



MANX FINANCIAL
GROUP PLC

MANX FINANCIAL GROUP PLC

SCRIP DIVIDEND SCHEME

Terms and Conditions

Adopted by the Board of Directors on

18 December 2020

(the 'Scheme')

DEFINITIONS

"Company"	Manx Financial Group plc;
"Directors"	the board of directors of the Company;
"Dividend"	a dividend declared in respect of Ordinary Shares in the Company;
"Ex-Dividend Date"	the date on which the Ordinary Shares are first quoted <i>ex</i> the relevant Dividend;
"New Share Price"	the price for each New Share, calculated in accordance with paragraph 5 of the Terms and Conditions;
"New Shares"	Ordinary Shares, credited as fully paid and allotted subject to the Terms and Conditions;
"Ordinary Shares"	fully paid ordinary shares of nil par value each in the capital of the Company;
"Participant"	a Shareholder who validly elects or has elected to receive New Shares by completing and returning a Scrip Dividend Mandate in the prescribed manner or, if a Shareholder holds their Ordinary Shares in CREST, by using the CREST Dividend Election Input Message in accordance with the CREST Manual;
"Record Date"	the record date for entitlement to participation in a Dividend, as notified to Shareholders from time to time;
"Registrars"	the Company's Registrars, Computershare Investor Services (Jersey) Limited, 13 Castle Street, St. Helier, Jersey, Channel Islands, JE1 1ES;
"Restricted Jurisdiction"	any jurisdiction where an offer or solicitation of the Scheme is unlawful;
"Return Date"	the date by which: (i) a completed Scrip Dividend Mandate must be returned to the Registrars in order to participate in the Scheme; or (ii) a written notice of withdrawal must be returned to the Registrars in order to withdraw from the Scheme, in either case in respect of the Dividend next following;
"Scheme"	the Manx Financial Group plc Scrip Dividend Scheme comprising the Terms and Conditions (as amended or modified from time to time);
"Scrip Dividend"	a Dividend in the form of Ordinary Shares (credited as fully paid) instead of in cash;
"Scrip Dividend Mandate"	a mandate (printed on blue paper) in the form provided by the Company or the Registrars, validly completed by a Shareholder, comprising an application to participate in the Scheme as operated by the Company from

time to time until varied or revoked;

“Scrip Dividend Revocation”		a form comprising a notice to withdraw from the Scheme provided with these Terms and Conditions;
“Shareholder” or “Shareholders”	or	a holder or holders of Ordinary Shares;
“Terms and Conditions”	and	the Terms and Conditions of the Scheme as set out in this circular; and
“VWAP”		the volume weighted average price of the Ordinary Shares over a relevant period.

Please remember that the value of shares and the income from them may fall as well as rise, and whether you elect to participate in the Scheme is your own decision depending on your individual circumstances. Past performance is no guide future performance and if you are in any doubt about what action to take you should seek the advice of your independent financial adviser.

If you wish to receive cash dividends on your ordinary shares you do not need to take any action and can disregard this document.

1. The Scheme

- 1.1 The Scheme provides eligible Shareholders with an opportunity to be issued with New Shares instead of a cash dividend in respect of all future Dividends for which the Scheme is offered. vv
- 1.2 The operation of the Scheme will be subject to the approval of the Directors to make the Scheme available in respect of a particular Dividend. If the Directors decide not to offer the Scheme in respect of a particular Dividend, a cash Dividend will be paid instead.
- 1.3 The Scheme is open to all the Company’s ordinary shareholders, including CREST shareholders, subject to certain restrictions for shareholders resident outside the Isle of Man and UK, as set out below under Eligibility. The right to join the Scheme is not transferable.
- 1.4 The Scheme does not apply in respect of employees’ entitlements under the Company’s Employee Share Option Scheme. Employees will continue to be entitled to dividend shares on their holdings, subject to the terms of the relevant plan. The Employee Share Option Scheme 2007 (as amended) operates separately to the Scheme and will continue to do so.
- 1.5 For Dividends in respect of which the Scheme operates, each Shareholder who has completed and not revoked a Scrip Dividend Mandate will receive New Shares in lieu of a cash dividend in respect of their holding of Ordinary Shares recorded in the register of members of the Company on the relevant Record Date.
- 1.6 If the Scheme is to be operated in relation to any Dividend, Shareholders will be notified by means of a statement in the Company’s Annual Report and Financial Statements, or in the Company’s Interim Report, or by means of a separate letter to Shareholders which will include details of the basis of entitlement to New Shares.

1.7 The operation of the Scheme is conditional on the New Shares being admitted to AIM and to trading on the London Stock Exchange on the dividend payment date.

1.8 In the event the New Shares are not admitted for listing or if any other conditions are not satisfied, the relevant Dividend will be paid in cash as soon as reasonably practicable.

2. **Extent of the operation of the Scheme**

2.1 Shareholders who wish to participate in the Scheme should complete a Scrip Dividend Mandate and send it to the Company's Registrars at the address provided. A copy of the Scrip Mandate is also available from the Company, or the Registrars or the Company's website www.mfg.im.

2.2 The Registrars will not acknowledge receipt of a Scrip Dividend Mandate. The ex-dividend date, record date, Scrip Dividend reference share price and election date in respect of any Scrip Dividend will be announced and made available on the Company's website www.mfg.im.

2.3 Participation in the Scheme will be subject to meeting the terms set out in the Scrip Dividend Mandate. The Company and its Registrars reserve the right to treat a Scrip Mandate as invalid if it is incomplete.

2.4 A completed Scrip Dividend Mandate must be received by the Registrars no later than 16.30 (London time) on the election date for that dividend which will be a date before the payment date that will be announced as part of the announcement of the Dividend. A Scrip Dividend Mandate received after the election date will not apply to that dividend but will apply to future dividends paid after that date.

2.5 Once a valid completed Scrip Dividend Mandate has been received by the Registrars, it will apply for all subsequent dividends where the Scheme is offered, unless and until revoked by the Shareholder.

2.6 If Shares are registered in more than one holding, each holding will require a separate Scrip Dividend Mandate. Shareholder wanting to consolidate their holdings should contact the Registrars.

2.7 The Scrip Dividend Mandate must be signed by all joint shareholders to be valid.

2.8 Each Shareholder may elect to receive New Shares under the Scheme in respect of all of their shareholding.

2.9 If a Shareholder elects to participate in the Scheme in respect of part of their full shareholding and to receive cash in respect of the remaining balance of their shareholding, they should complete and return the Scrip Dividend Mandate to the Registrars, as set out above, specifying the number of Ordinary Shares they wish to participate in the Scheme. Any residual entitlement in relation to any New Shares issued will be paid out together with cash dividend in respect of the Ordinary Shares for which no election has been made.

2.10 Dividends will be paid in accordance with these Terms and Conditions, unless the Participant files a further Scrip Dividend Mandate amending their instructions prior to the relevant Return Date or a Scrip Dividend Revocation given in accordance with paragraph 4 of these Terms and Conditions.

3. **Accumulation of residual entitlements**

- 3.1 No Participant can receive a fraction of a New Share. Where a Participant has made an election to participate in the Scheme, which would otherwise give rise to an entitlement to a fraction of a New Share, any residual entitlement which is less than the price of one New Share (as calculated in accordance with paragraph 5 of these Terms and Conditions) will not be paid. Instead, that sum will be credited to the account of the Participant, carried forward (without interest) and added to the next Dividend payable to that Participant in the form of New Shares under the Scheme.
- 3.2 The Company will pay cash to a Shareholder (without interest) in respect of any fractional entitlement carried forward:
- 3.2.1 on the disposal of the Shareholder's entire shareholding; or
 - 3.2.2 on the death, bankruptcy, mental incapacity or liquidation of a sole Shareholder; or
 - 3.2.3 upon written request of the Shareholder.
- 3.3 If a Scrip Dividend Revocation is lodged by the Return Date specified in the Company's Annual Report and Financial Statements, or in the Company's Interim Report, or by means of a separate letter to Shareholders, the residual amount being carried forward will be paid (without interest) together with the relevant Dividend payment. However, for any Scrip Dividend Revocation received after the Return Date, the residual amount will be carried forward and, providing a new Scrip Dividend Mandate is not also submitted at that time, will be included in the following Dividend payment. Additional copies of these Terms and Conditions, the Scrip Dividend Mandate and the Scrip Dividend Revocation are available from the Company Secretary and/or the Registrars.

4. **Withdrawal from the Scheme**

- 4.1 A Participant may withdraw from the Scheme at any time by sending a completed Scrip Dividend Revocation to the Registrars. For a withdrawal notice to be effective in respect of the next Dividend, a Scrip Dividend Revocation notice must be received by the Registrars on or before the relevant Return Date. Any Participant withdrawing from the Scheme in respect of future Dividends will receive cash Dividends. Receipt by the Registrar of notice of the death, bankruptcy or mental incapacity of a shareholder, or in the case of a corporate shareholder, notice of liquidation will be deemed to cancel participation in the Scheme. If the ordinary shares are held jointly with others, participation in the Scheme will continue for that shareholding.
- 4.2 Completion of a Scrip Dividend Mandate will not revoke any existing order under which cash Dividends are to be paid directly to a Shareholders bank, if any. However, whilst a Shareholder participates in the Scheme, any such existing order will be deemed to have been suspended. Following withdrawal from the Scheme, any pre-existing order will take effect automatically OR the Shareholder must provide the Registrars with a new mandate providing the Registrars with the bank details of where any cash dividend should be paid.

5. **Basis of entitlement to New Shares**

- 5.1 The entitlement of a Participant to New Shares will be calculated on:
- 5.1.1 the number of Ordinary Shares held by that Participant on the Record Date in the

case of elections made in respect of the whole of their shareholding; or

5.1.2 that number of Ordinary Shares specified by that Participant in the case of elections made in respect of part of their shareholding in accordance with paragraph 2.9 above,

5.1.3 in each case multiplied by the amount of the Dividend declared, and then divided by the New Share Price.

The New Share Price for this purpose will be the lowest daily VWAP for an Ordinary Share as derived from the Daily Official List of the London Stock Exchange plc during the period of twenty (20) dealing days prior to (and including) the Ex-Dividend Date (capped at a 20% discount to the VWAP of Ordinary Shares on the Ex-Dividend Date).

5.2 Example: On the assumption of a 0.1 pence dividend, a holding of 100,000 shares, a VWAP on the Ex-Dividend Date of £0.10 (10 pence), and the lowest VWAP for the 20 preceding trading days of £0.09 (9 pence):

Full Cash Dividend on 100,000 shares at 0.1 pence = £100.00

$£100 \div £0.09 = 1,111.111$ shares rounded down

1,111 New Shares x £0.09 = £99.99

Cash carried forward £0.01

N.B. The figures in this example are purely hypothetical and are for explanatory purposes only.

5.3 Where the operation of the Scheme would result in a Participant being entitled to less than one New Share (for example where that Participant held a very small number of Ordinary Shares) no fraction of a New Share will be issued, and the relevant amount of Dividend will be carried forward as if it were a residual entitlement and dealt with in the manner provided at paragraph 3 of these Terms and Conditions.

6. Eligibility

6.1 The Scheme is not available to any person who is, or whom the Company believes is, resident in the United States of America, Canada, Japan, South Africa, New Zealand, Australia the Republic of Ireland, the Republic South Africa or other Restricted Jurisdiction or their respective territories or possessions (subject to applicable exemptions) or in any jurisdiction outside the Isle of Man and/or the United Kingdom where the offer requires compliance by the Company with any governmental or regulatory procedures or any similar formalities. No person receiving a copy of these documents in any such country or jurisdiction may treat them as offering a right to elect unless such an offer could lawfully be made without any such compliance. Any Shareholder resident outside the Isle of Man and/or the United Kingdom wishing to receive New Shares instead of a cash dividend is responsible for ensuring that such an election can be validly and lawfully made and for observing all governmental or regulatory procedures or any similar formalities and paying any issue, transfer or other taxes in the applicable jurisdiction.

6.2 The Ordinary Shares have not been, and the New Shares will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or registered or

qualified under the securities laws of any state of the United States and, accordingly, may not be offered, sold, pledged, taken up, resold, transferred or delivered, directly or indirectly, in the United States or to or for the account or benefit of a US person, each as defined in Regulation S under the Securities Act, at any time, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and in compliance with any applicable state securities laws of any state or other jurisdiction in the United States and as may be agreed by the Company in writing.

- 6.3 It is the responsibility of any Shareholder receiving a copy of the Scheme, the Terms and Conditions, the Scrip Dividend Mandate and Scrip Dividend Revocation and wishing to participate in the Scheme to satisfy himself/herself as to the full observance of the laws and regulatory requirements of any relevant territory, including the obtaining of all necessary governmental or other consents which may be required or observing any other formalities needing to be observed in such territory and the payment of any taxes due in such jurisdiction.
- 6.4 Any Shareholder resident outside the Isle of Man and/or the United Kingdom who receives the Scheme Terms and Conditions together with the Scrip Dividend Mandate and Scrip Dividend Revocation should obtain advice as to whether any governmental and/or legal consent is required and/or any other formality must be observed to enable such Shareholder to participate in the Scheme.
- 6.5 The right to participate in the Scheme does not constitute an offer of securities in any jurisdiction outside the Isle of Man and/or the United Kingdom in which it is unlawful to make such an offer and these Terms and Conditions, the Scrip Dividend Mandate and Scrip Dividend Revocation should not be forwarded by recipients thereof to any person in any territory other than where it is lawful to make such an offer.
- 6.6 The Company and the Registrar reserve the right to treat as invalid any application, or purported application, to participate in the Scheme pursuant to these the Terms and Conditions which appears to the Company or the Registrar to have been executed, effected or despatched in a manner which may involve a breach of the securities legislation of any Restricted Jurisdiction.
- 6.7 For the purposes of these Terms and Conditions, a “person” outside the Isle of Man and/or the United Kingdom shall include any person so resident, any corporation, partnership or other entity created, organised or incorporated outside the Isle of Man and/or the United Kingdom and any estate of which any executor or administrator or any trust of which any beneficiary or trustee is a person outside the Isle of Man and/or the United Kingdom. “United States” shall mean the United States of America, its territories and possessions, any state of the United States, and the District of Columbia. “US person” includes any natural person resident in the United States, any partnership or corporation organised or incorporated under the laws of the United States, any estate of which any executor or administrator is a US person and any trust of which any trustee is a US person. References to Canada include its territories, possessions and all areas subject to its jurisdiction and any political subdivision thereof.

7. **CREST shareholders**

- 7.1 CREST shareholders may only join the Scheme by using the CREST Dividend Election Input (KMN) Message system entered through CREST no later than 16.30 (London time) on the election date for that dividend which will be a date before the payment date that will be

announced as part of the announcement of the Dividend. By doing so CREST shareholders confirm their election to participate in the Scheme and their acceptance of these Terms and Conditions, as amended from time to time. Other methods of election will not be accepted.

- 7.2 The Company intends that CREST shareholders will be offered the opportunity to make an evergreen election so that their election will apply to all future dividends for the Scheme is offered. CREST shareholders will be able to make the election through the CREST Dividend Election Input (KMN) Message system and in accordance with the CREST Reference Manual (as amended from time to time).
- 7.3 If a CREST shareholder is acting on behalf of more than one beneficial owner, makes an evergreen election in respect of a specific number of Ordinary Shares, that number will be used for all future dividends, unless the election is deleted. If the number of Ordinary Shares is less than the specified evergreen election, then the record date balance will apply for the election.
- 7.4 CREST shareholders may alternatively make a one-off election via CREST Dividend Election Input (KMN) Message system, which will apply in respect of the next dividend only. This election will only be available after an announcement which states that the Scheme will be available for that dividend.
- 7.5 Once an election is made using the CREST Dividend Election Input (KMN) Message system it cannot be amended. Therefore, if a CREST shareholder wished to change their election, their previous election would have to be deleted and a new election made. All elections made via the CREST system should be submitted in accordance with the CREST reference manual (as amended from time to time).
- 7.6 CREST shareholders may delete an election through the CREST system. For a deletion to be accepted in respect of a particular dividend, it must be input through the CREST system no later than 16.30 (London time) on the election date for that dividend. If the election is input after the election date, it will not apply to that dividend but will apply to subsequent dividends.
- 7.7 If a CREST shareholder is acting on behalf of more than one beneficial owner the Directors may, at their discretion, allow that shareholder to elect to participate in the Scheme for a lesser number of Ordinary Shares than their full holding. If a CREST shareholder wishes the Directors to exercise their discretion, their CREST Dividend Election Input (KMN) Message must state the number of Ordinary Shares for which the election is being made. If the number is zero, the election will be rejected. A cash dividend will be paid on any balance of Ordinary Shares not included in the Scheme.

8. **Election to participate in the Scheme**

Shareholders who are eligible to participate and have not previously elected to do so may participate in the Scheme by completing, the attached Scrip Dividend Mandate in accordance with the instructions set out on that form. If the Scrip Dividend Mandate is not received by the time and date set out on the form, the election will be effective in respect of future Dividends in respect of which the Scheme is operated. No acknowledgement of receipt of a Scrip Dividend Mandate will be given.

9. **Issue and admission to trading of New Shares**

- 9.1 Upon issue of the New Shares to Participants they will receive a dividend confirmation showing the information detailed in paragraph 10 below, Subject to the New Shares being admitted to AIM and to trading on the London Stock Exchange on or about the dividend payment date, the New Shares issued to Participants will be registered in their name and share certificates for New Shares will be issued and posted to Participants, at their risk, at or about the same time as the dividend warrants in respect of cash dividends are sent to eligible Shareholders. Dealings in the New Shares are expected to begin on the dividend payment date.
- 9.2 Where the New Shares are issued as uncertificated shares, the Company will instruct Euroclear UK & Ireland Limited to credit the Shareholder's account in CREST (being the account under the same participation ID and member account ID as the Ordinary Shares from which the New Shares are derived) with the appropriate entitlement of New Shares and receive confirmation as above.
- 9.3 New Shares issued under the Scheme will increase the shareholdings on which the next Scrip Dividend entitlement can be calculated.
- 9.4 The New Shares will, on issue, rank equally in all respects with existing issued Ordinary Shares and will carry the right to all Dividends subsequently declared.

10. **Accounting statements**

- 10.1 To assist Participants with their tax returns, a statement will be sent with each certificate for New Shares, setting out the following information:
- 10.1.1 the total number of Ordinary Shares held by the Participant on the relevant Record Date;
 - 10.1.2 Dividend entitlement;
 - 10.1.3 cash balance brought forward from the last Dividend (if any);
 - 10.1.4 total funds available to purchase New Shares;
 - 10.1.5 the number of New Shares allotted to the Participant;
 - 10.1.6 cash equivalent of New Shares allotted;
 - 10.1.7 the residual entitlement (if any) of the Participant (as described in paragraph 3 of these Terms and Conditions) to be carried forward and added to the next applicable Dividend; and
 - 10.1.8 the cash equivalent for tax purposes of the New Shares allotted and issued to the Participant.
- 10.2 A Participant who has elected to participate in the Scheme, but whose entitlement is not sufficient for them to qualify for any New Shares, will receive a notification at or about the same time as those Participants who receive statements with their share certificates.

11. **Modification and termination**

- 11.1 The operation of the Scheme requires shareholder approval which must be renewed if the Directors want to continue the Scheme. The Company's Articles of Association permit the Directors to seek this authority for a period of up to five years. However, in line with current investor protection guidelines shareholder approval will be renewed every three years should the Directors want the Scheme to continue.
- 11.2 The Scheme can be modified, suspended or terminated by the Directors at their discretion, at any time without notice to Shareholders individually. In the case of a modification, Participants will be deemed to have elected to continue under the modified Scheme unless the Registrars are notified to the contrary in writing. The Directors also have the power, after an offer of New Shares under the Scheme is made, to revoke the offer generally at any time prior to the allotment of the New Shares.
- 11.3 A Scrip Dividend Mandate may be modified, suspended or terminated by giving a further Scrip Dividend Mandate or Scrip Dividend Revocation to the Registrars, so as to be received before the final time and date for receipt of a Scrip Dividend Mandate or Scrip Dividend Revocation in respect of the relevant Dividend.
- 11.4 If the Scheme is suspended, any residual cash balances will be carried forward to the next dividend for which the Scheme is offered. If the Scheme is terminated, any residual cash balances will be paid to a registered charity of the Company's choice if the residual balance is under £3 any residual balance exceeding £3 will be returned to shareholders.
- 11.5 Payments of any residual cash balance will be paid to shareholders by cheque sent at the shareholders risk, as soon as reasonably practicable after the relevant event, or by other appropriate payment means.
- 11.6 The Company will use its reasonable endeavours to circulate updated versions of these Terms and Conditions if significant alterations are required or made pursuant to changes in tax or other legislation or regulation. However, it is the responsibility of each Shareholder to assess, with their appropriate professional adviser, the effect of any such change to their individual circumstances.

12. **Notices**

- 12.1 All documents sent by post will be sent at the risk of each shareholder and neither the Company, or the Registrar will be liable for any accidental failure to receive any document. All notices and documents will be sent to the first named shareholder at the address on the share register. If the sole or first-named joint shareholder has given the Company an email address: -

- the Company will have discretion to send any notices or other documents to you via that email address; and
- by sending to that email address a link to the Company's website, the Company will have a discretion to use that website to provide to you (together with other participants in the Scheme) general information or documents relevant to these Terms and Conditions in the future. For example, to advise you of changes to these Terms and Conditions, rather than having to send this type of information to shareholders and participants in the Scheme individually in the post or email.

12.2 If you have provided the Company with an email address and decide you no longer want the Company to communicate with you by email or using a website, please send the Company's Registrars a letter stating this and it will resume using the last postal address they have for you.

13. **Governing Law**

The Scheme (including all related documents to the Scheme) is subject to the Company's Memorandum and Articles of Association and these Terms and Conditions, as amended from time to time, and are governed and construed in accordance with the laws of the Isle of Man and will be subject to the exclusive jurisdiction of the courts of the Isle of Man.

14. **Taxation**

14.1 Isle of Man Residents

Under current Isle of Man legislation and current practice of the Assessor of Income Tax, it is believed that the taxation consequences for Shareholders resident in the Isle of Man for taxation purposes of electing to receive New Shares instead of a full cash dividend are broadly as outlined below. Shareholders should note that the summary is a general guide to the Isle of Man tax regime currently in force and is not exhaustive.

14.1.1 Isle of Man resident individuals who elect to receive New Shares instead of a cash dividend will be treated as receiving income of an amount which is equal to the cash dividend in respect of their holding of Ordinary Shares that they would have received had they not participated in the Scheme. The amount of income tax payable will depend upon the personal circumstances of the individual Shareholder, with the maximum rate of income tax in the Isle Man currently being 20%.

14.1.2 Isle of Man resident companies in receipt of New Shares will typically be subject to Manx income tax at the standard corporate income tax rate of 0% on the income reflected in their financial statements in respect of the receipt of the New Shares.

14.1.3 The tax position of Isle of Man resident trustees in receipt of New Shares will depend upon the particular circumstances of the trust and such trustees should consider their position on a case by case basis.

Note: Individuals, companies and trustees resident outside the Isle of Man should have no Manx income liability in respect of dividends paid by the Company, regardless of whether received as a cash dividend or as a receipt of New Shares under the Scheme.

14.2 UK resident individuals

Under current Isle of Man and United Kingdom legislation and current HM Revenue & Customs practice, it is believed that the taxation consequences for Shareholders resident in the United Kingdom for taxation purposes of electing to receive New Shares instead of a full cash dividend are broadly as outlined below. Shareholders should note that the summary is a general guide to the UK tax regime currently in force and is not exhaustive.

14.2.1 Individuals who elect to receive New Shares instead of a cash dividend will be treated as having received income of an amount which is equal to the "Cash Equivalent" of the New Shares. The Cash Equivalent of each New Share will be the

New Share Price calculated in accordance with paragraph 5 of these Terms and Conditions, unless the market value of a New Share on the first day of dealing on the London Stock Exchange (the “opening value”) differs by 15 per cent or more from the New Share Price, in which case the Cash Equivalent of one New Share will be the opening value.

- 14.2.2 With effect from 6 April 2016, each individual is entitled to an annual tax-free dividend allowance of £5,000. If the amount of income which an individual Shareholder is treated as having received (as mentioned above), when added to other dividend income received by the individual in the tax year in which the New Shares are issued, is less than or equal to £5,000, the individual will have no liability for income tax in respect of the receipt of the New Shares.
- 14.2.3 If the amount of income which an individual Shareholder is treated as having received (as mentioned above), when added to other dividend income received by the individual in the tax year in which the New Shares are issued, exceeds £5,000, the excess amount (“the excess amount of income”) will be subject to income tax in accordance with the following provisions.
- 14.2.4 Individuals who (after taking account of the amount of income which they are treated as having received, as mentioned above) pay income tax only at the basic rate (currently 20 per cent), but not the higher rate, will be liable to income tax at the dividend ordinary rate (currently 7.5 per cent) on the excess amount of income.
- 14.2.5 Individuals whose total income for tax purposes (after taking into account the amount of income which they are treated as having received as mentioned above) exceeds the threshold for higher rate income tax (“the higher rate threshold”) will be liable to income tax at the dividend upper rate (currently 32.5 per cent) on the excess amount of income to the extent that such income exceeds the higher rate threshold.
- 14.2.6 Individuals whose total income for tax purposes (after taking into account the amount of income which they are treated as having received as mentioned above) exceeds the threshold for additional rate income tax (“the additional rate threshold”) will be liable to income tax at the dividend additional rate (currently 38.1 per cent) on the excess amount of income to the extent that such income exceeds the additional rate threshold.

For capital gains tax purposes, the amount of the Cash Equivalent will be treated as consideration given for the New Shares.

14.3 UK resident trustees

- 14.3.1 Trustees who are liable to tax on dividend income at the dividend trust rate (currently 38.1 per cent) and who elect to receive New Shares instead of a cash dividend will, for the purposes of computing the tax payable, be treated as having received income of an amount which is equal to the Cash Equivalent.
- 14.3.2 For capital gains tax purposes, the amount of the Cash Equivalent will be treated as consideration given for the New Share.

14.4 UK resident corporate shareholders

New Shares received by a corporate Shareholder which is resident in the United Kingdom will

not, subject to the enactment of The Corporation Tax (Treatment of Unrelieved Surplus Advance Corporation Tax) (Amendment) Regulations 2016, be treated as qualifying investment income. Corporation tax will not be charged in respect of the issue of New Shares. For the purposes of corporation tax on chargeable gains, no consideration will be treated as having been given for the New Shares.

14.5 UK resident gross funds, charities, heritage bodies and scientific research organisations

No tax credit will attach to the New Shares and no repayment claim can be made in respect of a receipt of New Shares.

This summary of the likely tax treatment is based on current Isle of Man and United Kingdom law, and is not exhaustive. Although this summary is believed to be correct at the time of preparation of these Terms and Conditions, the decision whether to participate in the Scheme or not, or whether to terminate any existing participation in the Scheme, is the sole responsibility of each Shareholder. If you are not sure how you will be affected, you should consult your professional adviser before deciding how to proceed.