



KPMG LLP
Advisory
15 Canada Square
London E14 5GL
United Kingdom

Tel +44 (0) 20 7311 1000
Fax +44 (0) 20 7311 3311

Private & confidential

The Directors & the Proposed Directors
Capital & Counties Properties PLC
Regal House
14 James Street
London WC2E 8BU

Contact: **Francesca Scott**

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

14 June 2022

Dear Directors

Project Berlin – Public Accountant's Report on Quantified Financial Benefits Statement

We set out below the terms applicable to the work which you have asked KPMG LLP ('KPMG') to undertake in connection with the proposed class 1 acquisition by Capital & Counties Properties PLC (the 'Company' or 'Capco' and, together with its subsidiary undertakings, the 'Capco Group') for Shaftesbury PLC ('Shaftesbury', the 'Target' or, together with its subsidiary undertakings, the 'Shaftesbury Group') and the connected issue of new ordinary shares of the Company and applications for admission of the new ordinary shares of the Company to listing on the premium listing segment of the Official List of the UK Financial Conduct Authority (the 'FCA') (the 'Transaction'). We understand that the Transaction is governed by the Rules of the City Code on Takeovers and Mergers (the "City Code"). We understand that Capco intends to prepare and release an announcement of the Transaction pursuant to Rule 2.7 of the City Code (the 'Document') in relation to the proposed acquisition of Shaftesbury and that the Document will contain a Quantified Financial Benefits Statement ('QFBS'). The directors of the Company (the "Directors") and the proposed directors of the Enlarged Group identified as such in the Document (the "Proposed Directors") will take responsibility under Rule 28 of the City Code for the QFBS. We further understand that following the announcement by the Company and Shaftesbury of advanced discussions in connection with the Transaction pursuant to Rule 2.4 of the City Code on 7 May 2022 the Company has been in an 'offer period' for the purposes of the City Code and that the requirements of Rule 28.1(a) of the City Code will apply to the Document.

Our services will be provided to the Directors of the Company (acting in such capacity and on behalf of the Company), to the Proposed Directors, identified as such in the

Document (acting in such capacity) and to N.M. Rothschild & Sons Limited ('Rothschild & Co'). Our services to Rothschild & Co will be provided solely in its capacity as a person who may be found to be responsible for the contents of the Document to the Panel on Takeovers and Mergers and/or under a common law duty of care to parties who may act in reliance on the Document. To the extent that we agree to provide any services in relation to any subsequent document (as provided below), references to 'Document' in this paragraph shall be read in relation to such services as references to any such subsequent document.

As noted below, the reports and letters referred to in this letter (the 'Reports') are issued in accordance with practice established in the United Kingdom and will not necessarily comply with the professional standards or practices of any other territories. The Reports are not prepared and should not necessarily be regarded as suitable for use in connection with any obligations or responsibilities that you may have under any legislation, regulations and/or rules of law in any territory apart from the United Kingdom. In the event of any such use in the United States of America by any person we accept no duty or responsibility and deny any liability arising out of or in connection with such use of the Reports in the United States of America.

The preceding paragraph is not intended to prevent us from incurring liability which we would otherwise have to the addressees of this letter in connection with a report or letter which we have agreed to be included in the Document. In addition, nothing in the preceding paragraph shall restrict your ability to disclose the Reports subject to clause 7 of our General Terms of Business.

In the course of our work we will not be advising you on the merits of any transaction or its suitability to meet any commercial objectives (which are matters for your judgment) and nothing in our reports or letters is or should be construed as advice or recommendations to proceed or not to proceed with any transaction.

We will not, pursuant to the agreement formed by this letter, perform any management functions or make any judgements or decisions for you.

1 Scope of our work

The nature of the services we are to provide and the forms of report we are to give are set out below. Any agreed developments in the scope of our work as the engagement progresses will be recorded in writing and will be subject to the terms set out in this letter unless otherwise agreed in writing.

The reports and letters referred to in this letter will be issued in accordance with practice established in the United Kingdom and, where applicable, prepared solely in accordance with English law, including the requirements of the City Code. Our work will, where appropriate, be conducted in accordance with the

Standards for Investment Reporting issued by the Financial Reporting Council of the United Kingdom ('FRC') and any other applicable professional guidance in the United Kingdom. Except to the extent expressly stated in this letter and/or required by Standards for Investment Reporting, the services will not include an audit conducted in accordance with generally accepted auditing standards, an examination of internal controls, or other review or assurance service.

1.1 Quantified financial benefits statement

We understand that it is intended that the Documents will include a statement quantifying certain expected financial benefits ('the Quantified Financial Benefits') which the Directors of the Company and the Proposed Directors believe will accrue as a result of the combination of the Company and Shaftesbury.

The Directors of the Company will prepare a board memorandum which will contain the information relevant to the Quantified Financial Benefits (including projections), for which they will be solely responsible.

Since the Quantified Financial Benefits statement relates to the future and may therefore be affected by unforeseen events, we can express no opinion as to whether the actual results will correspond with those shown in the Quantified Financial Benefits statement and differences may be material.

For the purpose of reporting under to Rule 28.1(a) of the City Code to the Directors of the Company, the Proposed Directors of the Enlarged Group and to Rothschild & Co, we shall discuss the contents of the board memorandum, together with the underlying plans, with the Directors of the Company, the Proposed Directors of the Enlarged Group and with Rothschild & Co and conduct all such other work as we consider necessary. We will ask the Directors of the Company to provide us with representations in respect of the Quantified Financial Benefits statement and our report in the form attached as Appendix 1A. The form of report we shall give, assuming the results of our work are satisfactory, is set out in Appendix 1B.

Inclusion of our report in the Documents will be subject to our prior written consent which will not be unreasonably withheld or delayed. If we are satisfied that it is appropriate we will issue a formal consent letter, a specimen of which is attached as Appendix 2.

We understand that documents subsequent to the Document may be published by the Company and that, in accordance with Rule 27.2(d)(ii) of the City Code, such documents may be required to contain a statement by the directors of the Company that the Quantified Financial Benefits statement remains valid for the

purpose of the offer and that in our capacity as accountants who have reported on the Quantified Financial Benefits statement we have indicated (if such is the case) that our report continues to apply. If these circumstances apply, the Directors of the Company will prepare and adopt a board minute, for which they will be solely responsible, confirming the continuing validity of the Quantified Financial Benefits statement. We will undertake such procedures as we consider appropriate. The form of wording which we shall give, assuming that the results of our procedures are satisfactory, is set out in Appendix 3.

1.2 Drafting meetings

We will attend drafting meetings and other relevant meetings as required.

2 Independence requirements applicable to an Investment Circular Reporting Engagement ('ICRE')

In accordance with the requirements of the Revised Ethical Standard 2019, published by the FRC, as applicable to ICREs, we are required to assess our independence in relation to the ICRE and to communicate to you in writing all significant facts and matters that may reasonably be thought to bear on the integrity, objectivity and independence of KPMG LLP, its Partners and the reporting accountant team. The communication setting out such facts and matters is set out in Appendix 4. We intend to provide a final letter on or around the date we finalise our reports.

3 Timetable

A detailed timetable covering the delivery of our services will be agreed between all parties in due course.

We shall use all reasonable endeavours to meet the agreed timetable.

Our work will be dependent upon receiving without undue delay full co-operation from all relevant officials of the Company and their timely disclosure to us of all information we may need for the purposes of our work.

4 KPMG resources

Details of senior members of the engagement team are set out below:

Engagement Partner – Francesca Scott

Engagement Manager – Jonathan Kelly

5 Our charges

Our fee will be set out in a separate letter addressed to the Company.

We will also: (a) invoice the Company for reasonable expenses properly incurred in providing the Services (specific expenses, for example travel, subsistence, accommodation and couriers, being reimbursed at cost); and (b) include all applicable VAT in connection with our invoices. We will issue our invoices upon completion of our work. Invoices are payable by Capco within 30 days.

In the event that we incur additional costs due to any change in the scope of our work, delays in the provision of information or delays in the timetable, we will notify the Company of this immediately and discuss with the Company the implication for our fee.

We acknowledge that Rothschild & Co shall have no responsibility whatsoever for any of our fees, charges and/or expenses.

6 Terms of Business

We accept this engagement on the basis that our General Terms of Business, as set out in Appendix 5A, will apply to this work and govern our relationship with you together with the Additional Terms referable to Transaction Services in Appendix 5B. This letter is the 'Engagement Letter' mentioned in our General Terms of Business.

Conflicts of interest: Given the nature of the transaction, it is possible that other parties may already be considering, or may at a future date consider, entering into a transaction involving Shaftesbury that is the same as, or similar to, that which is the subject of the Services, and that KPMG may already, or may potentially, be engaged by such other parties. Where such a "Conflicting Party" (as defined in clause 21 of our General Terms of Business) situation exists, provided KPMG complies with its obligations under clauses 4, 18, 21 and 22 of the General Terms of Business in respect of this and such other engagements, you agree that KPMG may be engaged by such other parties. Nothing in this paragraph is intended to imply that there are, or will be, such other parties or that there is, or will be, any such other transaction

Disapplications

Clauses 31 to 33 inclusive of our General Terms of Business will not apply to this engagement. Notwithstanding such disapplication, the Company may not recover and shall not seek to recover more than £5 million in aggregate for

costs or other administrative amounts incurred by the Company in respect of a breach of any Data Protection Legislation, including any such amounts arising from our breach of clauses 39.1 to 39.7. Notwithstanding the preceding sentence, our liability shall be unlimited in respect of i) fines imposed on us or attributed to us by the Information Commissioner's office or any equivalent regulator, and ii) claims for compensation by data subjects under Data Protection Legislation attributable to us, including where such claim is brought against the Company rather than us and the Company seeks to counterclaim against us in respect of such compensation, fines, damages or similar.

The following clauses of our General Terms of Business will apply only to Capco and KPMG LLP: the eighth sentence and the last paragraph of clause 4, clauses 10 - 13 inclusive, the first and second sentences of clause 15, clause 37 and clause 42. The provisions identified above will not apply to Rothschild & Co in order to avoid obligations which would otherwise apply to it and which are not relevant to it, having regard to the nature of our relationship with it and its role in connection with the Transaction.

7 Other arrangements

We may ask the Directors of the Company to confirm formally their responsibility for certain information or matters to which our services relate. The Directors of the Company agree to provide such confirmations as we may reasonably require.

8 Debriefing

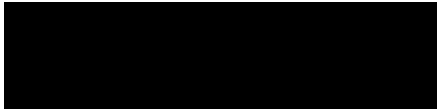
On completion of the engagement, as part of our commitment to the quality of our service, we would welcome the opportunity to receive your views on the work carried out by ourselves and the service delivered.

9 Agreement

Please confirm your agreement to and acceptance of the terms of this letter and the attachments by signing and returning to us the enclosed copy. If there are any aspects that you wish to discuss, please let us know.



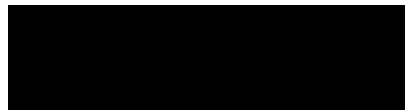
Yours faithfully



KPMG LLP

I have read and understood the terms and conditions of this letter and attachments and I agree to and accept them for and on behalf of Capital & Counties Properties PLC and the Proposed Directors of the Enlarged Group, by whom I am duly authorised:

Signature:



Situl Jobanputra

Name:

.....

Position:

Director

.....

Date:

14 June 2022 | 10:44 PM BST

.....

I have read and understood the terms and conditions of this letter and attachments and I agree to and accept them for and on behalf of N.M. Rothschild & Sons Limited, by whom I am duly authorised:

Signature



Name

Peter Everest

.....

Position

Managing Director

.....

Date

15/06/2022

.....

Appendix 1A - Wording for a representation letter for a quantified financial benefits report from the directors of the Company

Capital & Counties Properties PLC letterhead

KPMG LLP
15 Canada Square
London
E14 5GL
United Kingdom

[Date]

Dear Sir/Madam

Capital & Counties Properties PLC

The quantified financial benefits statement is set out in Part [A] of Appendix [4] of the Rule 2.7 Announcement to be issued on [date]. We confirm the following:

- we have made available to you all significant information relevant to the quantified financial benefits statement of which we have knowledge;
- the underlying projections, assumptions and the quantified financial benefits are the responsibility of the directors of Capital & Counties Properties PLC (the "Clove Directors") and proposed directors of the Enlarged Group ("the Proposed Directors") and were approved at a meeting of the Clove Directors on [date];
- in our opinion the assumptions form a reasonable basis for the underlying projections, the quantified financial benefits and the quantified financial benefits statement;
- the quantified financial benefits are based on our assessment of the financial position and results of operations and cash flow for the period and are presented on a basis consistent with the accounting policies normally by Capital & Counties Properties PLC
- we believe that the quantified financial benefits are likely to be achieved;
- there are no contingencies (other than those which have been taken into account in making the quantified financial benefits statement) that are material in the context of the quantified financial benefits which should be taken into account;

- the quantified financial benefits statement has been prepared in accordance with relevant regulatory requirements and is presented in a manner which is balanced and fair and not misleading and contains all information necessary for a proper understanding of the quantified financial benefits.
- the constituent elements of the quantified financial benefits statement have been analysed, explained and quantified sufficiently to enable the context and relative importance of these elements to be understood;
- any base figure taken from historical financial performance or existing cost bases and structures to which comparison is made is accurate and has been appropriately selected;
- any disbenefits expected to arise have been appropriately identified and are complete and accurate;
- the expected timing of when the quantified financial benefits are expected to be realised has been carefully considered and it believed to be reasonable and achievable;
- the analysis of the quantified financial benefits as between recurring and non-recurring benefits is believed to be reasonable and accurate.
- the analysis of recurring and non-recurring costs of realising the quantified financial benefits is believed to be reasonable and accurate.

Yours faithfully

Name

On behalf of the Directors of Capital & Counties Properties PLC and the Proposed Directors of the Enlarged Group



Appendix 1B - Published report on quantified financial benefits Statement

The Directors & the Proposed Directors
Capital & Counties Properties PLC
Regal House
14 James Street
London WC2E 8BU

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

[Date]

Ladies and Gentlemen

Capital & Counties Properties PLC

We report on the statement ('the Statement') made by the directors of [Clove] PLC and the proposed directors of the enlarged group (together 'the Directors') in Part [A] of Appendix [4] of the Rule 2.7 Announcement entitled ('the Announcement') to the effect that:

[Quote the Directors' statement (*nb limited to the sentence quantifying the benefits*)]

This report is required by Rule 28.1(a) of the City Code on Takeovers and Mergers ('the City Code') and is given for the purpose of complying with that requirement and for no other purpose.

Opinion

In our opinion, the Statement has been properly compiled on the basis stated.

The Statement has been made in the context of the disclosures in Appendix [4] of the Announcement setting out, inter alia, the basis of the Directors' belief (including the principal assumptions and sources of information) supporting the Statement and their analysis and explanation of the underlying constituent elements.

Responsibilities

It is the responsibility of the Directors and the Proposed Directors to prepare the Statement in accordance with the requirements of the City Code.

It is our responsibility to form an opinion, as required by Rule 28.1(a) of the City Code as to whether the Statement has been properly compiled on the basis stated and to report that opinion to you.



Save for any responsibility which we may have to those persons to whom this report is expressly addressed, 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 connection with this report or our statement, required by and given solely for the purposes of complying with Rule 23.2 of the City Code, consenting to its inclusion in the Announcement.

Basis of preparation of the Statement

The Statement has been prepared on the basis stated in Part [A] of Appendix [4] of the Announcement.

Basis of opinion

We conducted our work in accordance with Standards for Investment Reporting issued by the Financial Reporting Council in the United Kingdom (the 'FRC'). We are independent, and have fulfilled our other ethical responsibilities, in accordance with the relevant ethical requirements of the FRC's Ethical Standard as applied to Investment Circular Reporting Engagements.

We have discussed the Statement, together with the underlying plans, with the Directors, Proposed Directors and Rothschild & Co. Our work did not involve any independent examination of any of the financial or other information underlying the Statement.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Statement has been properly compiled on the basis stated.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States of America and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

We do not express any opinion as to the achievability of the benefits identified by the Directors in the Statement. The Statement is subject to uncertainty as described in the Appendix to the Announcement. Since the Statement relates to the future and may therefore be affected by unforeseen events, we express no opinion as to whether the actual benefits achieved will correspond to those anticipated in the Statement and the differences may be material.

Yours faithfully



Appendix 2 - Consent letter – if the document contains a published report on a quantified financial benefits statement

The Directors & the Proposed Directors
Capital & Counties Properties PLC
Regal House
14 James Street
London WC2E 8BU

Ladies and Gentlemen

Capital & Counties Properties PLC

We consent to the inclusion in the Rule 2.7 Announcement dated [date] ('the Document') of our report of the same date in the form and context in which it is included. We attach a copy of the Document initialled by us for the purpose of identification.

Our consent is required by Rule 23.2 of the City Code and is given for the purpose of complying with that provision and for no other purpose.

Yours faithfully



Appendix 3 - Letter relating to repeat publication of a quantified financial benefits statement

The Directors & the Proposed Directors
Capital & Counties Properties PLC
Regal House
14 James Street
London WC2E 8BU

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

Ladies and Gentlemen

Capital & Counties Properties PLC (the 'Company')

We refer to the quantified financial benefits statement made by the directors of the Company and the proposed directors of the Enlarged Group and our report thereon set out in the Rule 2.7 Announcement dated [date].

We also refer to the statement by the directors of the Company and the proposed directors of the Enlarged Group confirming that the quantified financial benefits statement remains valid as contained in the [letter to shareholders] to be dated [date].

We confirm that our report dated [date], referred to above, continues to apply.

This letter is required by Rule 27.2(d)(ii) of the City Code and is given for the purpose of complying with that rule and for no other purpose.

Save for any responsibility which we may have to those persons to whom this letter is expressly addressed, 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 connection with this letter.

Yours faithfully



Appendix 4 - Draft letter for the purposes of the Ethical Standard

Note to Addressees

This appendix sets out facts and matters we have identified that may reasonably be thought to bear on the integrity, objectivity and independence of KPMG LLP, its partners and the reporting accountant team. If you wish to discuss the content of this appendix please contact the Engagement Leader.

Private & confidential

The Directors & the Proposed Directors
Capital & Counties Properties PLC
Regal House
14 James Street
London WC2E 8BU

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

[14] June 2022

Ladies and Gentlemen

Capital & Counties Properties PLC (the 'Company')

We are writing to you in connection to the work you have asked KPMG LLP to undertake (the 'Reporting Accountant engagement') in connection with the proposed class 1 acquisition of Shaftesbury ('the Transaction'). This will involve the preparation by the Company of a prospectus and investment circular and the preparation by KPMG LLP (the 'Reporting Accountant') of certain reports/comfort letters in connections with the prospectus and investment circular.

It is a requirement of the Revised Ethical Standard 2019 ("ES") issued by the Financial Reporting Council that we communicate to you in writing all significant facts and matters that may reasonably be thought to bear on the integrity, objectivity and independence of KPMG LLP, its Partners and the reporting accountant team (collectively 'the Firm'). This includes the provision of significant services by the Firm to relevant parties and the safeguards put in place to ensure the Firm is independent as required by the ES. This letter is intended to comply with this requirement and facilitate a discussion with you on the independence of the Firm in relation to the Reporting Accountant work.

1. The Company

1.1 Services and fees

We have considered the professional services provided by us to the Company by us since 31 December 2021, the balance sheet date of the most recent audited financial statements of the Company through to the completion of the Reporting Accountant engagement (the 'Relevant Period') that may reasonably be thought to bear on the integrity, objectivity or independence of the Firm.

Significant facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the following paragraphs:

- *Self-interest:* the members of the engagement team do not have financial, business or employment interests in the client and are required to report their independence at the outset of their involvement in the engagement via the confidentiality memo. The engagement fee is not contingent on the completion or valuation of the transaction.
- *Self-review:* The engagement team has not previously been involved in any work for the Group and all information reviewed as part of the engagement is the responsibility of Management. In addition an independent EQCR will be appointed to oversee the public reporting and the engagement as a whole.
- *Management:* the engagement team will perform no management function, take no management decisions for the client and will not advise the client on whether or not to proceed with the transaction.
- *Advocacy:* the engagement team and firm will play no role in any negotiations.
- *Familiarity:* The engagement leader is independent and the team as a whole is independent of the company's management.

In summary, in the light of the above safeguards, our assessment is that the above matters have been properly addressed in accordance with the Revised FRC Ethical Standard 2019 and do not threaten our objectivity or independence.

2. Relationships with other parties to the engagement letter

2.1 N.M. Rothschild & Sons Limited

There are no matters that, in our professional judgement, bear on our independence which need to be disclosed

3. Shaftesbury (the 'Target')

We have considered the professional services provided by us to the Target by us since 30 September 2021, the balance sheet date of the most recent audited financial statements of the Company that may reasonably be thought to bear on the integrity, objectivity or independence of the Firm.

Significant facts and matters including those related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out in the following paragraphs.

- *Self-interest*: the members of the engagement team do not have financial, business or employment interests in the Target and are required to report their independence at the outset of their involvement in the engagement via the confidentiality memo. The engagement fee is not contingent on the completion or valuation of the transaction.
- *Self-review*: The engagement team has not previously been involved in any work for the Target and all information reviewed as part of the engagement is the responsibility of Management. In addition an independent EQCR will be appointed to oversee the public reporting and the engagement as a whole.
- *Management*: the engagement team will perform no management function, take no management decisions for the Target and will not advise the Target on whether or not to proceed with the transaction.
- *Advocacy*: the engagement team and firm will play no role in any negotiations.
- *Familiarity*: The engagement leader is independent and the team as a whole is independent of the Target's management.

There are no other matters that, in our professional judgement, bear on our independence which need to be disclosed.

4. General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners and staff annually confirm their understanding of and compliance with our Code of Conduct. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values



- Communications
- Internal accountability
- Risk management
- Independent reviews.

A review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs, concluded that we are compliant with the ES in relation to this Reporting Accountant engagement.

Please inform me if you would like to discuss any of these aspects of our procedures in more detail.

5. Confirmation of independence

We confirm that as of 14 June 2022, in our professional judgment, the Firm is independent within the meaning of regulatory and professional requirements and the objectivity of the Partner and reporting engagement team is not impaired.

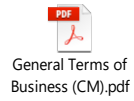
Yours faithfully

KPMG LLP



Appendix 5A

General Terms of Business



General Terms of
Business (CM).pdf



Appendix 5B

Additional Transaction Services Terms of Business



Additional Terms.pdf