



SCRIP DIVIDEND ALTERNATIVE BOOKLET – TERMS AND CONDITIONS

SCRIP DIVIDEND ELECTION

If you wish to elect to receive new ordinary shares automatically in respect of the cash dividend for the financial year ended 31 December 2016 (“the Dividend”) for all of your holding, you should sign the scrip dividend alternative form and return it to Computershare Investor Services Plc, the Pavilions, Bridgwater Road, Bristol BS99 6ZY. Alternatively, you can elect to do this online by logging on at <https://www.computershare.com/uk> and going to *Manage My Shareholdings* to go to the Investor Centre. Shareholders will need to register for Investor Centre Membership before they can use the service. Registration is free and can be completed by following the steps detailed on the website.

Your election will remain valid only in respect of this Dividend unless it is revoked in certain circumstances, by the Company (see below).

For your protection, the Directors may (and absent mitigating circumstances intend to) declare your election void and pay a cash dividend instead, in respect of the Dividend, if the middle market quotation for the company’s ordinary shares by the final date for elections in respect of that relevant dividend falls by 15 per cent or more from the share price used to calculate your entitlement. The Directors may also declare your mandate void and pay a cash dividend instead, in respect of the Dividend, if the middle market quotation for the company’s ordinary shares by the final date for elections in respect of the Dividend rises by 15 per cent or more from the share price used to calculate your entitlement.

Elections will be applied to the number of ordinary shares specified in your scrip dividend alternative form. Any cash residue will be forfeited.

All new ordinary shares issued instead of a cash dividend will automatically increase the basic holding on which the next entitlement to a dividend will be calculated.

Notice of revocation of your scrip dividend instruction may be given by you at any time prior to 5pm on 4 August 2017 and must be given in writing to the Company’s Registrar. Such notice will take effect upon its receipt by the Company’s Registrar in respect of the Dividend. Your ~~mandate~~ scrip dividend instruction will be deemed to be revoked if you sell or otherwise transfer your ordinary shares to another person but only with effect from the registration of the relevant transfer and will terminate immediately on receipt of notice of death.

If authority is not granted by shareholders or if the Directors decide in their discretion not to offer the scrip dividend alternative in respect of the Dividend, the full cash dividend will be paid to you in the usual way.

CREST

If your shareholding is held in uncertificated form in CREST, you will not be able to complete a scrip dividend alternative form. Instead, you will need to follow the CREST procedure. By doing so, such CREST shareholders confirm their election to participate in the scrip dividend alternative and their acceptance of these terms and conditions, as amended from time to time. **No other method of election will be permitted under the scrip dividend alternative and will be rejected.**

If you are a CREST sponsored member, you should consult your CREST sponsor, who will be able to take appropriate action on your behalf. All elections made via the CREST system should

be submitted using the Dividend Election Input Message in accordance with the procedures as stated in the CREST Reference Manual. The Dividend Election Input Message submitted must contain the number of shares on which the election is being made. If for CREST or non certificated CREST holders the relevant field is left blank, or completed with zero, the election will be rejected. If you enter a number of shares greater than the holding in CREST on the record date, being 16 June 2017, the election will be applied to your total holding held as at the record date, the election will be applied to your total holding held as at the record date for the dividend. **If you wish to receive new shares instead of cash in respect of future dividends for which a scrip dividend alternative is offered, you must complete a Dividend Election Input Message on each occasion otherwise you will receive your dividend in cash.** To qualify for the Dividend, elections via CREST should be received by CREST no later than 5 pm on 4 August 2017 in respect of those shares on which you wish to make an election.

Once an election is made using the CREST Dividend Election Input Message it cannot be amended. If a CREST shareholder wishes to change their election, the election is required to be cancelled.

SHAREHOLDERS OUTSIDE THE UNITED KINGDOM

The option to elect to receive new ordinary shares instead of the final, and relevant, dividend is not being offered to, or for the account of, any North American Person. "North American Person" means any natural person resident in the United States or Canada, any corporation, partnership or other entity created or organised in or under the laws of the United States or Canada, or any political sub-division thereof, or with a registered address in either of those countries, or any estate or trust the income of which is subject to United States federal income taxation or Canadian income taxation (regardless of its source). "United States" means the United States of America (including each State of the United States of America and the District of Columbia). References to the United States and Canada include their territories, possessions and all areas subject to their jurisdiction. Accordingly, they will receive their dividends in cash in the usual way and are not being sent forms of mandate and any such forms of mandate received from a North American Person will not be accepted by the Company. Shareholders in other countries should note that no action is being taken by the Company to permit the exercise of any rights of election. Shareholders who are residents, citizens or nationals of any such other overseas countries may only elect to receive new shares if the scrip dividend alternative can lawfully be offered to and accepted by them under the laws of the relevant jurisdiction(s) and in both cases without any further obligation on the part of the company. It is the responsibility of any person outside the United Kingdom wishing to receive new ordinary shares to ensure compliance with the laws of the relevant jurisdiction including the obtaining of any governmental or other consents and compliance with all other formalities.

BASIS OF ENTITLEMENT FOR THE DIVIDEND

If you wish to receive new ordinary shares instead of the full cash dividend for the Dividend, you should sign and return your scrip dividend alternative form to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, so that it reaches the Registrar no later than 5pm on 4 August 2017. **If the Registrar does not receive your scrip dividend alternative form by that date, you will receive the full cash dividend.**

Your entitlement to new ordinary shares in respect of the Dividend will be based on a price per share being the average of the middle market quotations for the Company's ordinary shares for the day on which they are quoted "ex" dividend and the four subsequent dealing days. The value of your entitlement will be subject to rounding down to the nearest whole number to ensure that it is as nearly as possible equal to but not greater than the cash amount of the dividend.

Timetable for the interim dividend

3 July 2017	Posting of scrip dividend alternative offer
13 July 2017	Ordinary shares quoted ex dividend
14 July 2017	Record date for dividend
4 August 2017 5pm (UK time)	Final date for receipt of scrip dividend alternative forms and CREST Dividend Election Input Messages
1 September 2017	Posting of dividend cheques and share certificates
4 September 2017	Dividend payment date
On or around 8 September 2017	First day of dealing in the new ordinary shares (unless otherwise notified to the shareholders)

No receipt or acknowledgement of scrip dividend alternative form will be issued. The Directors may suspend, change or terminate the scrip dividend alternative at any time. Duplicate copies of the scrip dividend alternative form can be obtained from Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ up to and including the last day for receipt of scrip dividend alternative forms.

TAXATION

This summary relates only to the position of shareholders resident in the United Kingdom for taxation purposes who hold their shares as an investment. In particular, this summary does not address the position of certain classes of shareholders such as dealers in securities. The precise taxation consequences for a particular shareholder will depend on that shareholder's individual circumstances.

This summary of the taxation treatment is not exhaustive. Please note levels and bases of taxation can change. If you are in any doubt as to your tax position or, if you are resident or otherwise subject to taxation in any jurisdiction outside the United Kingdom, you should consult your professional adviser before taking any action.

UK resident individuals

Income Tax

Where individual shareholders elect to receive new shares in place of a cash dividend, they are treated as having received gross income of an amount equal to the "cash equivalent of the new shares". The cash equivalent of the new shares will be the amount of the cash dividend foregone unless the market value of the new shares on the first day of dealings on the London Stock Exchange ("the opening value") differs substantially (e.g. by 15 per cent or more either way according to current HM Revenue & Customs practice) from the cash dividend foregone in which case the dividend value will be treated as the cash equivalent of the new shares for taxation purposes.

For the purposes of calculating dividend income from 6 April 2016, individuals should include all income received as dividends from any company in the tax year and any cash equivalent of the

new shares received in place of a cash dividend. The previous taxation regime (for tax years prior to 2015/16), whereby a tax credit was attached to certain distributions, has been abolished. Instead, individuals have a £5,000 tax-free Dividend Allowance, or nil-rate band. The allowance exempts the first £5,000 of a taxpayer's dividend income from income tax.

Individuals who receive a dividend income in the tax year which exceeds the Dividend Allowance will be liable for income tax on the dividend income in excess of £5,000. For example, if an individual receives a dividend income of £6,000 in the tax year, £1,000 will be subject to income tax, subject to the utilisation of any other reliefs which may be available.

Tax is charged as follows:

- (i) any dividend income in excess of the Dividend Allowance that falls above the individual shareholder's personal allowance but below the basic rate limit will be subject to tax at the dividend basic rate of 7.5%;
- (ii) any dividend income in excess of the Dividend Allowance that falls within the higher rate tax band will be subject to tax at the dividend upper rate of 32.5%;
- (iii) any dividend income in excess of the Dividend Allowance that falls above the higher rate limit will be subject to tax at the dividend additional rate of 38.1%.

Capital gains tax

For capital gains tax purposes, if an election to receive new shares instead of a cash dividend is made, then the "cash equivalent of the new shares" (as described above) will be treated as being the base cost for the new shares. The new shares will be treated as a new asset and added to the existing pool of shares already held.

Companies

A corporate shareholder resident in the United Kingdom for tax purposes is not generally liable to corporation tax on cash dividends from a company resident in the United Kingdom and will not be charged corporation tax on the new shares received instead of a cash dividend. For the purposes of corporation tax on chargeable gains, it will be assumed that no consideration has been given for the new shares. They will be added to the corporation shareholder's existing holding of shares in the Company and treated as though they had been acquired when the existing holding was acquired. On a disposal of the new shares, the base cost of the new shares will be calculated by reference to the base cost of the existing holding.

Pension funds

Where pension funds elect to receive the scrip dividend, then as for cash dividends they will not be subject to income tax.

Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax is payable in respect of the allotment and issue of the new ordinary shares.