Saba | Capital

Board of Directors
Workspace Group Plc (the "Company")
Centro One, 39 Plender Street
London, NW1 0DT
United Kingdom

8 January 2026

Letter to the Board: Proposal for a Managed Wind-Down

Dear Members of the Board,

We are writing today to urge the Board to recommend the Company proceed with a managed wind-down, which should include: an orderly strategic sale of its assets, systematic repayment of debt and the timely return of capital to shareholders ("Managed Wind-Down").

Considering the Company's persistent trading discount, refinancing challenges, and structural impediments in its shareholder base, the current model no longer represents the best path to value creation. A Managed Wind-Down would allow for a disciplined, phased realisation of the value embedded in the Company's assets.

As of today's date, we currently own approximately 25,937,900 shares of the Company, representing c. 13.5% of the outstanding share capital.

1. A persistent discount and declining market confidence

For years the Company's shares have traded at a significant and highly persistent discount to net asset value ("NAV"). Despite a stable operating platform and capable management team, an increase in valuation has not been realised. Instead, the discount has become entrenched, signalling a lack of confidence from the market that the Company can deliver equity value through long-term reinvestment or expansion.

The Company's current discount to NAV of -45% is among the largest of the 19 UK REITs in our database, which have discounts ranging from -7% to -45%.

We believe that the Company's assets would have a higher value, closer to NAV than the current share price, if offered to a larger acquirer or acquirers with the resources available to maximise their cash flows, reduce operating costs and finance them at a lower cost. A Managed Wind-Down would allow NAV to be realised directly rather than waiting for a persistently skeptical market to recognise it.

2. Structural problems in the shareholder base

The Company now faces a highly concentrated shareholder register, with a small number of holders controlling a disproportionately large portion of the shares. This concentration presents a multitude of challenges:

- Limited liquidity, which deters new institutional investors from building positions.
- Reduced free float, suppressing demand.
- An investor profile misaligned with long-term expansion, making it unlikely that the Company can raise meaningful new equity at acceptable valuations.

- Weak signalling to the market, amplifying the already persistent discount and reducing strategic flexibility.

This shareholder composition is itself an obstacle to future growth and capital-raising efforts. It is unlikely to change organically, and in its current form, it reinforces the impression that the Company lacks a viable long-term path within capital markets.

A Managed Wind-Down would directly address this issue by providing a clean, structured exit for all shareholders, including block holders who may otherwise remain trapped in an illiquid equity.

3. A challenging refinancing landscape

The cost of capital has fundamentally shifted. Debt markets have become more selective, refinancing terms are more expensive, and leverage is far less accretive to equity than in prior cycles. Continuing under these conditions exposes the Company to avoidable risks:

- Rising interest expense.
- Lower cashflow coverage.
- Diminished ability to fund redevelopment or growth projects.
- Increased vulnerability during refinancing windows.

Based on our analysis, the Company may be unable to pay its current dividend if it were to refinance its below-market-rate borrowings at current market rates as they mature over the next few years.

Additionally, in a challenging debt financing market, the Company's assets would likely be worth more to a larger acquirer which can access funding at lower rates than the Company. A phased disposal programme under a Managed Wind-Down would allow the Company to pay down debt early, eliminating refinancing uncertainty and protecting remaining equity value.

4. Demonstrated ability to achieve asset sales at or above book value

Despite macro uncertainty, demand remains robust for high-quality income-producing assets. Recent transactions across the sector have achieved prices at or above carrying value, confirming that a carefully staged sale programme can be executed without distressed pricing.

Public markets investors are requiring a 7.0% dividend yield to invest in the Company's shares, among the highest dividend yields in the UK REIT sector, where the industry average is 5.5%. Private market investors have demonstrated willingness to acquire high-quality assets at lower targeted returns, which could result in much higher values for the Company's assets in a competitive sale process.

Additionally, we believe that larger acquirers with existing assets in the Company's markets would be able to operate the Company's assets at a lower cost than the Company, increasing the assets' cash flows and maximizing the assets' values.

This underpins the case for a Managed Wind-Down – it allows the Company to realise asset value in an orderly market rather than relying on future conditions that may be less favourable.

As a firm, we would welcome the opportunity to assist in any way possible, including facilitating introductions to potential institutional buyers for the assets.

5. A three-phase plan for an orderly strategic sale

<u>Phase 1 (0-3 months): Stabilisation & Initial Sales</u>

- Adopt a formal Managed Wind-Down policy.
- Cease long-dated capital-intensive commitments.

- Categorise all assets into immediate sale candidates, assets needing short-term optimisation, and assets requiring bespoke strategic exits.
- Commence disposals of the easiest-to-market assets.
- Use proceeds primarily to reduce leverage.

Phase 2 (3-9 months): Core Realisation Programme

- Continue sequential disposals, balancing value and timing.
- Target sales at or above latest valuations.
- Eliminate all debt, thereby removing refinancing risk.
- Begin structured capital returns via special dividends or buybacks.

Phase 3 (9-12 months): Final Disposals & Wind-Down

- Dispose of remaining assets, including complex or specialised holdings.
- Settle all outstanding liabilities.
- Return remaining capital to shareholders and complete the wind-down process.

6. Dividend policy during the Managed Wind-Down

The Company should maintain a fully covered dividend for as long as operational income supports it. This provides shareholders with ongoing returns during the realisation process, tapering naturally as the asset base declines.

7. Governance & reporting for the Managed Wind-Down

To ensure transparency and accountability, we would recommend:

- Quarterly reporting on sales, achieved values, debt reduction, and capital returns.
- Disclosure of cumulative NAV realised versus audited valuations.
- Clear milestones for disposal progress.
- Compensation aligned with NAV realisation, not perpetual expansion.

8. Why This Strategy Is the Most Shareholder-Focused Path Forward

A Managed Wind-Down offers direct realisation of intrinsic asset value, elimination of refinancing and interest-rate risk, timely and substantial capital returns, reduced long-term exposure to operational and market uncertainties, a structured exit for concentrated shareholders in an illiquid market, and a clear, time-bound strategy for maximising value.

Request to the Board

We respectfully request that the Board formally consider and adopt a Managed Wind-Down strategy, initiate the orderly strategic sale of assets, prioritise debt elimination and capital returns, maintain a covered dividend while cashflows permit, and provide transparent quarterly reporting and milestone tracking.

We respectfully request that the Board adopt this proposal no later than February 20, 2026. Should no market announcement be made by that date, we will consider all options available to us.

Sincerely,

Paul Kazarian
Partner
Saba Capital Management L.P.