

Valuation Report.

McKay Securities Plc Portfolio

Prepared for McKay Securities Plc
Valuation date: 31 January 2022

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Unless you are the Client named within this report, or have been explicitly identified by us as a party to whom we owe a duty of care and who is entitled to rely on this report, Knight Frank LLP does not owe or assume any duty of care to you in respect of the contents of this report and you are not entitled to rely upon it.

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Reading, Berks
RG1 1NL
United Kingdom
("McKay Securities")

N.M. Rothschild & Sons Limited
New Court, St Swithin's Lane
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("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

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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.

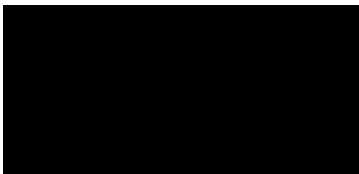
Responsibility

- 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 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.

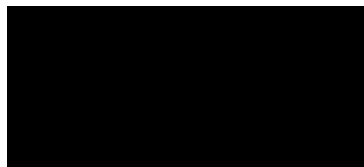
8. General Conditions

- 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
Total Offices	21	314,650,000
South East Industrial/Logistics	8	141,750,000
Other	4	20,700,000
Total (excl. dev)	12	162,450,000
Developments	1	13,300,000
Total Portfolio	34	490,400,000

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
Total Offices	21	314,650,000
Light Industrial	9	155,050,000
Other	4	20,700,000
Total Portfolio	34	490,400,000

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 Minorities & 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 st 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 st floors under-going 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
Portsocken 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 st 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