

Valuation

Longmartin Properties Limited

Shaftesbury PLC

Valuation date: 31 March 2022

Shaftesbury PLC
The Directors
Shaftesbury PLC ("Shaftesbury")
22 Ganton Street
Carnaby
London W1F 7FD

For the attention of Shaftesbury PLC

The Directors and Proposed Directors
Capital & Counties Properties PLC ("Capco")
Regal House
14 James Street
London WC2E 8BU

And

Evercore Partners International LLP ("Evercore")
15 Stanhope Gate
London W1K 1LN

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

Date of issue 16 June 2022
Our Ref: I:1093115

Valuation Report - Longmartin Properties Limited

Further to your instructions, we are pleased to provide our Valuation Report in respect of the above properties. If you have any queries regarding this report, please let us know as soon as possible.

Signed for and on behalf of Knight Frank LLP



Rosella van der Weyden MRICS
RICS Registered Valuer
Associate, Valuation & Advisory



Simon Gillespie MRICS
RICS Registered Valuer
Partner, Valuation & Advisory



This report has been reviewed, but not undertaken, by:



Andrew Low MRICS

RICS Registered Valuer

Partner, Valuation & Advisory

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Executive summary

Properties to be valued in London WC2 (the "Properties"):

- 1124/138 Long Acre
- 1/5 (odd) Mercer Street
- 10/12 Upper St. Martin's Lane
- Slingsby Place
- 13/14 Upper St. Martin's Lane
- 15-17 Mercer Street & Wellington House
- 6/9 Upper St. Martin's Lane
- Wellington Court
- 2/8 (even) Shelton Street and 7/13 (odd) Mercer Street
- 16/19 Upper St. Martin's Lane
- 139/142 Long Acre, Sussex House and the Sussex Public House, 143 Long Acre
- 20 Upper St. Martin's Lane

1. Terms of engagement

Engagement of Knight Frank LLP

- 1.1 This valuation report (the "Valuation Report") has been prepared in accordance with our Terms of Engagement letter dated 23 May 2022 and our General Terms of Business for Valuation Services (together the "Agreement").
- 1.2 We now report to you formally our valuation of properties held in the Longmartin Properties Limited joint venture between Shaftesbury PLC and the Mercers' Company ("The Parties") (the "Valuation"). The Properties have been valued free and clear of the joint venture agreement and the figure reported represents 100% of the Market Value of the Properties.

Client

- 1.3 Our client for this instruction is Shaftesbury PLC (the "Client", "you", "your"). We agree that our Valuation Report will be addressed to you, Shaftesbury directors, the directors and proposed directors of Capco, Evercore and Rothschild & Co (together the "Addressees").
- 1.4 The Addressees shall be entitled to rely on and enforce the terms of the Engagement as set out in the Engagement Letter and on the Valuation Report subject in each case to the terms of the Engagement.

Valuation standards

- 1.5 This valuation has been undertaken in accordance with 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. As required by the Red Book, some key matters relating to this instruction are set out below. In this context "current edition" means the version in force at the Valuation Date.
- 1.6 The valuation and the Valuation Report will comply with Rule 29 of the City Code on Takeovers and Mergers (the "Code") as issued by The Takeover Panel (the "Panel").

Independence and expertise

Regulated Purpose Valuations (RPVs)

- 1.7 This valuation is a Regulated Purpose Valuation within the meaning of the Red Book, which requires us to make the following disclosures:
- It is our policy to rotate persons responsible for valuations and the signatory to valuations on a seven yearly basis, unless specifically agreed otherwise. In relation to our preceding financial year, the total fees payable by you as a percentage of our total fee income was less than 5%.
 - We have acted for the Client for eighteen years. Please note that this relates to any service, not necessarily to valuation services.
 - We have been undertaking this valuation role for eighteen years.
 - The Lead Valuer (as defined below) has been the signatory to this report for three years. Simon Gillespie has been responsible for this instruction since 2019 and Anthony Dunnett since 2009.

Disclosure of any conflicts of interest.

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 the Client within the last 2 years for accounts purposes and for the inclusion in the prospectus for the offering of the Company's securities, known as Project Cooper

1.8 This has been disclosed to you and you have given your consent to us proceeding with this instruction. We confirm that we are not aware of any undisclosed matter giving rise to a potential conflict of interest and that we are providing an objective and unbiased valuation.

1.9 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.

Valuer and expertise

1.10 The valuers, on behalf of Knight Frank LLP, with the responsibility for this report are Simon Gillespie MRICS and Anthony Dunnett MRICS, RICS Registered Valuers. We confirm that the valuer and additional valuers meet the requirements of the Red Book, having sufficient current knowledge of the particular market and the skills and understanding to undertake the valuation competently.

1.11 For the purposes of the Red Book, we are acting as External Valuers, as defined therein and by regulations made by the Financial Conduct Authority.

1.12 We are appointed as your valuation advisors; our role is limited to providing property valuation services in accordance with the Red Book and the terms of this Agreement.

1.13 For the avoidance of doubt, we are not acting as an "External Valuer" for the purposes of Directive 2011/61/EU and/or any implementing legislation, laws or regulations thereof (including, but not limited to, the Alternative Investment Fund Manager's Regulations 2013) ("AIFMD"). We shall not perform the valuation function referred to in Article 19 of AIFMD for the Fund, and, we are not responsible for making the final determination of the value of the Properties nor for the calculation of the Net Asset Value of the Fund.

1.14 By entering into this Agreement and instructing us you represent that no notice purporting to appoint or to have appointed us, or any member, employee, partner or consultant of Knight Frank LLP, as your 'external valuer' under AIFMD (or in any respect to have any meaning other than that defined by the Red Book) has been or will be sent to any regulatory body, nor will any announcement or communication of any nature to similar effect be made or sent to your investors. If we are determined to be or reasonably consider that we are at risk of being determined to be an 'external valuer' within the meaning of AIFMD then we reserve the right to terminate this Agreement immediately.

1.15 This report has been vetted as part of Knight Frank LLP's quality assurance procedures.

Use of this Valuation

Purpose of valuation

- 1.16 The Valuation is provided solely for the purpose (the “Purpose”) of inclusion in the announcement of the all-share merger of Capco and Shaftesbury (the “**Proposed Transaction**”) made by Capco pursuant to Rule 2.7 of the Code (the “**Announcement**”).

The Valuation may not be used for any other purpose (other than the Purpose set out in this letter), without our express written consent.

For the purposes of this Agreement, the Announcement shall be referred to as the “**Transaction Documentation**” and “**Transaction Document**” shall mean such document.

Third party reliance and liability

- 1.17 Save for: (a) the Addressees; and (b) the shareholders of the Company in respect of any Code Transaction Documentation; as and to the extent there provided, 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 the Valuation Report or our statement, required by and given solely for the purposes of complying with Rule 29 of the Code.
- 1.18 We acknowledge that shareholders or prospective shareholders of Shaftesbury and/or Capco may rely on the Valuation Report in the form it is included in any Transaction Document.
- 1.19 The Client agrees and acknowledges that we shall have no liability for any error, omission or inaccuracy in the Valuation Report to the extent resulting from our reliance on information provided by or on behalf of the Client unless such use was negligent, reckless or in bad faith or unless otherwise stated.

Disclosure

- 1.20 Clauses 4.3 to 4.6 of the General Terms limit disclosure and generally prohibits publication of the Valuation and the 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 written approval of the form or context in which it may appear.
- 1.21 Notwithstanding this, the Valuation Report may be disclosed in accordance with the terms of the Agreement, for the Purpose and as set out below.
- 1.22 Our final Valuation Report will be included in the Announcement. We will review the sections of the Announcement relating to the Properties and you agree to not publish the Announcement, containing the Valuation Report until you have received a Consent Letter from us. We also acknowledge that the Valuation Report will be published on a website in accordance with Rule 26 of the Code. We consent to the publication and reproduction of this Valuation Report as required by Rule 26 and 29 of the Code as issued by The Panel.

- 1.23 For the purposes of Rule 29.5 of the Code, we confirm that, in our opinion, the current valuation on the Property as at the date of this Valuation Report would not be materially different from the valuation of the property as at the Valuation Date.

Limitations on liability

- 1.24 Knight Frank LLP's total liability for any direct loss or damage (whether caused by negligence or breach of contract or otherwise) arising out of or in connection with this Valuation is limited in accordance with the terms of the Agreement. Knight Frank LLP accepts no liability for any indirect or consequential loss or for loss of profits.
- 1.25 We confirm that we hold adequate and appropriate PII cover for this instruction.
- 1.26 No claim arising out of or in connection with this Valuation may be brought against any member, employee, partner or consultant of Knight Frank LLP. Those individuals will not have a personal duty of care to any party and any claim for losses must be brought against Knight Frank LLP.
- 1.27 Nothing in this Agreement excludes or limits our liability to the extent that such liability may not be excluded or limited as a matter of applicable law or the requirements of the Financial Conduct Authority or the London Stock Exchange.

Scope of work

Information provided to us which we have relied upon

- 1.28 In this report we have been provided with the following information by you, your advisors or other third parties and we have relied upon this information as being materially correct in all aspects.
- 1.29 In particular, we detail the following:
- Tenancy Schedules provided by Shaftesbury PLC & CBRE
 - Reports on title produced by Herbert Smith LLP on behalf of the Mercers' Company and by Lovells on behalf of Shaftesbury PLC
 - Headleases and occupational leases produced by Shaftesbury PLC
- 1.30 In the absence of any documents or information provided, we have had to rely solely upon our own enquiries as outlined in this report. Any assumptions resulting from the lack of information are also set out in the relevant section of this report.

Investigations carried out by us

- 1.31 We have not made planning enquiries of the Local Authority, but have relied upon information provided Shaftesbury PLC.

Responsibility

- 1.32 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.

1.33 The valuation and Valuation Report comply with Rule 29.4 of the Code.

Consent to publication

Knight Frank has given and has not withdrawn its consent to the inclusion of this Valuation Report in the Announcement published by Capco dated 16 June 2022 in the form and context in which it is included.

2. The Properties

Interests held in the Joint Venture

- 2.1 The head-leasehold interest held by Longmartin Properties Limited in 124/138 Long Acre, 1/5 (odd) Mercer street, 10/12 Upper St. Martin's Lane and Slingsby Place, London WC2, dated 1 February 2005, subject to the existing occupational leases.
- 2.2 The head-leasehold interest held by Longmartin Properties Limited in 13/14 Upper St. Martin's Lane, 17 Mercer Street and Wellington House, 6/9 Upper St. Martin's Lane, Wellington Court, 2/8 (even) Shelton Street and 7/13 (odd) Mercer Street, and 15 Mercer Street (basement), London WC2, dated 15 March 2005, subject to the existing occupational leases.
- 2.3 The head-leasehold interest held by Longmartin Properties Limited in 16/19 Upper St. Martin's Lane and 139/142 Long Acre, London WC2 dated 24 May 2005, subject to the existing occupational lease.
- 2.4 The head-leasehold interest held by Longmartin Properties Limited in Sussex House and the Sussex Public House at 143 Long Acre and 20 Upper St. Martin's Lane, London WC2 dated 8 November 2005, subject to the existing occupational leases.
- 2.5 Summary of property information:

Table 1:

Property	Description, Age & Tenure	Terms of Existing Tenancies
124-143 Long Acre, 6-19 Upper St Martin's Lane, 2-8 Shelton Street and 1-11 & 15/17 Mercer Street, London WC2	A mixed-use scheme, completed is 2010, comprises retail, restaurants, offices and residential uses. The total area is c.266,000 sq ft.	The property is multi-let on approximately 94 commercial and residential lease. The commercial leases are mostly on effectively full repairing and insuring terms, including rent review. The residential units are predominantly let on Assured Shorthold terms with the landlord responsible for the maintenance and insurance. There are 10 vacant commercial units and 20 residential units representing c. 13% of the total estimated rental value of the property. The WAULT to break/expiry is c 4.3 years, 4.9 years excluding the residential element.
	Tenure: Held leasehold under 4 head-leases with lease expiries between March 2125 and March 2180. 3 of the leases are subject to paying 7.50% of the net rents, with the 4th lease subject to a peppercorn rent.	

Scope of inspection

- 2.6 We were instructed to inspect the Properties externally and we will internally inspect selected parts as part of our ongoing bi-annual inspections of the Estate.
- 2.7 In accordance with instructions from the Parties, we have relied on full measurements provided to us by both parties.
- 2.8 We have not undertaken either structure or condition surveys on the Properties 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 deleterious materials. No tests were carried out on the technical services and we have not investigated ground conditions. In the course of our inspections, due regard has been paid to the apparent state of repair and condition of the Properties. We have had regard to these factors in arriving at our valuation.

Environmental considerations

Contamination

- 2.9 Investigations into environmental matters would usually be commissioned from suitably qualified environmental specialists. Knight Frank LLP is not qualified to undertake scientific investigations of sites or buildings to establish the existence or otherwise of any environmental contamination, nor do we undertake searches of public archives to seek evidence of past activities which might identify potential for contamination.
- 2.10 Subject to the above, while carrying out our valuation inspection, we have not been made aware of any uses conducted at the subject property that would give cause for concern as to possible environmental contamination. Our valuation is provided on the assumption that the property is unaffected.

Legal title

- 2.11 We have assumed there to be a good and marketable title to the Properties. We have taken account of comments, as far as we are aware, of unusual outgoing, planning proposals, onerous restrictions or local authority intentions which affect the Properties. We confirm that we have taken account of the limited guarantee with which the Mercers Lease is transferred by Mercers Reconstructions.
- 2.12 We have previously been provided with Reports on Title prepared by Herbert Smith LLP on behalf of The Mercers' Company and Hogan Lovells International LLP on behalf of Shaftesbury PLC and confirm that we have had regard to their contents in carrying out our valuations.
- 2.13 We recommend that our understanding of all legal title issues is referred to your legal advisers. It is also particularly important that your legal advisers should be asked to check whether there have been any transactions relating to the property which reveal price paid information which we should be made aware of.
- 2.14 If any matters come to light as a result of your legal adviser's review of these issues, we request that these matters are referred back to us as this information may have an important bearing upon the values reported.

Statutory licences & certificates

- 2.15 We have assumed that the premises comply with all necessary statutory requirements including fire and building regulations.

Fire safety

- 2.16 It is a requirement for a fire safety risk assessment to be carried out and for a fire management plan to be maintained. These requirements, which were introduced in 2006 replace the previous requirement for a Fire Certificate. We have not viewed any such documents relating to the property and have assumed for the purposes of our valuation that the relevant requirements have been fully complied with.

Taxation and costs

- 2.17 We have made no allowances in our valuations for expenses of realisation or for taxation which may arise in the event of development or disposals and our valuations are expressed exclusive of any Value Added Tax that may become chargeable.
- 2.18 We have made deductions in our valuations to reflect purchaser's acquisition costs.

3. Valuation

Methodology

- 3.1 Our valuation has been undertaken using appropriate valuation methodology and our professional judgement.

Investment method

- 3.2 Our valuation has been carried out using the comparative and investment methods. In undertaking our valuation of the property, we have made our assessment on the basis of a collation and analysis of appropriate comparable investment and rental 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.

Valuation bases

Market Rent

- 3.3 The basis of valuation for our opinion of rental value is Market Rent. This is defined in RICS Valuation - Global Standards as:

“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”.

Market Value

- 3.4 The Properties have been valued on the basis of Market Value which is defined within RICS Valuation - Global Standards 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.”

Valuation date

Valuation date

- 3.5 The valuation date is 31 March 2022.

Market Value

Market Value

- 3.6 We are of the opinion that the Market Value of the long leasehold interest in the property, at the valuation date is:

£345,500,000 Three Hundred and Forty Five Million Five Hundred Thousand Pounds).

3.7 The Market Value of the Client's apportioned share of the Client's interest in the long leasehold interest in The Properties, at the valuation date is:

£172,750,000 (One Hundred and Seventy Two Million Seven Hundred and Fifty Thousand Pounds)