of utilities/services to any proposed developments are outside the scope of our report.</p>
Repair and Condition	We have not carried out building surveys, tested services, made independent site investigations, inspected woodwork, exposed parts of the structure which were covered, unexposed or inaccessible, nor arranged for any investigations to be carried out to determine whether or not any deleterious or hazardous

	materials or techniques have been used, or are present, in any part of the Properties. We are unable, therefore, to give any assurance that the Properties are free from defect.
Town Planning	We have not undertaken planning enquiries.
Titles, Tenures and Lettings	Details of title/tenure under which the Properties are held and of lettings to which it is subject are as supplied to us. We have not generally examined nor had access to all the deeds, leases or other documents relating thereto. Where information from deeds, leases or other documents is recorded in this report, it represents our understanding of the relevant documents. We should emphasise, however, that the interpretation of the documents of title (including relevant deeds, leases and planning consents) is the responsibility of your legal adviser. We have not conducted credit enquiries on the financial status of any tenants. We have, however, reflected our general understanding of purchasers' likely perceptions of the financial status of tenants

# Valuation Assumptions

<p>Capital Values</p>	<p>Each valuation has been prepared on the basis of “Market Value”), which is defined in the Red Book as:          “The estimated amount for which an asset or liability should exchange on the Valuation Date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.”          The Valuation represents the figure that would appear in a hypothetical contract of sale at the Valuation Date. No adjustment has been made to this figure for any expenses of acquisition or realisation - nor for taxation which might arise in the event of a disposal.          No account has been taken of any inter-company leases or arrangements, nor of any mortgages, debentures or other charge.          No account has been taken of the availability or otherwise of capital based Government or European Community grants.</p>
<p>Taxation, Costs and Realisation Costs</p>	<p>As stated above, no allowances have been made for any expenses of realisation nor for taxation which might arise in the event of a disposal.</p>
	<p>Our valuations reflect purchasers' statutory and other normal acquisition costs.</p>
<p>VAT</p>	<p>We have not been advised whether the properties are elected for VAT.</p>
	<p>All rents and capital values stated in this report are exclusive of VAT.</p>
<p>Passing Rent</p>	<p>Passing rents quoted in this report are the rents which are currently payable under the terms of the leases. Passing rents exclude service charges and VAT and are prior to deduction of any non-recoverable costs. Passing rents exclude turnover rents, mall incomes and other miscellaneous incomes.</p>
<p>Net Annual Rent</p>	<p>Net annual rent is defined for the purposes of this transaction as "the current income or income estimated by the valuer:</p>
	<p>(i) ignoring any special receipts or deduction arising from the property;</p>
	<p>(ii) excluding Value Added Tax and before taxation (including tax on profits and any allowances for interest on capital or loans); and</p>
	<p>(iii) after making deductions for superior rents (but not for amortisation), and any disbursements including, if appropriate, expenses of managing the property and allowances to maintain it in a condition to command its rent".</p>
<p>Estimated Net Annual Rental Value</p>	<p>The estimated net annual rental value is based on the current rental value of each of the Properties. The rental value reflects the terms of the leases where the Properties, or parts thereof, are let at the date of valuation. Where the Properties, or parts thereof, are vacant at the date of valuation, the rental value reflects the rent we consider would be obtainable on an open market letting as at the date of valuation.</p>
<p>Rental Values</p>	<p>Unless stated otherwise rental values indicated in our report are those which have been adopted by us as appropriate in assessing the capital value and are not necessarily appropriate for other purposes, nor do they necessarily accord with the definition of Market Rent in the Red Book, which is as follows:          "The estimated amount for which an interest in real property should be leased on the Valuation Date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion."</p>
<p>Fixtures, Fittings and Equipment</p>	<p>Where appropriate we have regarded the shop fronts of retail and showroom accommodation as forming an integral part of the building.</p>

Landlord's fixtures such as lifts, escalators, central heating and other normal service installations have been treated as an integral part of the building and are included within our Valuations.

Process plant and machinery, tenants' fixtures and specialist trade fittings have been excluded from our Valuations.

All measurements, areas and ages quoted in our report are approximate.

**Environmental Matters** In the absence of any information to the contrary, we have assumed that:

- a) the Properties are not contaminated and is not adversely affected by any existing or proposed environmental law;
- b) any processes which are carried out on the Properties which are regulated by environmental legislation are properly licensed by the appropriate authorities;
- c) in England and Wales, the Properties possesses current Energy Performance Certificates (EPCs) as required under the Government's Energy Performance of Buildings Directive – and that they have an energy efficient standard of 'E', or better. We would draw your attention to the fact that under the Energy Efficiency (Private Rented Property) (England and Wales) Regulations 2015 it became unlawful for landlords to rent out a business premise from 1st April 2018 – unless the site has reached a minimum EPC rating of an 'E', or secured a relevant exemption.
- d) In January 2021 the Government closed the consultation period that focused on its latest proposals in England and Wales for 'improving the energy performance of privately rented homes'. The key tenets of the proposals are to; reduce emissions; tackle fuel poverty; improve asset quality; reduce energy bills; enhance energy security; and support associated employment. The proposals are wide ranging and they introduce new demands on residential landlords through Energy Performance Certificates ('EPCs'). Existing PRS Regulations set a minimum standard of EPC Band E for residential units to be lettable. The Government proposals see this threshold being raised to EPC Band C for all new tenancies created from 01 April 2025 and for all existing tenancies by 01 April 2028. The principle for relevant building works is to be 'fabric first' meaning maximisation of components and materials that make up the building fabric to enhance, for example, insulation, ventilation and air-tightness. The proposals also cite; compliance measures and penalties for landlords, letting agents and local authorities; and affordability support for carrying out necessary works. The implication is (as with the existing EPC Band E requirement) that private rented units may effectively be rendered unlettable if they fail to meet or exceed the minimum EPC requirement. It is expected that the Government will respond to the consultation process in Q2/Q3 2021 with any new regulations taking effect in Q3/Q4 2021. At present it is not clear how the market would respond to these proposals were they to be implemented as currently drafted; neither do we have any visibility of changes that may be made to the proposals following the consultation process. Our Valuation reflects market conditions and regulations effective at the Valuation date; we make no additional allowances for any future works that may be required in order to ensure that the subject assets would remain lettable under revised regulations;
- e) the Properties are either not subject to flooding risk or, if it is, that sufficient flood defences are in place and that appropriate building insurance could be obtained at a cost that would not materially affect the capital value; and

- 
- f) invasive species such as Japanese Knotweed are not present on the Properties.

High voltage electrical supply equipment may exist within, or in close proximity of, the Properties. The National Radiological Protection Board (NRPB) has advised that there may be a risk, in specified circumstances, to the health of certain categories of people. Public perception may, therefore, affect marketability and future value of the Properties. Our Valuation reflects our current understanding of the market and we have not made a discount to reflect the presence of this equipment.

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#### Repair and Condition

In the absence of any information to the contrary, we have assumed that:

- a) there are no abnormal ground conditions, nor archaeological remains, present which might adversely affect the current or future occupation, development or value of the Properties;
- b) the Properties are free from rot, infestation, structural or latent defect;
- c) no currently known deleterious or hazardous materials or suspect techniques, including but not limited to Composite Panelling, ACM Cladding, High Alumina Cement (HAC), Asbestos, have been used in the construction of, or subsequent alterations or additions to, the Properties; and
- d) the services, and any associated controls or software, are in working order and free from defect.

We have otherwise had regard to the age and apparent general condition of the Properties. Comments made in the property details do not purport to express an opinion about, or advise upon, the condition of uninspected parts and should not be taken as making an implied representation or statement about such parts.

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#### Title, Tenure, Lettings, Planning, Taxation and Statutory & Local Authority Requirements

Unless stated otherwise within this report, and in the absence of any information to the contrary, we have assumed that:

- a) the Properties possesses a good and marketable title free from any onerous or hampering restrictions or conditions;
  - b) the building has been erected either prior to planning control, or in accordance with planning permissions, and has the benefit of permanent planning consents or existing use rights for their current use;
  - c) the Properties is not adversely affected by town planning or road proposals;
  - d) the building complies with all statutory and local authority requirements including building, fire and health and safety regulations, and that a fire risk assessment and emergency plan are in place;
  - e) only minor or inconsequential costs will be incurred if any modifications or alterations are necessary in order for occupiers of the Properties to comply with the provisions of the Disability Discrimination Act 1995 (in Northern Ireland) or the Equality Act 2010 (in the rest of the UK);
  - f) all rent reviews are upward only and are to be assessed by reference to full current market rents;
  - g) there are no tenant's improvements that will materially affect our opinion of the rent that would be obtained on review or renewal;
  - h) tenants will meet their obligations under their leases, and are responsible for insurance, payment of business rates, and all repairs, whether directly or by means of a service charge;
-



- 
- i) there are no user restrictions or other restrictive covenants in leases which would adversely affect value;
  - j) where more than 50% of the floorspace of the Properties is in residential use, the Landlord and Tenant Act 1987 (the "Act") gives certain rights to defined residential tenants to acquire the freehold/head leasehold interest in the Properties. Where this is applicable, we have assumed that necessary notices have been given to the residential tenants under the provisions of the Act, and that such tenants have elected not to acquire the freehold/head leasehold interest. Disposal on the open market is therefore unrestricted;
  - k) where appropriate, permission to assign the interest being valued herein would not be withheld by the landlord where required;
  - l) vacant possession can be given of all accommodation which is unlet or is let on a service occupancy; and
  - m) Land Transfer Tax (or the local equivalent) will apply at the rate currently applicable.

In the UK, Stamp Duty Land Tax (SDLT) in England and Northern Ireland will apply at the rate currently applicable.

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## Appendix A: Development Properties Details

The figures below are provided in accordance with Note 3 of Rule 29.4 of the Takeover Code.

Property	Description, age and tenure	Letting profile of new development	Estimated total cost to complete	Estimated Date of Completion and let	Market Value as at 31/01/2022 on completion of the development	Market Value as at 31/01/2022 on completion and fully income producing
<b>Chocolate Factory / Parma House</b>	<p>This is a proposed partial demolition of an existing business centre at Chocolate Factory and the demolition of Parma House, to provide a mixed use residential led scheme.</p> <p>Planning Permission for 230 residential units and 20,100 sq ft of commercial space was granted in February 2019.</p> <p>Tenure: Mixture of Freehold and Leasehold.</p>	<p>The new development will consist of private residential units to be sold off and an extension to the retained block at Chocolate Factory and new space totalling 7,900 sq ft. This space will be let on flexible terms consistent with Workspace's exiting model.</p>	£40,000,000	<p>Completion - October 2024</p> <p>Let - June 2025</p>	£67,500,000	£68,000,000
<b>Poplar Business Park</b>	<p>This is the second phased development of an existing light industrial estate to provide a residential led mixed-use scheme.</p> <p>Planning Permission for 222 residential units and 58,000 sq ft of commercial space in the second phase was granted in October 2013. The first phase of development is completed.</p> <p>Tenure: Freehold</p>	<p>The new development will consist of private and social residential units to be sold off and an office building totalling 58,000 sq ft. This space will be let on flexible terms consistent with Workspace's exiting model.</p>	£61,500,000	<p>Completion - March 2026</p> <p>Let - September 2026</p>	£118,000,000	£118,500,000
<b>Rainbow Industrial Park</b>	<p>This is a proposed demolition of an industrial estate to provide a residential led mixed use scheme.</p> <p>Planning Permission for 224 residential units and 33,000 sq ft of commercial space was granted in December 2014.</p> <p>The first phase of commercial development has been completed providing 19,000 sq ft of light industrial units.</p> <p>Tenure: Freehold</p>	<p>The new development will consist of private and social residential units to be sold off and mixed commercial uses totalling 14,000 sq ft. This space will be let on flexible terms consistent with Workspace's exiting model.</p>	£60,000,000	<p>Completion - July 2027</p> <p>Let - January 2028</p>	£120,000,000	£121,000,000
<b>Riverside Business Centre</b>	<p>This is a proposed demolition of a mixed commercial use site to provide a residential led mixed use scheme.</p> <p>Planning Permission for 402 residential units and 170,000 sq ft of commercial space was granted in July 2021 2014.</p>	<p>The new development will consist of private and social residential units to be sold off and mixed commercial uses totalling 170,000 sq ft. This space will be let on flexible terms consistent with</p>	£185,000,000	<p>Completion - January 2024</p> <p>Let - January 2026</p>	£300,000,000	£310,000,000

Tenure: Freehold

Workspace's exiting  
model.

## **PART B: VALUATION REPORT OF KNIGHT FRANK LLP IN RESPECT OF MCKAY SECURITIES PLC PROPERTIES**

McKay Securities Plc  
20 Greyfriars Road  
Reading, Berks  
RG1 1NL  
United Kingdom  
("McKay Securities")

N.M. Rothschild & Sons Limited  
New Court, St Swithin's Lane  
London EC4N 8AL  
("Rothschild & Co")

Date of issue: 2 March 2022

Dear Sirs

### **McKay Securities Portfolio Valuation as at 31 January 2022**

## **1. Basis of Instruction**

1.1 Under the terms of the Engagement Letter dated 28 February 2022 ("Engagement Letter") we have valued the freehold and leasehold properties as listed below ("Properties"), as at 31st January 2022, for the purposes as set out in section 2 below.

#### **Client**

- 1.2 Our client for this instruction is McKay Securities (the "Client", "you", "your"). Our Valuation Report is addressed to you and Rothschild & Co (together the "Addressees").
- 1.3 The Addressees shall be entitled to rely on this Valuation Report subject to the terms of the Engagement.

## **2. Purpose of Valuation and Valuation Report**

- 2.1 The Valuation and This Valuation Report are each provided solely for the purpose (the "Purpose") of:
- a inclusion in any announcement (including an announcement made under Rule 2.7 of the Code), scheme document, offer document, response circular or any other document or supplementary circular (the "Code Documentation", and "Code Document" shall mean any one of them) that may be published or made available by the Client in connection with a possible offer or offer for the Client or merger by the Client with another party in accordance with the Code (the "Proposed Transaction") and any further document which the Client is required to publish under the Code; and
  - b (i) publication on the Client's website; and (ii) the website of any other party required in accordance with the Code.

2.2 The Valuation and this Valuation Report may not be used for any other purpose without our express written consent.

#### **Valuation standards**

2.3 The Valuation (as defined in the General Terms) has been undertaken in accordance with, and This Valuation Report has been prepared in accordance with, in each case, the current editions of RICS Valuation - Global Standards, which incorporate the International Valuation Standards, and the RICS UK National Supplement. References to the "Red Book" refer to either or both of these documents, as applicable. In this context "current edition" means the version in force at the Valuation Date

2.4 The Valuation (as defined in the General Terms) and This Valuation Report, each as applicable to the Purpose (as defined in Section 2 above), together with any Code Documentation (as defined above) comply with Rule 29 of the City Code on Takeovers and Mergers (the "Code") as issued by The Takeover Panel.

2.5 In accordance with your instructions we have inspected the Properties internally / by going onto the site, as well as externally, within the last year. We have not undertaken any building surveys or environmental audits and are therefore unable to report that the Properties are free of any structural fault, rot, infestation or defects of any other nature, including inherent weaknesses due to the use in construction of materials now suspect. No tests were carried out on any of the technical services. However, we have reflected any apparent wants of repair in our opinion of value as appropriate.

### **3. Compliance and Independence**

#### **Status of valuer and disclosure of any conflicts of interest**

3.1 For the purposes of the Red Book, we are acting as External Valuers, as defined therein.

3.2 Knight Frank LLP was appointed in the role as valuer for accounts purposes on 12 July 2017. These valuations have been undertaken under the overall supervision of Simon Gillespie MRICS, RICS Registered Valuer and Chris Galloway MRICS, RICS Registered Valuer, who have been responsible for this instruction since that date.

3.3 In relation to Knight Frank LLP's preceding financial year, the proportion of the total fees paid by the Client to the total fee income of Knight Frank LLP was less than 5%.

3.4 We recognise and support the RICS Rules of Conduct, have established procedures for identifying conflicts of interest and a valuer rotation policy in accordance with the RICS Valuation – Professional Standards.

3.5 We confirm that we do have a material connection or involvement giving rise to a potential conflict of interest, as set out below:

- We have valued the Properties for you within the last 2 years for accounts purposes.
- We have valued some of the Properties for third party finance providers within the last 2 years
- We have been instructed to provide Building Insurance Valuations

- 3.6 We have previously disclosed this to you and you have confirmed that notwithstanding this matter, you are content for us to proceed with this instruction. We confirm that we have had no previous material interest in McKay Securities or material connection or involvement with any of the Properties other than as set out above, and accordingly, are in a position to provide an objective and unbiased valuation.
- 3.7 Accordingly, we confirm that: (i) we are not aware of any reason why we would not satisfy the requirements of Rule 29.3(a)(i) of the Code; and (ii) during the term of the Engagement, we shall not do anything that could reasonably be expected to cause us not to satisfy the requirements of Rule 29.3(a)(i) of the Code.
- 3.8 Please note that if you subsequently request, and we agree to, This Valuation Report being re-addressed to another party other than the Addressees (for which we shall make an additional charge), the Valuation may not meet their requirements, having originally been requested by you. We will only readdress This Valuation Report once we have received a signed reliance letter in our standard format from the new addressee. Please note also that no update or alterations will be made to the Valuation prior to its release to any new addressee.

#### **Valuer and competence disclosure**

- 3.9 The valuer, on our behalf, with responsibility for the Valuation is Simon Gillespie MRICS, RICS Registered Valuer (the "Lead Valuer").
- 3.10 We confirm that we meet the requirements of the Red Book in having sufficient current knowledge of the particular market and the skills and understanding to undertake the Valuation competently.
- 3.11 Additionally, the Lead Valuer and any additional valuers who value the Properties are qualified for the purposes of the Valuation as required by Rule 29.3(a)(ii) of the Code and have sufficient current knowledge of the property market and the necessary skills to prepare this Valuation Report as required by Rule 29.3(a)(iii) of the Code.

## **4. Valuation**

- 4.1 The basis for the Valuation as required by the Code is Market Value, as defined in the Red Book. Additionally, in relation to any Properties comprising land being developed or with immediate development potential (as referred to in Note 3 to Rule 29.4 of the Code), this Valuation Report includes (in relation to those Properties) the additional matters set out in Note 3 to Rule 29.4.
- 4.2 The Properties have been valued on the basis of Market Value, which is set out in the RICS Valuation - Professional Standards VPS4 (1.2) as follows:
- "The estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".*
- 4.3 In our opinion, the adoption of the required Market Value basis does not result in any material difference in the value reported from that derived under the definition of Fair Value

in accordance with the RICS Valuation - Professional Standards VPS4 (1.5) Fair Value and VPGA 1 Valuations for Inclusion in financial statements, which adopt the definition of Fair Value adopted by the International Accounting Standards Board:

*“The price that would be received to sell an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date.”*

- 4.4 No allowance has been made for expenses of realisation or for any taxation which might arise, and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.
- 4.5 Our valuations reflect usual deductions in respect of purchaser’s costs and, in particular, full liability for UK Stamp Duty as applicable at the valuation date. Save as otherwise disclosed, it has been assumed for the purpose of valuation, that the relevant interests in the Properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt.
- 4.6 The Properties have been valued individually and not as part of a portfolio. Disposal as a portfolio, or by other prudent lotting, may result in either a premium or discount, depending upon market conditions. Our report does not seek to address this.
- 4.7 Our Opinion of Value is stated in GBP (£ Sterling).
- 4.8 **We are of the opinion that the aggregate Market Value of McKay Securities’ interests in the Properties, as at 31 January 2022, was £490,400,000 (Four Hundred and Ninety Million, Four Hundred Thousand Pounds).**
- 4.9 In the appendices we attach a list of all properties, split of value by Freehold and Leasehold assets, details of valuation by asset type in line with the detail presented in McKay Securities’ financial reporting, a schedule of those properties with a value of 5% or more of the total portfolio valuation and details of the development property, as required under Rule 29 of The Code.
- 4.10 Our Valuation is subject to the Engagement Letter, dated 28 February 2022, and our General Terms of Business for Valuations attached thereto. For the avoidance of doubt, should there be any conflict between the assumptions and conditions set out in the Engagement Letter and Terms, then those contained within the Engagement Letter shall take precedence.
- 4.11 The outbreak of COVID-19, declared by the World Health Organisation as a “Global Pandemic” on the 11th March 2020, has and continues to impact many aspects of daily life and the global economy – with some real estate markets having experienced lower levels of transactional activity and liquidity. Travel, movement and operational restrictions have been implemented by many countries. In some cases, “lockdowns” have been applied to varying degrees and to reflect further “waves” of COVID-19; although these may imply a new stage of the crisis, they are not unprecedented in the same way as the initial impact.
- 4.12 The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value. Accordingly, and for the avoidance of doubt, our valuation is not reported as being

subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

- 4.13 For the avoidance of doubt this explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the valuation opinion was prepared. In recognition of the potential for market conditions to move rapidly in response to changes in the control or future spread of COVID-19 we highlight the importance of the valuation date.

## 5. Valuation Methodology

- 5.1 Our valuations have been undertaken using appropriate valuation methodology and our professional judgement.

### **Investment Method**

- 5.2 In undertaking our valuation of a property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment, rental and sale transactions, together with evidence of demand within the vicinity of the subject property. With the benefit of such transactions we have then applied these to the property, taking into account size, location, terms, covenant and other material factors.

### **Residual Method**

- 5.3 Our opinion of the Market Value of the site in its existing condition is arrived at using the residual method which is a generally accepted method for valuing properties that are considered to have possible development potential. Having formed an opinion of the value of the completed development (Gross Development Value), using the Investment Method described above, we deduct from it the total costs of development and an allowance for developer's profit.
- 5.4 For properties actually in the course of development, we have reflected the stage reached in construction and the costs remaining to be spent at the date of valuation. We have had regard to the contractual liabilities of the parties involved in the developments and any cost estimates that have been provided by professional advisors to the projects. For recently completed developments we have, as instructed, made deductions in our valuations for retention monies and any outstanding development costs, fees, or other expenditure for which there may be a liability and of which we have been notified.

## 6. Valuation Assumptions

- 6.1 As agreed, our valuations are based on information provided by McKay Securities, upon which we have relied, and which has not been verified by us. Our assumptions (as defined in the RICS Red Book) relating to this information are set out below.
- 6.2 Our valuations are based on measurements, which have been provided by McKay Securities. We have assumed that these measurements have been undertaken in accordance with the current RICS Code of Measuring Practice.
- 6.3 The adoption of IPMS (International Property Measurement Standards), for the office sector, became mandatory with effect from 1st January 2016 for all RICS members



replacing NIA (Net Internal Area) as set out under the current Code of Measurement Practice (Sixth Edition). It has been agreed with you that until the new definition of measurement has been adopted by the leasing market, rental analysis for the office sector will continue to be shown on a net internal area basis. As or when buildings are re-measured, we will present our analysis on a dual basis, namely IPMS and NIA.

- 6.4 Our valuations assume that the Properties have good and marketable titles and are free of any undisclosed onerous burdens, outgoing or restrictions. We have not seen planning consents and, except where advised to the contrary, have assumed that the properties have been erected and are being occupied and used in accordance with all requisite consents and that there are no outstanding statutory notices.
- 6.5 As stated in our General Terms of Business for Valuations, we do not undertake searches or inspections of any kind (including web based searches) for title or price paid information in any publicly available land registers, including the Land Registry for England & Wales, Registers of Scotland and Land & Property Services in Northern Ireland.
- 6.6 As agreed, we have not read documents of title or leases and, for the purpose of our valuations, have accepted the details of tenure, tenancies and all other relevant information with which we have been supplied by McKay Securities. When considering the covenant strength of individual tenants we have not carried out credit enquiries but have reflected in our valuations our general understanding of purchasers' likely perceptions of tenants' financial status.
- 6.7 We were not instructed to carry out structural surveys of the Properties, nor to test the services, but have reflected in our valuations, where necessary, the general condition of the Properties as observed during the course of our inspections or of which we have been advised. Our valuations assume the buildings contain no deleterious materials and that the sites are unaffected by adverse soil conditions, except where we have been notified to the contrary.
- 6.8 We have not carried out any investigations into past or present uses of either the Properties or any neighbouring land to establish whether there is any potential for contamination from these uses or sites to the subject properties. Unless we have been provided with information to the contrary, we have assumed that the Properties are not, nor are likely to be, affected by land contamination and that there are no ground conditions which would affect the present or future uses of the Properties.
- 6.9 Our valuations assume that the Properties would, in all respects, be insurable against all usual risks including terrorism, flooding and rising water table at normal, commercially acceptable premiums.
- 6.10 Save as otherwise disclosed; it has been assumed for the purpose of valuation that the relevant interests in the Properties are free of mortgage, charge or other debt security and no deduction has been made for such charge or debt.
- 6.11 In all cases, we have assumed that, unless notified by the Client to the contrary, there have not been any material changes to the information provided by them.

## 7. Observations

- 7.1 The possible effects of electric and magnetic fields from high voltage electrical supply apparatus has been the subject of occasional media coverage. As a result, there is a risk that adverse public and investor perception may affect the marketability of properties situated close to high voltage supply equipment.

### **Third party reliance and liability**

- 7.2 Save for: (a) the Addressees; and (b) any responsibility to any person arising under Rule 29.4 of the Code, in accordance with Clauses 3 & 4 of the General Terms and to the fullest extent permitted by law, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with This Valuation Report or our statement, required by and given solely for the purposes of complying with Rule 29.4 of the Code.

### **Disclosure**

- 7.3 Clauses 4.3 to 4.6 of the General Terms limit disclosure and generally prohibits publication of the Valuation and This Valuation Report. As stated therein, the Valuation is confidential to you and the Addressees and neither the whole, nor any part, of the Valuation nor any reference thereto may be included in any published document, circular or statement, nor published in any way, without our prior written consent and approval of the form or context in which it may appear, except as set out below.

- 7.4 Our final Valuation Report will be included in the relevant Code Documentation to be published by the Client. We will review the sections of the relevant Code Documentation relating to the Valuation and this Valuation Report and you agree to not publish any Code Document containing This Valuation Report until you have received a consent letter (in the form set out in Annex 2 of our Engagement Letter) from us. We further hereby consent to our Valuation Report being made available on the Client's website (and the website of any other party referred to in any Code Document) in accordance with the Code.

### **Disclosure under the Code**

- 7.5 This Valuation Report complies with Rule 29 of The Code and we understand that the publication or reproduction by you of This Valuation Report and/or the information contained herein as required by Rules 26 and 29 the Code will be necessary, including in any Code Document.

### **Consent**

- 7.6 Knight Frank has given and has not withdrawn its consent to the inclusion of This Valuation Report in the Code Documentation published by McKay Securities in the form and context in which it is included.

### **Responsibility**

- 7.7 For the purposes of the Code, we are responsible for this Valuation Report and accept responsibility for the information contained in this Valuation Report and confirm that to the best of our knowledge (having taken all reasonable care to ensure that such is the case), the information contained in this Valuation Report is in accordance with the facts and contains no omissions likely to affect its import. This Valuation Report complies with, and is prepared in accordance with, and on the basis of, the Code. We authorise its contents for the purpose of Rule 29 of the Code.

## **8. General Conditions**

- 8.1 This report and our valuations have been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect them.
- 8.2 Our report and valuation is for the use only of the party to whom it is addressed and no liability is accepted to any third party for the whole or any part of its contents. If our opinion of value is disclosed to persons other than the addressee of this report, the basis of valuation should be stated. Neither the whole or any part of This Valuation Report nor any reference thereto may be included in any published document, circular or statement nor published in any way whatsoever whether in hard copy or electronically (including on any web-site) without our prior written approval of the form and context in which it may appear.

Yours faithfully



**Simon Gillespie MRICS**  
**RICS Registered Valuer**

**Partner, Valuation & Advisory**  
**For and on behalf of Knight Frank LLP**



**Chris Galloway MRICS**  
**RICS Registered Valuer**

**Partner, Valuation & Advisory**  
**For and on behalf of Knight Frank LLP**

# Appendix 1 Schedule of Property Types

Portfolio overview based on the categorisation used within McKay Securities Plc financial reporting

Property Types	No. of Properties	Market Value as at 31st January 2022
London Offices	3	55,350,000
South East Office	18	259,300,000
<b>Total Offices</b>	<b>21</b>	<b>314,650,000</b>
South East Industrial/Logistics	8	141,750,000
Other	4	20,700,000
<b>Total (excl. dev)</b>	<b>12</b>	<b>162,450,000</b>
Developments	1	13,300,000
<b>Total Portfolio</b>	<b>34</b>	<b>490,400,000</b>

Included above there are two **long leaseholds** with over 50 years to run:

London Offices:

Portsoken House                      £24,750,000

Other:

Parkside                                      £4,450,000

Portfolio Overview based on the categorisation used within Workspace Group Plc financial reporting

Property Types	No. of Properties	Market Value as at 31st January 2022
London Offices	7	160,250,000
South East Office	14	154,400,000
<b>Total Offices</b>	<b>21</b>	<b>314,650,000</b>
Light Industrial	9	155,050,000
Other	4	20,700,000
<b>Total Portfolio</b>	<b>34</b>	<b>490,400,000</b>

Included above there are two **long leaseholds** with over 50 years to run:

London Offices:

Portsoken House                      £24,750,000

Other:

Parkside                                      £4,450,000

## Appendix 2 Property List

Property Name	Town	Region	Sector	Tenure Type
Lower Cherwell, Lower Cherwell Street	Banbury	South East	Industrial	Freehold
329 Bracknell, Doncastle Road	Bracknell	South East	Office	Freehold
The Mille, 1000 Great West Road	Brentford	South East	Office	Freehold
Land	Chobham	South East	Other	Freehold
Pegasus Place	Crawley	South East	Office	Freehold
Oakwood Trade Park, Gatwick Road	Crawley	South East	Industrial	Freehold
Corinthian House	Croydon	South East	Office	Freehold
Columbia House, Apollo Rise	Farnborough	South East	Industrial	Freehold
One Fleet & Centaur, Ancells Road	Fleet	South East	Office	Freehold
3 Acre Estate, Park Farm	Folkestone	South East	Industrial	Freehold
Five Acre Estate, Park Farm Road	Folkestone	South East	Industrial	Freehold
Ashcombe House, 5 The Crescent	Leatherhead	South East	Office	Freehold
Parkside, Flats 20/20a & East Penthouse Knightsbridge	London	Inner London	Other	Leasehold
Switchback	Maidenhead	South East	Office	Freehold
Strawberry Hill	Newbury	South East	Other	Freehold
McKay Trading Estate, Blackthorne Road	Poyle	South East	Industrial	Freehold
Gt Brighams Mead	Reading	South East	Office	Freehold
9 Greyfriars Road, 9 Greyfriars Road	Reading	South East	Office	Freehold
20-30 Greyfriars Road, 20-30 Greyfriars Road	Reading	South East	Office	Freehold
Prospero, 73 London Road	Redhill	South East	Office	Freehold
Mallard Court, Market Square	Staines	South East	Office	Freehold
Cygnets House	Staines	South East	Office	Freehold
135 Theale Logistics Park, Brunel Road	Theale	South East	Industrial	Freehold
Units 1 & 2, Sopwith Drive	Weybridge	South East	Development	Freehold
Swan Court, 11-17 Worple Road	Wimbledon	South East	Office	Freehold
Gainsborough House	Windsor	South East	Office	Freehold
One Crown Square	Woking	South East	Office	Freehold
The Planets, Crown Square	Woking	South East	Other	Freehold
Castle Lane, 1 & 2 Castle Lane	London	Inner London	Office	Freehold
Portsoken House, 155-157 Minories & 83-86 Aldgate High Street	London	Inner London	Office	Leasehold
66 Wilson Street, 66 Wilson Street	London	Inner London	Office	Freehold
Rivergate House, Newbury Business Park	Newbury	South East	Office	Freehold

Willoughby Road, Willoughby Road	Bracknell	South East	Industrial	Freehold
Evergreen Studios, Evergreen Studios	Richmond	South East	Office	Freehold

## Appendix 3 Schedule of Properties worth 5% of MV

Property	Tenure	Description	Current Rent (Gross)	Market Rent	Market Value as at 31 <sup>st</sup> January 2022
135 Theale Logistics Park, Brunel Road, Theale	Freehold	Industrial Unit of 135,094 sq ft built in 2020 and entirely let to Amazon	1,513,053	1,655,000	45,700,000
Swan Court, 11-17 Worples Road, Wimbledon	Freehold	Office building built in 2005 over ground and 5 upper floors totalling 57,498 sq ft. Let to one tenant with vacant ground and 1 <sup>st</sup> floors undergoing refurbishment.	1,627,813	2,797,337	41,750,000
The Mille, 1000 Great West Road, Brentford	Freehold	Office building and advertising hoardings alongside M4. Built in the 1970s totalling 96,919 sq ft over ground and 12 upper floors. Multi-let to 24 tenants with a WAULT of 3.62 yrs	2,465,672	2,994,453	35,200,000
McKay Trading Estate, Blackthorne Road, Poyle	Freehold	Industrial estate built in 1970s of 9 units totalling 73,954 sq ft. Multi-let to 5 tenants with a WAULT of 4.19 yrs	779,289	1,060,000	28,750,000
Portsoken House, 155-157 Minories & 83-86 Aldgate High Street, London EC3	Leasehold – 96 yrs remain at 15.5% of rents receivable – current head rent is £230,000 pa	Office building with 3 retail units built in the 1920s over basement, ground and eight upper floors totalling 49,351 sq ft. Subject to a recent and on-going rolling refurbishment. Multi-let to 11 tenants with a WAULT of 2.35 yrs	911,341	2,484,380	24,750,000



## Appendix 4 Development Schedule

Property	Description	Market Value as at 31 <sup>st</sup> January 2022	GDV – Completed  Expected Date	GDV - Completed & Let  Estimated Date	Costs to Complete
Sopwith Drive Weybridge KT13 0UX	1990s built distribution unit of 62,802 sq ft let on a short-term basis to Hermes – expiry April 2022. Initial Planning discussions held regarding a 75,000 sq ft unit.	£13,300,000	£28,650,000 April 2023	£33,000,000 October 2023	£9,600,000

## APPENDIX 5

### DEFINITIONS

The following definitions apply throughout this Announcement unless the context requires otherwise:

"Acquisition"	the proposed acquisition by Workspace of the entire issued and to be issued share capital of McKay to be implemented by means of the Scheme or, should Workspace so elect (with the consent of the Panel and subject to the terms of the Co-operation Agreement), by means of the Takeover Offer and, where the context admits, any subsequent revision, variation, extension or renewal thereof
"Admission"	admission of the New Workspace Shares to the premium segment of the Official List and to trading on the London Stock Exchange
"Announcement"	this announcement made pursuant to Rule 2.7 of the Code
"Aviva Term Loan"	the facility agreement made between, among others, McKay and Aviva Commercial Finance Limited, as amended and restated on 26 March 2018
"Blocking Law"	any provision of Council Regulation (EC) No. 2271/1996 of 22 November 1996 (or any law implementing such Regulation in any member state of the European Union) or any similar blocking or anti-boycott law
"Business Day"	a day (other than a Saturday, Sunday, public or bank holiday in England) on which banks are open for general business in London
"CBRE"	CBRE Limited (a private limited company incorporated in England and Wales with registered number 03536032) whose registered office is St Martin's Court, 10 Paternoster Row, London, EC4M 7HP
"Closing Price"	the closing middle market quotations of a share derived from the daily official list of the London Stock Exchange on any particular date
"Code"	the City Code on Takeovers and Mergers, as amended from time to time
"Companies Act"	the Companies Act 2006, as amended from time to time
"Conditions"	the conditions to the implementation of the Acquisition (including the Scheme) which are set

	out in Appendix 1 to this Announcement and to be set out in the Scheme Document
"Co-operation Agreement"	the co-operation agreement between McKay and Workspace dated 2 March 2022, a summary of which is set out in paragraph 11 of this Announcement
"Court"	Her Majesty's High Court of Justice in England and Wales
"Court Meeting"	the meeting(s) of Scheme Shareholders to be convened by an order of the Court under section 896 of the Companies Act, notice of which will be set out in the Scheme Document, to consider and if thought fit approve the Scheme (with or without amendment) including any adjournment, postponement or reconvening thereof
"Court Order"	the order of the Court sanctioning the Scheme under Part 26 of the Companies Act
"Court Sanction Hearing"	the hearing of the Court to sanction the Scheme under Part 26 of the Companies Act
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755), including as it forms part of the domestic law of the United Kingdom by virtue of the European Union (Withdrawal) Act 2018) in respect of which Euroclear UK & Ireland Ltd is the Operator (as defined in said Regulations)
"Dealing Disclosure"	an announcement pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a party to an offer
"Disclosed"	information which has been: (i) disclosed by or on behalf of McKay in the annual report and accounts of the McKay Group for the 12 month period to 31 March 2021; (ii) disclosed by or on behalf of McKay in the half yearly results announcement of the McKay Group for the six month period to 30 September 2021; (iii) disclosed by or on behalf of McKay in this Announcement; (iv) disclosed by or on behalf of McKay in any other public announcement made by, or on behalf of, McKay in accordance with the Listing Rules, Disclosure Guidance and Transparency Rules and/or the Market Abuse Regulation (as applicable), or otherwise made via a Regulatory Information Service, in each case prior to the date of this Announcement; and/or (v) fairly disclosed prior to the date of this announcement by or on behalf of McKay to Workspace (or its respective officers, employees, agents or advisers in their capacity as such), including in the virtual data room operated

	by or on behalf of McKay in respect of the Acquisition
"Disclosure Guidance and Transparency Rules"	the Disclosure Guidance and Transparency Rules made by the FCA and forming part of the FCA's handbook (as amended from time to time)
"Effective"	in the context of the Acquisition: <ul style="list-style-type: none"> <li>(i) if the Acquisition is implemented by way of the Scheme, means the Scheme having become effective in accordance with its terms; or</li> <li>(ii) if the Acquisition is implemented by way of a Takeover Offer, such offer having become or having been declared unconditional in all respects in accordance with the requirements of the Code</li> </ul>
"Effective Date"	the date on which the Acquisition becomes Effective
"Enlarged Group"	the enlarged group following the Acquisition comprising the Workspace Group and the McKay Group
"EPRA"	European Public Real Estate Association
"FCA"	the Financial Conduct Authority of the United Kingdom, acting in its capacity as the competent authority for the purposes of FSMA
"Facility Agreement"	the £200,000,000 loan facility agreement between Workspace as borrower and Banco Santander S.A., London Branch, HSBC UK Bank plc and National Westminster Bank plc as original lenders and National Westminster Bank plc as agent dated 2 March 2022
"FSMA"	the Financial Services and Markets Act 2000, as amended from time to time
"General Meeting"	the general meeting of McKay Shareholders to be convened in connection with the Acquisition, notice of which will be set out in the Scheme Document, to consider and if thought fit approve the Resolutions, including any adjournment, postponement or reconvening thereof
"J.P. Morgan Cazenove"	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
"Knight Frank"	Knight Frank LLP (a limited liability partnership incorporated in England and Wales with registered number OC 305934) whose registered office is at 55 Baker St, London W1U 8AN

"Last Accounts Date"	31 March 2021
"London Stock Exchange"	London Stock Exchange plc
"Long Stop Date"	2 October 2022 or such later date as may be agreed by McKay and Workspace in writing (with the Panel's consent and as the Court may approve (if such consent and/or approval is required))
"Market Abuse Regulation"	Regulation (EU) No.596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse, as applicable in the UK by virtue of section 3 of the European Union (Withdrawal) Act 2018, as amended from time to time (including by the Market Abuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/310))
"McKay"	McKay Securities Plc of 20 Greyfriars Road, Reading, Berkshire, RG1 1NL
"McKay Confidentiality Agreement"	the confidentiality agreement between Workspace and McKay dated 30 November 2021
"McKay Directors" or "McKay Board"	the board of directors of McKay from time to time and "McKay Director" means any of them
"McKay Group"	McKay and its subsidiary undertakings
"McKay Shareholders"	registered holders of McKay Shares from time to time
"McKay Share Plans"	McKay Performance Share Plan 2017 and McKay Deferred Bonus Share Plan 2017, as amended from time to time
"McKay Shares"	ordinary shares of 20p each in the capital of McKay from time to time
"Net Tangible Assets"	the net tangible assets of the Workspace Group, McKay Group or the Enlarged Group, as applicable, from time to time or, as the context requires, the net tangible assets per ordinary share
"New Workspace Shares"	the new ordinary shares of £1 each in the share capital of Workspace, to be allotted and issued pursuant to the Scheme or the Acquisition (as the context requires)
"Offer Document"	if (subject to the consent of the Panel and the terms of the Co-operation Agreement), Workspace elects to effect the Acquisition by way of a Takeover Offer, the offer document published by or on behalf of Workspace in connection with any Takeover Offer, setting out, among other things, the full terms and conditions of the Acquisition, including any revised offer document

"Official List"	the official list maintained by the FCA pursuant to Part 6 of the FSMA
"Opening Position Disclosure"	an announcement pursuant to Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer
"Panel" or "Takeover Panel"	the Panel on Takeovers and Mergers
"Pension Trustee Confidentiality Agreement"	the confidentiality agreement between Workspace and the Pension Trustees dated 14 February 2022
"Pension Trustee Letter"	the agreement between Workspace, McKay and the Pension Trustees dated 25 February 2022
"Pension Trustees"	Stratact Consulting Limited, Christopher James Spence, Simon Perkins and Giles Salmon
"Registrar of Companies"	the Registrar of Companies in England and Wales
"Regulatory Information Service"	a primary information provider which has been approved by the FCA to disseminate regulated information
"REIT"	Real Estate Investment Trust
"Resolutions"	the resolution(s) to be proposed at the General Meeting necessary to facilitate the implementation of the Scheme, including, without limitation, a resolution to amend the articles of association of McKay by the adoption and inclusion of a new article under which any McKay Shares issued or transferred after the Scheme Record Time (other than to Workspace and/or its nominees) shall be automatically transferred to Workspace (or as it may direct) and, where applicable, for consideration to be paid to the transferee or to the original recipient of the McKay Shares so transferred or issued on the same terms as the Acquisition (other than terms as to timings and formalities)
"Restricted Jurisdiction"	any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to McKay Shareholders in that jurisdiction
"Rothschild & Co"	N.M. Rothschild & Sons Limited
"Scheme" or "Scheme of Arrangement"	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between McKay and the Scheme Shareholders, the terms of which are to be set out in the Scheme Document, with or subject to any modification,

	addition or condition approved or imposed by the Court and agreed to by McKay and Workspace
"Scheme Document"	the document to be sent to (among others) McKay Shareholders setting out, amongst other things, the full terms and conditions of the Acquisition (including the Scheme) and notices convening the Court Meeting and the General Meeting
"Scheme Record Time"	the date and time specified in the Scheme Document as the Scheme Record Time, expected to be 6.00pm on the Business Day immediately preceding the Effective Date (or such other date and/or time as Workspace and McKay may agree)
"Scheme Shareholders"	registered holders of Scheme Shares and a "Scheme Shareholder" shall mean any one of those Scheme Shareholders
"Scheme Shares"	<p>the McKay Shares which remain in issue at the Scheme Record Time and are:</p> <ul style="list-style-type: none"> <li>(i) in issue at the date of the Scheme Document;</li> <li>(ii) (if any) issued after the date of the Scheme Document but before the Voting Record Time; and</li> <li>(iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the Scheme,</li> </ul> <p>excluding, in any case, any McKay Shares registered in the name of or beneficially owned by Workspace or any other member of the Workspace Group or held in treasury, in each case at the Scheme Record Time</p>
"subsidiary" and "subsidiary undertaking"	have the meanings given to them in the Companies Act
"Takeover Offer"	if (subject to the consent of the Panel and the terms of the Co-operation Agreement), Workspace elects to effect the Acquisition by way of a takeover offer as defined in section 974 of the Companies Act, the offer to be made by or on behalf of Workspace to acquire the entire issued and to be issued ordinary share capital of Workspace on the terms and subject to the conditions to be set out in the related offer document
"Treasury Shares"	shares held as treasury shares as used in section 724(5) of the Companies Act

"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"United States" or "US"	the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
"Voting Record Time"	the time and date specified in the Scheme Document by reference to which entitlement to vote at the Court Meeting will be determined, which is expected to be 6.30 p.m. on the day which is two Business Days before the date of the Court Meeting or if the Court Meeting is adjourned, 6.30 p.m. on the day which is two Business Days before such adjourned meeting
"VWAP"	Volume Weighted Average Price
"Workspace"	Workspace Group Plc of Canterbury Court Kennington Park, 1-3 Brixton Road, London, England, SW9 6DE
"Workspace Confidentiality Agreement"	the confidentiality agreement between Workspace and McKay dated 9 February 2022
"Workspace Directors" or "Workspace Board"	the board of directors of Workspace from time to time and "Workspace Director" means any of them
"Workspace Group"	Workspace and its subsidiary undertakings
"Workspace Shareholders"	holders of Workspace Shares from time to time
"Workspace Shares"	ordinary shares of £1 each in Workspace from time to time

All times referred to are London time unless otherwise stated.

All references to "GBP", "pence", "sterling" or "£" are to the lawful currency of the United Kingdom.

All references to statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.