

# ITE GROUP PLC

(Incorporated and registered in England and Wales under number 1927339) (“Company”)

## **SCRIP DIVIDEND SCHEME - TERMS AND CONDITIONS**

The Scrip Dividend Scheme as approved by an ordinary resolution of the Company passed on 28 January 2016.

### **This document is important and requires your immediate attention**

If you are in any doubt as to the action you should take, it is recommended that you consult your stockbroker, custodian, bank manager, legal adviser, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all of your shares in the Company please send this document, together with any relevant accompanying documents, to the person you sold or transferred your shares to, or to the bank, stockbroker or other agent who arranged the sale or transfer to you.

**This document contains the terms and conditions of the Company's Scrip Dividend Scheme and should be read in conjunction with the Mandate Form or the terms applicable to other means of making elections under the Scrip Dividend Scheme. Please retain this document in case you need to refer to it in the future.**

**If you wish to receive dividends on your Ordinary Shares in cash, you do not need to take any action and may disregard this document and the Mandate Form. The Company does not accept responsibility and will not be held liable for any failure on the part of any CREST provider to notify any Shareholder of the contents of this document.**

### **Important information**

Definitions of certain terms used in this document are set out on pages 13 and 14.

The Scrip Dividend Scheme applies to all interim and final dividends in respect of which a Scrip Dividend Alternative is offered.

The operation of the Scrip Dividend Scheme is always subject to the Directors' discretion whether or not to make an offer of New Ordinary Shares in respect of any particular dividend. The Directors also have the power to suspend or terminate the Scrip Dividend Scheme generally at any time prior to the allotment of the New Ordinary Shares pursuant to it. If the Directors suspend or terminate the Scrip Dividend Scheme, Shareholders will, if a dividend is still due and payable, receive their dividend in cash in full in the usual way on or as soon as reasonably practicable after the Relevant Dividend Payment Date.

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## **Important notice**

This document and the information contained in it are current as at June 2016. Save to the extent required by applicable law, the Company shall be under no obligation to update this document or the information contained in it.

## Description of the Scrip Dividend Scheme

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### 1. What is the Scrip Dividend Scheme?

The Scrip Dividend Scheme enables Shareholders to elect to receive, if they wish, New Ordinary Shares in the Company instead of a cash dividend.

The Scrip Dividend Scheme enables Shareholders to increase their shareholding in the Company in a simple manner without paying any dealing costs or stamp duty. The payment of some dividends in New Ordinary Shares under the Scrip Dividend Scheme, rather than in cash, will also assist the Company in its cash flow planning and could potentially reduce short-term funding costs, to the general benefit of the Company and its Shareholders.

However, you should bear in mind that the price of the New Ordinary Shares can go down as well as up, and whether you elect to participate in the Scrip Dividend Scheme is your own decision depending on your individual circumstances. If you are in any doubt as to the action you should take, you are advised to consult your independent financial adviser.

The operation of the Scrip Dividend Scheme is subject always to the Directors' decision to make the Scrip Dividend Alternative available in respect of any particular dividend. Should the Directors decide not to make the Scrip Dividend Alternative available in respect of any particular dividend, cash will automatically be paid.

Certificated Shareholders should note that any election made to participate in the Scrip Dividend Scheme will apply on an "evergreen" basis such that it will result in them receiving New Ordinary Shares instead of cash dividends as a matter of routine in respect of all future Relevant Dividends, unless such election is subsequently cancelled.

CREST Shareholders can also make an "evergreen" election, which will apply for all future Relevant Dividends, unless such election is subsequently cancelled. Alternatively, CREST Shareholders may

make a one-off election, which will apply in respect of the next Relevant Dividend only.

Full details of the procedures for making and cancelling an election to participate in the Scrip Dividend Scheme for both Certificated Shareholders and CREST Shareholders are set out in paragraphs 3 to 6 below.

### 2. Who can participate in the Scrip Dividend Scheme?

All Shareholders are entitled to participate in the Scrip Dividend Scheme, subject to certain restrictions for Shareholders resident outside the UK, as set out below. The right to elect to join the Scrip Dividend Scheme is not transferable.

If you are a Shareholder who is resident outside the UK, you may treat this as an invitation to elect to join the Scrip Dividend Scheme unless you could not lawfully participate without any further obligation on the part of the Company or your participation would not be in compliance with any registration or other legal requirements.

Any person resident outside the UK wishing to receive New Ordinary Shares is responsible for ensuring that their election can, without any further obligation on the Company, be validly made and for observing all formalities and any resale restrictions that may apply to the New Ordinary Shares. If you are not satisfied that this is the case, you may not participate in the Scrip Dividend Scheme or make an election under the Scrip Dividend Scheme and these terms and conditions and all other materials issued in connection with the Scrip Dividend Scheme should be treated as having been provided for information purposes only.

### **3. What is the deadline for joining the Scrip Dividend Scheme for a particular dividend?**

To be eligible to receive New Ordinary Shares for a Relevant Dividend, and in order for instructions to apply to a Relevant Dividend, Mandate Forms (for Certificated Shareholders) and CREST Dividend Election Input Messages (for CREST Shareholders) must be received by the Registrar no later than 4.30 p.m. (UK time) on the Election Date specified in the timetable for each Relevant Dividend.

No acknowledgment of receipt of the Mandate Forms will be made.

Please note that CREST Shareholders should contact their CREST provider, as earlier Election Dates may apply in order to permit them to advise the Registrar by the dates specified above.

Mandate Forms or CREST Dividend Election Input Messages received or input after the Election Date for a Relevant Dividend will not apply to that Relevant Dividend but will apply to any subsequent Relevant Dividends.

The Ex-dividend Date, Scrip Calculation Price, Election Dates and all further information in respect of each Relevant Dividend will be announced and made available on the Company's website at [www.ite-exhibitions.com/scrip](http://www.ite-exhibitions.com/scrip)

### **4. What does it mean to make an election to participate in the Scrip Dividend Scheme?**

Upon making an election to participate in the Scrip Dividend Scheme, each Shareholder will be deemed (whether the election is made by them or on their behalf) to have:

- (a) agreed to participate in the Scrip Dividend Scheme pursuant to the terms and conditions set out in this document, such that the participating Shareholder receives New Ordinary Shares in lieu of a cash dividend; and

(b) authorised the Company or its agent:

- (i) in the case of holdings in certificated form, to send to the Shareholder at the Shareholder's registered address any definitive share certificate in respect of New Ordinary Shares allotted; and
- (ii) in the case of holdings in dematerialised form, to credit the New Ordinary Shares allotted to the Shareholder's CREST account on the date that dealings commence.

The way in which Shareholders can elect to participate in the Scrip Dividend Scheme will depend on how they hold their Ordinary Shares.

As explained in paragraph 1 above, elections to participate in the Scrip Dividend Scheme by Shareholders will be applied either: (i) in the case of Certificated Shareholders, for all future Relevant Dividends, or (ii) in the case of CREST Shareholders, either for all future Relevant Dividends or for a one-off Relevant Dividend, depending on the type of election made.

In the case of "evergreen" elections, such elections will remain in place until cancelled by the Shareholder or until the Scrip Dividend Scheme itself is cancelled by the Company.

### **5. How can a Certificated Shareholder join or leave the Scrip Dividend Scheme?**

#### **How can a Certificated Shareholder elect to join the Scrip Dividend Scheme?**

If you are a Certificated Shareholder, you may join the Scrip Dividend Scheme by completing the Mandate Form provided to you or obtainable on request from the Registrar and returning it to the Registrar.

Mandate Forms will also be made available for download from the Company's website at [www.ite-exhibitions.com/scrip](http://www.ite-exhibitions.com/scrip) for completion and return to the Registrar.

## **How can a Certificated Shareholder amend or cancel their election?**

Certificated Shareholders may amend or cancel their election to participate in the Scrip Dividend Scheme for the next Relevant Dividend at any time up until 4.30 p.m. (UK time) on the Election Date for that Relevant Dividend by completing the Revocation Form provided to you or obtainable on request from the Registrar and returning it to the Registrar. Revocation Forms will also be made available for download from the Company's website at [www.ite-exhibitions.com/scrip](http://www.ite-exhibitions.com/scrip) for completion and return to the Registrar. No acknowledgment or receipt of a Revocation Form will be made. Cancellation instructions received after that time will not apply to that Relevant Dividend but will apply to Relevant Dividends paid thereafter and to which those cancellation instructions relate.

## **6. How can a CREST Shareholder join or leave the Scrip Dividend Scheme?**

### **How can a CREST Shareholder elect to join the Scrip Dividend Scheme?**

Shareholders who hold their Ordinary Shares in CREST can elect to receive dividends in the form of New Ordinary Shares through the CREST Dividend Election Input Message. By doing so Shareholders confirm their election to participate in the Scrip Dividend Scheme and their acceptance of the full terms and conditions of the Scrip Dividend Scheme, which can be found at [www.ite-exhibitions.com/scrip](http://www.ite-exhibitions.com/scrip) as may be amended from time to time. Other forms of election, including paper forms of election, will not be accepted.

The CREST Dividend Election Input Message must contain the number of Ordinary Shares relating to the election. If the number of elected Ordinary Shares is zero or left blank, the election will be rejected. If the number is greater than the Ordinary Shares held by the relevant Shareholder at the relevant Record Date, the election will be scaled back to the holding at the Record Date.

Once an election is made using the CREST Dividend Election Input Message system it cannot be amended. Therefore, if a Shareholder wishes to change their election, such Shareholder would need to cancel their previous election and submit a new election.

### **How can a CREST Shareholder cancel their election?**

CREST Shareholders can only cancel their election through the CREST system. CREST Dividend Election Input Messages should not be used to change an election in respect of the Scrip Dividend Scheme that was not made through CREST. A CREST notice of cancellation will take effect on its receipt and will be processed by the Registrar in respect of the next Relevant Dividend payable after the date of receipt of such notice. A notice of cancellation must be received by the Election Date for the Relevant Dividend, for it to be effective. Notice must be received no later than 4.30 p.m. (UK time) on that Election Date. For shares held in CREST via a broker or nominee, please contact the nominee or broker as earlier Election Dates will apply to permit them to advise the Registrar by the required date.

## **7. Can a Shareholder participate in the Scrip Dividend Scheme in respect of part of their holding?**

In relation to Certificated Shareholders, an election will only be accepted in relation to the whole of that Shareholder's shareholding.

The Directors may, at their discretion, allow CREST Shareholders to elect in respect of part of their shareholding where they are acting on behalf of more than one beneficial holder. Where a CREST Shareholder wishes to elect in respect of part of their nominee shareholding held in CREST, the Dividend Election Input Message must contain the number of Ordinary Shares for which the election is being made.

If a CREST Shareholder is permitted to participate in the Scrip Dividend Scheme in respect of a lesser number of Ordinary Shares than their full holding, a cash dividend will be paid on the balance of Ordinary Shares not included in the Scrip Dividend Scheme.

**8. Can a Shareholder participate in the Scrip Dividend Scheme in respect of Ordinary Shares held in joint names?**

Ordinary Shares held in joint names are eligible to participate in the Scrip Dividend Scheme, but all joint Shareholders must sign the Mandate Form or notify their election via CREST, as applicable.

**9 What happens if a Shareholder has more than one holding?**

If a Shareholder's Ordinary Shares are registered in more than one holding and they want to receive New Ordinary Shares instead of cash dividends in respect of each holding, they must complete a separate Mandate Form or notify their election via CREST, as applicable, for each holding.

Shareholders who hold some of their Ordinary Shares in certificated form and some in dematerialised form will be required to elect to participate in the Scrip Dividend Scheme for each of their certificated and dematerialised holdings separately.

**10. How many New Ordinary Shares will a Shareholder receive?**

The number of New Ordinary Shares that a Shareholder will receive for each Relevant Dividend will depend on the number of Ordinary Shares held at the Record Date, the amount of the cash dividend to which they are entitled, any Residual Cash Balance brought forward from the last Relevant Dividend and the Scrip Calculation Price.

In accordance with the Company's Articles of Association, the basis of allotment of New Ordinary Shares to a Shareholder who elects to participate in the Scrip Dividend Scheme shall be decided by the Directors so that, as nearly as possible,

the value of the New Ordinary Shares (including any fractional entitlement) is equal to the amount of the cash dividend which would otherwise have been paid. To achieve this, a Shareholder's entitlement to New Ordinary Shares for the Relevant Dividend will be calculated by taking the amount of the cash dividend to which they are entitled (i.e. the number of Ordinary Shares held by that Shareholder at the Record Date for the Relevant Dividend multiplied by the gross value of the dividend per Ordinary Share plus any Residual Cash Balance brought forward) and dividing it by the Scrip Calculation Price.

For Shareholders whose Ordinary Shares are traded on the LSE, the Scrip Calculation Price will be the average of the middle market quotations of an Ordinary Share derived from the Daily Official List on the five consecutive dealing days commencing on (and including) the Ex-Dividend Date.

**The formula to determine the number of New Ordinary Shares that a Shareholder would receive pursuant to the Scrip Dividend Scheme is set out below**

<b>Number of Ordinary Shares held at the Record Date for the Relevant Dividend</b>	<b>X</b>	<b>Value of the Relevant Dividend per Ordinary Share plus any Residual Cash Balance brought forward</b>
<b>÷</b>		
<b>Scrip Calculation Price</b>		

As no fraction of a New Ordinary Share will be issued, any Residual Cash Balance will be rolled forward and factored into the Scrip calculation for the next Relevant Dividend.

**Illustrative example of the New Ordinary Share entitlement under the Scrip Dividend Scheme:**

Number of Ordinary Shares held:

**2,000 Ordinary Shares**

Relevant Dividend:

**£0.015 per Ordinary Share**

Scrip Calculation Price:

**£1.35**

Residual Cash Balance from previous Relevant Dividend:

**£0.29**

**Step 1 – maximum cash available**

(Cash dividend payable plus Residual Cash Balance)

**$(2,000 \times £0.015) + £0.29 = £30.29$**

**Step 2 – number of New Ordinary Shares to be issued**

(Maximum cash available divided by Scrip Calculation Price)

**$\frac{£30.29}{£1.35} = 22.442$  (rounded down to 22 New Ordinary Shares, as no fractions of New Ordinary Shares can be issued)**

**Step 3 – Residual Cash Balance**

(Maximum cash available less value of New Ordinary Shares)

**$£30.29 - (22 \times £1.35) = £0.597$  Residual Cash Balance**

On the above example, the Shareholder would be entitled to 22 New Ordinary Shares with a cash value of £29.70. The Residual Cash Balance of £0.59 will be rolled forward and factored into the Scrip calculation for the next Relevant Dividend.

**11. How will a Shareholder know how many New Ordinary Shares they have received?**

Once the New Ordinary Shares have been issued, a Scrip Statement will be sent to Shareholders along with new share certificates (where relevant), showing the number of New Ordinary Shares issued, the Scrip Calculation Price, and the total cash equivalent of the New Ordinary Shares for tax purposes. If your cash dividend entitlement is insufficient to acquire at least one New Ordinary Share, the Scrip Statement will explain that no New Ordinary Shares have been issued and will show the total amount of Residual Cash Balance.

**12. How will Residual Cash Balances be paid?**

Except in the circumstances set out below, any Residual Cash Balance remaining after the issue of New Ordinary Shares, or which was insufficient to acquire a whole New Ordinary Share, will be carried forward (without interest) by the Company and included in the calculation for the next Relevant Dividend under these Terms and Conditions.

In the following cases, any Residual Cash Balance carried forward will be paid (without interest):

- (a) to the relevant Shareholder – upon written request being received by the Registrar for such residual cash balance to be returned. Shareholders should note that any written request for the return of a residual cash balance will be treated as a notice of withdrawal from the Scrip Dividend Scheme;
- (b) to the shareholder if:
  - (i) the Mandate Form to participate in the Scrip Dividend Scheme has been revoked in writing; or
  - (ii) all of the Shareholder’s Ordinary Shares are sold or transferred; or
  - (iii) the Registrar receives proper notice of the Shareholder’s death (in which case the Residual Cash Balance will be returned to the

deceased's estate), bankruptcy or mental incapacity, or, in the case of a corporate Shareholder, of such body being placed in liquidation; or

- (iv) the Company terminates the Scrip Dividend Scheme.

Payments of the Residual Cash Balances to Shareholders will be paid by cheque sent, at the Shareholder's risk, as soon as reasonably practicable after the relevant event, or by other appropriate payment means.

### **13. Are the New Ordinary Shares included in the next scrip dividend?**

Yes. All New Ordinary Shares issued as scrip dividends will automatically increase a Shareholder's shareholding on which the next entitlement to a scrip dividend will be calculated.

### **14. Will the New Ordinary Shares have the same rights?**

Yes, the New Ordinary Shares will carry the same voting rights as existing Ordinary Shares, will rank equally in all respects with the existing Ordinary Shares and will qualify for all future dividends.

### **15. When will a Shareholder receive their New Ordinary Shares?**

Subject to the New Ordinary Shares being admitted to the official list of the UK Listing Authority and to trading on the London Stock Exchange, definitive share certificates (in the case of Shareholders holding their Ordinary Shares in Certificated Form only) and/or Scrip Statements will be sent by post at the risk of the relevant Shareholder on or about the same day as the Relevant Dividend Payment Date.

CREST members who have elected to receive New Ordinary Shares will have their CREST accounts credited directly with the relevant New Ordinary Shares and will be notified via the Euroclear Service on the same day as the Relevant Dividend Payment Date. If the Company is unable to do this under the provisions of the Uncertificated Securities Regulations 2001 or the facilities and requirements

of the Euroclear Service, the relevant New Ordinary Shares will be issued as certificated shares and definitive share certificates will be posted to the relevant Shareholder at that Shareholder's risk, as soon as reasonably practical after the Relevant Dividend Payment Date.

Applications will be made to the UK Listing Authority and the LSE for any New Ordinary Shares issued under the Scrip Dividend Scheme to be admitted to the UK Listing Authority's Official List and the LSE's main market for listed securities respectively. In the unlikely event that the New Ordinary Shares are not admitted to listing, a listing does not become effective or the New Ordinary Shares are not admitted to trading in a jurisdiction, then those Shareholders in that jurisdiction who have chosen to receive New Ordinary Shares under the Scrip Dividend Scheme will be paid in cash in the usual way on or as soon as reasonably practicable after the Relevant Dividend Payment Date.

### **16. What happens if a Shareholder buys more Ordinary Shares?**

If a Shareholder buys Ordinary Shares prior to the Ex-dividend Date for any Relevant Dividend, that Shareholder may be entitled to the dividend on those shares and they are advised to contact their stockbroker or other agent through whom the purchase was made without delay so as to ensure that the purchased shares are registered promptly in their name before the Record Date for the Relevant Dividend. For Certificated Shareholders, any additional Ordinary Shares which the Shareholder buys, and which are registered in their name prior to the Record Date for the Relevant Dividend for any dividend they are entitled to, will be covered by the election they have made and such Shareholder will receive New Ordinary Shares instead of cash dividends for their entire holding. Where shares are held in CREST, Shareholders should contact the appropriate party as any newly acquired shares may not be covered by the election instruction given to the Registrar by the CREST provider.

If a Shareholder buys Ordinary Shares

on or after the Ex dividend Date for any Relevant Dividend, that Shareholder will not be entitled to receive that dividend, and will accordingly not be entitled to participate in the Scrip Dividend Scheme, in respect of those Ordinary Shares.

### **17. What happens if a Shareholder sells or transfers part of their holdings?**

If a Shareholder sells or transfers any of their Ordinary Shares prior to the Ex-dividend Date for any Relevant Dividend, they may not be entitled to the dividend on those Ordinary Shares and they are advised to contact their stockbroker or other agent through whom the sale or transfer was effected without delay as there may be a claim for the cash amount of the dividend by the purchaser.

If a certificated Shareholder sells or transfers part of their shareholding prior to the Record Date for the Relevant Dividend for any dividend and such sale or transfer is registered in the Company's register of members prior to the Record Date for the Relevant Dividend, the Scrip Dividend Scheme will only apply to their remaining Ordinary Shares. Where shares are held in CREST, Shareholders should contact the appropriate party to ensure that any recently sold or transferred shares are not included in the election instruction given to the Registrar by the CREST provider.

### **18. When will a Shareholder's election be cancelled?**

Elections will be regarded as cancelled in respect of any Ordinary Shares which a Shareholder sells or otherwise transfers to another person.

Elections will be regarded as fully cancelled on the sale or transfer of the whole of a Shareholder's shareholding. This will take effect from registration of the relevant share transfer.

Elections will be regarded as cancelled immediately on notice being given to the Registrar of the death, bankruptcy, liquidation or mental incapacity of a Shareholder, unless the Shareholder was a joint Shareholder, in which

case participation of the other joint Shareholder(s) will continue.

All elections will be cancelled on the third annual general meeting following the date of this document, unless the authority to offer the Scrip Dividend Scheme is renewed at that meeting, in which case the "evergreen" elections will automatically remain valid for the period of the renewed authority.

Elections may also be cancelled voluntarily by a Shareholder. Please see paragraphs 5 and 6 above for further details.

### **19. Can the Company cancel or amend the Scrip Dividend Scheme?**

Yes, the operation of the Scrip Dividend Scheme is always subject to the Directors' decision to make an offer of New Ordinary Shares in respect of any particular dividend. The Directors may also, after such an offer is made, revoke the offer generally at any time prior to the issue of New Ordinary Shares under the Scrip Dividend Scheme. The Scrip Dividend Scheme may be modified, suspended or terminated at any time at the discretion of the Directors without notice to Shareholders individually.

In the case of any modification, existing Scrip Dividend Scheme elections (unless otherwise specified by the Directors) will be deemed to remain valid under the modified arrangements unless and until the Registrar receives, from Certificated Shareholders, a Revocation Form (either in paper form or input via the Registrar's website [www.shareview.co.uk](http://www.shareview.co.uk)) or, from CREST Shareholders, instructions to cancel via the Registrar's website [www.shareview.co.uk](http://www.shareview.co.uk).

In the case of termination of the Scrip Dividend Scheme, existing elections will be deemed to have been cancelled as at the date of such termination. If the Directors revoke an offer (or otherwise suspend or terminate the Scrip Dividend Scheme), Shareholders will receive their dividends in cash on or as soon as possible after the Relevant Dividend Payment Date. Any announcement of any cancellation or modification of the terms of the Scrip

Dividend Scheme will be announced and made available on the Company's website at [www.ite-exhibitions.com/scrip](http://www.ite-exhibitions.com/scrip).

The Scrip Dividend Scheme will remain in place until the third annual general meeting following the date of the annual general meeting at which it is first approved. Authority to continue the Scrip Dividend Scheme may be sought at that meeting.

## **20. What are the tax effects of a Scrip Dividend election?**

The tax consequences for a Shareholder electing to receive New Ordinary Shares instead of a cash dividend pursuant to the Scrip Dividend Scheme will depend on the applicable tax rules in each relevant jurisdiction as well as the personal circumstances of that Shareholder. If Shareholders are in any doubt as to their own taxation position, they should consult their professional advisers before taking any action.

A summary of certain UK tax consequences of the Scrip Dividend Scheme is set out in the section titled "Taxation Guidelines" on pages 11 and 12 of this document, but this summary is for information purposes only and does not constitute advice.

Shareholders who are individuals or certain kinds of trustees resident for tax purposes in the UK and who receive New Ordinary Shares instead of a cash dividend from the Company should note that they will be subject to tax by reference to the cash equivalent of the New Ordinary Shares.

As the "cash equivalent" is not determined by reference to the market value of the New Ordinary Shares received except in certain circumstances (as described further in the Taxation Guidelines below), fluctuations in the market value of the New Ordinary Shares could mean that Shareholders may be taxed by reference to a cash equivalent that is greater than the market value of the New Ordinary Shares received.

## **21. What should a Shareholder do if they have any questions?**

For any queries, please contact the

Registrar using the contact details set out below:

### **United Kingdom**

#### **Address**

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA

#### **Telephone (UK only)**

0371 384 2438

Lines open 08:30 – 17:30 (UK time), Monday to Friday, excluding bank holidays.

#### **Telephone (outside the UK)**

+44 (0)121 415 7047

#### **Textel UK**

0371 384 2255

#### **Website**

[www.shareview.co.uk](http://www.shareview.co.uk)

## **22. Governing law**

The Company's Scrip Dividend Scheme (including the Mandate Form, Revocation Form and any related documents) is subject to the Company's articles of association and these terms and conditions, as amended from time to time, and is governed by, and these terms and conditions are to be construed in accordance with, English law. By electing to receive New Ordinary Shares under the Scrip Dividend Scheme, Shareholders agree that any proceedings between them and the Company in relation to the Scrip Dividend Scheme will be subject to the jurisdiction of the courts of England and Wales.

## Taxation Guidelines

### 1. Taxation treatment for UK residents

The Company understands that under current UK legislation and HMRC practice (which may not be binding on HMRC) as at 21 April 2016, the taxation consequences for Shareholders electing to receive New Ordinary Shares instead of a cash dividend will broadly be as set out as follows:

#### Please remember:

- This summary is only an outline of the tax position, not a comprehensive picture – your own tax treatment will depend on your individual circumstances.
- It only covers the position of Shareholders resident in the UK for taxation purposes who hold their Ordinary Shares beneficially as an investment, otherwise than under an individual savings account and who have not (and are not deemed to have) acquired their Ordinary Shares by reason of any office or employment.
- It does not address the position of certain classes of Shareholders such as dealers in securities.
- UK legislation and HMRC practice can change from time to time, possibly with retroactive effect.
- Shareholders who may be subject to taxation in a jurisdiction other than the UK should seek their own professional advice.
- If you are in any doubt as to your tax position, you should consult your solicitor, accountant or other professional adviser before taking any action.

### 2. UK resident individual shareholders

#### Income tax

An individual Shareholder who is a UK resident and elects to receive New Ordinary Shares will have the same liability to income tax as the Shareholder would have had on the receipt of a cash dividend of an amount equal to the 'cash equivalent' of the New Ordinary Shares. The 'cash equivalent' of the New Ordinary Shares will be the amount of

the cash dividend which the Shareholder would have received in the absence of an election to take New Ordinary Shares, unless the difference between, on the one hand, the amount of the cash dividend which the Shareholder would have received had the Shareholder not so elected and, on the other hand, the market value of the New Ordinary Shares on the first day when dealing in the New Ordinary Shares begins on the London Stock Exchange, is 15% or more of that market value in which case the market value of the New Ordinary Shares on that day will be treated as the 'cash equivalent' of the New Ordinary Shares for taxation purposes.

#### Applicable rates from 6 April 2016

An individual Shareholder will be liable to tax on the amount of the "cash equivalent":

- (i) at the dividend ordinary rate of 7.5% to the extent that that amount, when treated as the top slice of the Shareholder's income, falls below the threshold for the higher rate of income tax;
- (ii) at the dividend upper rate of 32.5% to the extent that that amount, when treated as the top slice of the Shareholder's income, falls above the threshold for the higher rate of income tax but below the threshold for the additional rate; and
- (iii) at the dividend additional rate of 38.1% to the extent that that amount, when treated as the top slice of the Shareholder's income, falls above the threshold for the additional rate of income tax.

In each case, this is subject to the "dividend nil rate" annual allowance, which provides that the first £5,000 of dividends paid to a UK resident individual Shareholder in any given tax year is charged to income tax rate at nil rate (but note that dividends charged at the nil rate are not disregarded for the purposes of determining in which rate bands the Shareholder's income falls).

A trustee of a UK resident trust which is normally liable to pay income tax at the currently applicable rate of 45% will be liable to pay tax on the amount of the "cash equivalent" at the currently applicable rate of 38.1%.

The above two paragraphs do not reflect current law, as the relevant provisions are currently included within a Finance Bill which has yet to be passed into law. However, it is expected that these provisions will be passed at some point in July 2016 without material amendment and will take effect retrospectively to 6 April 2016 such that they apply for the tax year 6 April 2016 to 5 April 2017 and subsequently.

### **Capital Gains Tax**

For Capital Gains Tax purposes, the New Ordinary Shares received by an individual Shareholder instead of the cash dividend will generally be treated as forming a single asset (a 'share pool') with all the Ordinary Shares held by the individual Shareholder, regardless of when they were originally acquired. The 'cash equivalent' of the New Ordinary Shares will be allowable expenditure in respect of such a share pool.

### **UK resident companies**

A corporate Shareholder is not generally liable to corporation tax on cash dividends and will not generally be charged corporation tax on New Ordinary Shares received instead of a cash dividend. These New Ordinary Shares will be added to the corporate Shareholder's existing holding of Ordinary Shares and treated as having been acquired when the existing holding was acquired.

For the purposes of corporation tax on chargeable gains, no consideration will be treated as having been given for the New Ordinary Shares; so there will be no increase in base cost.

### **Stamp duty and stamp duty reserve tax**

No stamp duty or stamp duty reserve tax will be payable on the issue of New Ordinary Shares.

## Definitions

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The following definitions apply throughout this document and to the accompanying documents unless the context otherwise requires

### **“Certificated Form”**

recorded in physical paper form without reference to CREST

### **“Certificated Shareholders”**

Shareholders who hold Ordinary Shares that are in certificated form

### **“Company”**

ITE Group plc

### **“CREST” or “Euroclear Service”**

the relevant system as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755) in respect of which Euroclear UK & Ireland Limited is the operator

### **“CREST Dividend Election Input Message”**

the procedure to elect to participate in the Scrip Dividend Scheme as set out in the CREST Manual

### **“CREST Manual”**

the manual issued by Euroclear UK & Ireland concerning the CREST system and available on the Euroclear website

### **“CREST Shareholder”**

a Shareholder who holds Ordinary Shares electronically on the Register through CREST

### **“Daily Official List”**

the daily publication of official quotations for all securities traded on the LSE

### **“Directors”**

the Directors of the Company from time to time

### **“Election Date”**

the deadline by which elections must be received by the Registrar, as announced by the Company as the respective applicable deadline for the dividend concerned (generally ten business days after the Record Date for Shareholders on the Register)

### **“Ex-dividend Date”**

the day the Ordinary Shares are first quoted “ex” for the Relevant Dividend

### **“HMRC”**

Her Majesty’s Revenue & Customs

### **“London Stock Exchange” or “LSE”**

the London Stock Exchange plc

### **“Mandate Form”**

an “evergreen” election, in the form provided to Shareholders who hold their Ordinary Shares in Certificated Form, authorising the Directors to allot New Ordinary Shares under the Scrip Dividend Scheme in respect of Relevant Dividends

### **“New Ordinary Shares”**

new Ordinary Shares to be issued, credited as fully paid up, pursuant to the Scrip Dividend Scheme

### **“Ordinary Shares”**

ordinary shares of 1p each in the share capital of the Company

### **“Record Date”**

the date on which Ordinary Shares must be held in order for a Shareholder to be eligible to receive a declared dividend

### **“Register”**

the Company’s register of Shareholders

### **“Registrar”**

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA

### **“Relevant Dividend”**

any dividend proposed or declared by the Company to which the Shareholders are entitled for which a Scrip Dividend Alternative is offered

**“Relevant Dividend Payment Date”**

in respect of a Relevant Dividend, the date on which the Relevant Dividend is proposed to be paid

**“Residual Cash Balance”**

any residual cash balance held by the Company on behalf of a Shareholder being the cash value of any fractions of New Ordinary Shares which were not issued to that Shareholder pursuant to the Scrip Dividend Scheme

**“Revocation Form”**

an election, in the form provided to Shareholders who hold their Ordinary Shares in Certificated Form, cancelling the authority of the Directors to allot New Ordinary Shares under the Scrip Dividend Scheme in respect of Relevant Dividends

**“Scrip Calculation Price”**

the average of the middle market quotations of an Ordinary Share derived from the Daily Official List on the five consecutive dealing days commencing on (and including) the Ex-Dividend Date;

**“Scrip Dividend Alternative”**

the offer by the Company to Shareholders to receive New Ordinary Shares instead of a cash dividend in respect of the Relevant Dividend pursuant to the Scrip Dividend Scheme

**“Scrip Dividend Scheme”**

the scheme in terms of which Shareholders may be offered the option to receive New Ordinary Shares instead of a cash dividend, comprising the terms and conditions contained in this document as amended from time to time

**“Scrip Statement”**

the written statement delivered to each Shareholder who has elected to participate in the Scrip Dividend Scheme, which sets out, among other things, details of the New Ordinary Shares issued to the Shareholder

**“Shareholder”**

a holder (whether registered or beneficial) of Ordinary Shares

**“UK”**

the United Kingdom of Great Britain and Northern Ireland

**“UK Listing Authority”**

the UK Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000