(incorporated and registered in England and Wales with registered number 00241882)

2 December 2019

UK Capital Gains Tax guidance for individual shareholders – D Share Scheme

Dear Shareholders

The following document contains information and examples intended to offer guidance on the UK capital gains tax (***CGT***) treatment for individual Ordinary Shareholders of the recent Return of Capital by way of a D Share Scheme. Among other things, the document includes guidance both on establishing your CGT base cost in your existing Ordinary Shares, and on the required apportionment of that base cost between those Ordinary Shares and your D Shares. Shareholders who are in any doubt as to their tax position should consult an appropriate professional adviser.

IMPORTANT NOTES: The following comments do not constitute tax advice and are intended only as a general guide to UK tax law and HM Revenue & Customs' published practice (both of which are subject to change at any time, possibly with retrospective effect) as at the date of the circular dated 6 September 2019 and sent by the Company to its Shareholders (the *September Circular*). The September Circular is available at the Company's website at www.fullers.co.uk/corporate/investors.

The comments are intended to apply only to individual Shareholders who are resident and domiciled in (and only in) the UK for UK tax purposes and who are and will be the absolute beneficial owners of their Shares and who hold, and will hold, them as investments other than in an individual savings account or pensions arrangements (and not as securities to be realised in the course of a trade). Further, they summarise only certain limited aspects of the UK tax treatment of individual Shareholders.

The comments may not apply to certain Shareholders, such as dealers in securities, insurance companies and collective investment schemes, Shareholders who are exempt from taxation and Shareholders who have (or are deemed to have) acquired their Shares by virtue of an office or employment. Such persons may be subject to special rules. They may also not apply to corporate Shareholders and to Shares held in trusts or through the Company's Share Incentive Plan. The position may be different for future transactions.

This document is intended for the benefit of Shareholders who held Ordinary Shares at the record time for entitlement to D Shares pursuant to the D Share Scheme (i.e., 18:00 on Tuesday 1 October 2019) (the *Record Time*). Therefore, if you sell or have sold or otherwise transferred all or part of your Ordinary Shares since the Record Time this document may still be relevant to you and should be read in full. If, however, you sold or otherwise transferred all of your Ordinary Shares prior to the Record Time, please send this Circular at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. Likewise, if you sold or otherwise transferred part of your holding of Ordinary Shares prior to the Record Time, please consult the bank, stockbroker or other agent through whom the sale or transfer was effected. This Circular should not in any event be forwarded to or sent in or into any jurisdiction in which to do so would constitute a breach of the relevant laws of such jurisdiction.

This document is not intended to be, and should not be construed to be, legal or taxation advice to any particular Shareholder. Each Shareholder is responsible for analysing their own tax position and for ensuring that their tax returns and filings are accurate and complete. The Company accepts no liability for the commentary in this document. Shareholders who are in any doubt as to their tax position or who are subject to tax in a jurisdiction other than the UK should consult an appropriate professional adviser.

Percentages may have been rounded and accordingly may not add up to 100 per cent. Certain financial data has been rounded and, as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Examples are for illustrative purposes only and certain aspects (e.g., acquisition and disposal prices for Shares) may not reflect the actual values of Shares of the relevant classes at the relevant time. Capitalised terms have the meanings ascribed to them in the September Circular.

A note on historic reorganisations of the Company's share capital

Over the course of its history, the Company has undertaken a number of reorganisations of its share capital. Some of those reorganisations may impact for some Shareholders the CGT treatment of the Return of Capital by way of D Share Scheme. This will depend on when the Shareholder in question first acquired their shareholding in the Company, whether and to what extent they held shares at the time of a given reorganisation step and whether they have made further acquisitions and disposals of Shares since the initial acquisition.

Appendix 4 to this document sets out a description of each of the reorganisation actions since 31 July 1973 that might affect a Shareholder's CGT treatment. It is recommended that Shareholders refer to that Appendix as they read the main body of this document. This document does not purport to describe the tax treatment of all of the events for individual Shareholders, and the impact of those reorganisation actions on the CGT calculation for the D Share Scheme will depend on individual facts. Shareholders who are in any doubt as to their tax position, and in particular those who have held Shares in the Company continuously through some or all of the reorganisations, should consult an appropriate professional adviser. Information is included at Appendices 4 and 5 to this document, in addition to the information at Appendix 1, to assist those Shareholders and their advisers.

Return of Capital to Shareholders who first acquired a shareholding in the Company after 4 August 1983

The details of the mechanism of the Return of Capital by way of D Share Scheme are set out in Part II of the September Circular. Part V of the September Circular provides a general explanation of the UK tax implications of the D Share Scheme for certain UK resident and, in the case of individuals, domiciled, Ordinary Shareholders. The following provides a guide, with examples, illustrating how the CGT implications might apply to individual Shareholders in practice.

This guide works through the tax implications of the D Share Scheme in the following four steps:

Step 1: Calculating your CGT base cost in your existing Ordinary Shares before the D Share Scheme

Step 2: Tax treatment of your receipt of your D Shares

Step 3: Calculating the chargeable gain on the sale of your D Shares to Numis (including guidance on apportionment of your CGT base cost in your existing Ordinary Shares between those Ordinary Shares and your D Shares)

Step 4: Calculating your remaining CGT base cost in your Ordinary Shares after the D Share Scheme

Step 1 – Calculating your CGT base cost in your existing Ordinary Shares before the D Share Scheme

The D Share Scheme requires you to apportion your CGT base cost in your existing Ordinary Shares between those shares and your D Shares in order to calculate the gain or loss arising on the sale of your D Shares to Numis. Therefore, you will first need to determine the amount of base cost you had in your holding of each class of Ordinary Shares immediately prior to the Return of Capital.

Generally speaking, your base cost for a holding of a particular class of Ordinary Shares will be the aggregate acquisition price you paid for all your Ordinary Shares in that class. This applies even where you acquired those shares in a number of transactions, but assumes that you have not previously sold any of your Ordinary Shares of the relevant class. Base cost is required to be calculated on a per class basis and is <u>not</u> aggregated across classes.

Example:

If a Shareholder, Ms Jones, acquired 80 A Ordinary Shares in 1993 and paid £50 for them, and she then acquired 300 A Ordinary Shares in 2014 and paid £450 for them, Ms Jones' base cost for her holding of A Ordinary Shares will be £500 (£50 plus £450). (Note that the 80 A Ordinary Shares Ms Jones acquired in 1993 will have been split into 200 A Ordinary Shares as a result of the share split reorganisation that took place on 6 August 2007 – see Appendix 4 below – meaning that at the time of the D Share Scheme Ms Jones has 500 A Ordinary Shares (i.e., the 200 plus the 300 she acquired in 2014). Ms Jones did not elect to redesignate any of her A Ordinary Shares as C Ordinary Shares in August 1996. If she had redesignated all *of them as C Ordinary Shares, those A Ordinary Shares (and their associated base cost) would have been added to the C Ordinary Shares numbers below.)*

Additionally, if Ms Jones acquired 40 B Ordinary Shares in 1985 and paid £25 for them, and she then acquired 200 B Ordinary Shares in 2011 and paid £95 for them, Ms Jones' base cost for her holding of B Ordinary Shares will be £120 (£25 plus £95). (Ms Jones' 40 B Ordinary Shares she acquired in 1985 will have become 200 B Ordinary Shares as a result of the combined effect of the bonus issue on 19 August 1986 and the share split reorganisation on 6 August 2007.)

And if Ms Jones has also acquired 20 C Ordinary Shares in 1997 and paid £35 for them, and she then acquired 350 C Ordinary Shares in 2016 and paid £315 for them, Ms Jones' base cost for her holding of C Ordinary Shares will be £350 (£35 plus £315). (Ms Jones' 20 C Ordinary Shares she acquired in 1997 will have become 50 C Ordinary Shares as a result of the share split reorganisation on 6 August 2007.)

Class of Ordinary Shares	***Number of Shares in each class held by Ms Jones***	***Ms Jones' existing base cost in each class of Shares***
A	*500*	*£500*
B	*400*	*£120*
C	*400*	*£350*

What if I did dispose of some of my Ordinary Shares prior to the Return of Capital?

As mentioned above, the example assumes that Ms Jones has not previously disposed of any Ordinary Shares of any class. If she had sold any Ordinary Shares, she would simply have reduced her base cost in the class of Ordinary Shares from which she made the disposal by the amount of base cost that was used up on that disposal (an amount Shareholders should be able to determine by referring to their CGT computation in relation to the disposal in their tax return for the relevant year).

What if I didn't buy my Ordinary Shares, but instead received them as a gift?

The example assumes that Ms Jones bought all of her Ordinary Shares (apart from those received by her as a result of the Company's capital reorganisations) for cash consideration from an unrelated party. If a Shareholder instead received their Ordinary Shares as a gift or otherwise for no consideration, that Shareholder will likely have received base cost in the Ordinary Shares they received equal to the market value of those Ordinary Shares at the time of the gift. (This assumes that no specific claims or elections were made by the Shareholder at the time of the gift, e.g., for gift holdover relief. If, for example, gift holdover relief was claimed, the recipient of the gift should have inherited the transferor's base cost in the Ordinary Shares in accordance with the rules in force at the relevant time.)

What if I first acquired my shareholding in the Company before 4 August 1983?

The Share capital reorganisation transactions undertaken by the Company in 4 August 1983 are likely to have been treated as a single reorganisation for CGT purposes such that Shareholders who held A Ordinary Shares or B Ordinary Shares immediately prior to the reorganisation would be viewed as after the reorganisation having a single composite holding for CGT purposes made up of all of the Shares that were involved in the reorganisation. Such Shareholders would have base cost in their single composite holding equal to the aggregate base cost they had in their A Ordinary Shares and/or B Ordinary Shares immediately prior to the reorganisation. Depending on the actions taken by such a Shareholder since then, this composite holding may have been disaggregated into its constituent share classes (e.g., as a result of a disposal of Shares out of the holding), with an allocation of base cost to each share class at that time, or may have continued as a composite holding up to the date of the D Share Scheme. If disaggregation occurred before the D Share Scheme, then the Shareholder's CGT calculation should broadly follow this Ms Jones example. If not, the Shareholder may be required to allocate their base cost

among the D Shares and all of their various classes of Shares that make up the composite holding at the time of the D Share Scheme. For further information, please refer to Appendices 4 and 5 of this document.

What if I redesignated some but not all of my A Ordinary Shares as C Ordinary Shares in August 1996?

Shareholders who held A Ordinary Shares in August 1996 (that did not already form part of a composite holding for CGT purposes) and elected to redesignate some of their A Ordinary Shares as C Ordinary Shares but to retain others as A Ordinary Shares are likely to have been treated as having a single composite holding for CGT purposes immediately following the redesignation, comprised of the A Ordinary Shares and C Ordinary Shares held by them immediately following the August 1996 redesignation. Please refer to the preceding question ("*What if I first acquired my shareholding in the Company before 4 August 1983?*") for further information on the consequences of being treated as having a single composite holding for CGT purposes.

Step 2 – Tax treatment of your receipt of your D Shares

The D Share Scheme involves the allotment and issue of new D shares to Ordinary Shareholders, in the following proportion:

- For every A Ordinary Share or C Ordinary Share you held at the Record Time*, you will have received 10 new D Shares.
- For every B Ordinary Share you held at the Record Time*, you will have received one new D Share.

**The "Record Time" was 6:00 pm on 1 October 2019*

The issue and receipt of your D Shares in the above proportions should not give rise to a liability to UK income tax or CGT in your hands. Instead, the D Shares issued in respect of each class of Ordinary Shares will be treated for tax purposes as forming a consolidated holding with those Ordinary Shares.

Example:

At the Record Time Ms Jones held 500 A Ordinary Shares, 400 B Ordinary Shares and 400 C Ordinary Shares. Following the issue of D Shares on 2 October, her holdings will be as follows:

Class of Ordinary Shares	***Number of Shares in each class held by Ms Jones***	***Associated D Shares received in respect of that class***	***Ms Jones' base cost in each class of Shares plus associated D Shares***
A	*500*	*5,000*	*£500*
B	*400*	*400*	*£120*
C	*400*	*4,000*	*£350*

Step 3 – Calculating the chargeable gain on the sale of your D Shares to Numis

The sale of your D Shares to Numis pursuant to the D Share Scheme should be treated as a disposal of your D Shares for CGT purposes. To calculate the tax due on the sale of the D Shares, you will need to work out your chargeable gain, for which you require the following information:

- The proceeds you receive from the sale of your D Shares to Numis (being 12.5p per D Share)
- Your base cost in those D Shares

What is my base cost in those D Shares?

To determine your CGT base cost in your D Shares, your CGT base cost in each class of your existing holding of Ordinary Shares (as to which, see Step 1 above) must be apportioned between your existing Ordinary Shares and the D Shares issued to you in respect of that class. The apportionment is made by reference to respective market values and is slightly different for the listed A shares and the unlisted B and C shares as more fully explained in Appendix 1. On the basis of the market values of the shares at the relevant times, the percentage of the base cost in each class of Ordinary Shares held by you that should be apportioned to the D Shares issued in respect of that class of share is set out in the following table:

Composite shareholding	***Percentage of base cost to be apportioned to the D Shares***
A Ordinary Shares and associated D Shares	10.5485 per cent.
B Ordinary Shares and associated D Shares	10.5708 per cent.
C Ordinary Shares and associated D Shares	10.5708 per cent.

These apportionment percentages enable you to calculate how much of your CGT base cost in each class of your existing holding of Ordinary Shares must be apportioned to the new D Shares issued in respect of each share class:

$$Base\ cost\ in\ relevant\ class\ \ of\ Ordinary\ Shares\ x\ Apportionment\ percentage\ for\ that\ share\ class$$
$$= Base\ cost\ of\ D\ Shares\ in\ respect\ of\ that\ share\ class$$

Note that the apportionment percentages may be different for Shareholders who immediately prior to the issue of the D Shares are treated for CGT purposes as holding multiple classes of Ordinary Shares in a single composite holding. See Appendix 1 for further information.

Example:

If Ms Jones held 500 A Ordinary Shares at the Record Time, and so was issued 5,000 D Shares as a result of holding those 500 A Ordinary Shares, Ms Jones would now need to apportion the CGT base cost she had in her A Ordinary Shares between the A Ordinary Shares and the 5,000 D Shares. Assuming Ms Jones had base cost of £500 in her existing A Ordinary Shares, she will be required to apportion £52.74 of that base cost (£500 x the A Ordinary Share apportionment percentage of 10.5485 per cent.) to the 5,000 D Shares.

As Ms Jones also held 400 B Ordinary Shares at the Record Time, and so was issued 400 D Shares as a result of holding 400 B Ordinary Shares, she would now need to apportion the CGT base cost she had in her B Ordinary Shares between the B Ordinary Shares and the 400 D Shares. Assuming Ms Jones had base cost of £120 in her existing B Ordinary Shares, she will be required to apportion £12.68 of that base cost (£120 x the B Ordinary Share apportionment percentage of 10.5708 per cent.) to the 400 D Shares.

And as Ms Jones also held 400 C Ordinary Shares at the Record Time, and so was issued 4,000 D Shares as a result of holding 400 C Ordinary Shares, she would now need to apportion the CGT base cost she had in her C Ordinary Shares between the C Ordinary Shares and the 4,000 D Shares. Assuming Ms Jones had base cost of £350 in her existing C Ordinary Shares, she will be required to apportion £37 of that base cost (£350 x the C Ordinary Share apportionment percentage of 10.5708 per cent.) to the 4,000 D Shares.

Class of Ordinary Shares	***Number of Shares in each class held by Ms Jones***	***Associated D Shares received in respect of that class***	***Ms Jones' base cost in each class of Shares plus associated D Shares (a)***	***Base cost apportioned to D Shares received in respect of that class (b)***
A	*500*	*5,000*	*£500*	*£52.74*
B	*400*	*400*	*£120*	*£12.68*
C	*400*	*4,000*	*£350*	*£37*

Calculating the chargeable gain on the sale

To calculate the gain/loss on the subsequent disposal of the D Shares to Numis, the following calculation is used:

$$Proceeds\ from\ sale\ of\ relevant\ D\ Shares\ less\ Apportioned\ base\ cost\ for\ those\ D\ Shares$$
$$= Chargeable\ gain$$

The taxation of any chargeable gain and the amount of any CGT, if any, payable by a Shareholder will depend on his or her own personal tax position. Broadly, subject to any applicable reliefs, any gain will be taxed at a rate of 10 per cent. for a taxpayer paying tax at the basic rate of income tax and 20 per cent. for a taxpayer paying tax at a rate above the basic rate. However, for example, there is an annual exempt amount for individuals of £12,000 (for 2019/20). For more detail, please refer to paragraph 2 of Part V (*United Kingdom Taxation*) of the September Circular.

Example:

Ms Jones is selling a total of 5,000 D Shares to Numis that she was issued as a result of her holding 500 A Ordinary Shares. Ms Jones will therefore receive sale proceeds of £625 from her sale of those D Shares (5,000 x 12.5 pence). Ms Jones has calculated that £52.74 of her base cost in her existing A Ordinary Shares is apportioned to those 5,000 D Shares. Therefore, Ms Jones recognises a gain of £572.26 on the sale of those 5,000 D Shares (£625 proceeds from sale less apportioned base cost of £52.74).

Ms Jones is also selling a total of 400 D Shares to Numis that she was issued as a result of her holding 400 B Ordinary Shares. Ms Jones will therefore receive sale proceeds of £50 from her sale of those D Shares (400 x 12.5 pence). Ms Jones has calculated that £12.68 of her base cost in her existing B Ordinary Shares is apportioned to those 400 D Shares. Therefore, Ms Jones recognises a gain of £37.32 on the sale of those 400 D Shares (£50 proceeds from sale less apportioned base cost of £12.68).

Finally, Ms Jones is selling 4,000 D Shares to Numis that she was issued as a result of her holding 400 C Ordinary Shares. Ms Jones will therefore receive sale proceeds of £500 from her sale of those D Shares (4,000 x 12.5 pence). Ms Jones has calculated that £37 of her base cost in her existing C Ordinary Shares is apportioned to those 4,000 D Shares. Therefore, Ms Jones recognises a gain of £463 on the sale of those 4,000 D Shares (£500 proceeds from sale less apportioned base cost of £37).

Class of Ordinary Shares	***Number of Shares in each class held by Ms Jones***	***Associated D Shares received in respect of that class***	***Ms Jones' base cost in each class of Shares plus associated D Shares (a)***	***Base cost apportioned to D Shares received in respect of that class (b)***	***Proceeds of sale of D Shares received in respect of that class (c)***	***Chargeable gain on disposal of D Shares (c – b)***
A	*500*	*5,000*	*£500*	*£52.74*	*£625*	*£572.26*
B	*400*	*400*	*£120*	*£12.68*	*£50*	*£37.32*
C	*400*	*4,000*	*£350*	*£37*	*£500*	*£463*

Step 4 – Calculating your remaining CGT base cost in your Ordinary Shares after the D Share Scheme

After the sale of your D Shares to Numis, you will need to calculate the base cost you have remaining in each of your classes of Ordinary Shares. This remaining base cost will be relevant for any future disposals of your Ordinary Shares.

To calculate your remaining base cost for a given class of Ordinary Shares (A, B or C), you must take the base cost you had for that class of Ordinary Shares prior to the Return of Capital and subtract the amount of base cost that you attributed to the relevant D Shares in Step 3.

Example:

Prior to the Return of Capital, Ms Jones had £500 base cost in her 500 A Ordinary Shares. She was required to apportion 10.5485 per cent. of that £500 (i.e., £52.74) to the D Shares she was issued as a result of holding those A Ordinary Shares. Therefore, Ms Jones has remaining base cost in her 500 A Ordinary Shares of £447.26 (£500 less £52.74).

Prior to the Return of Capital, Ms Jones had £120 base cost in her 400 B Ordinary Shares. She was required to apportion 10.5708 per cent. of that £120 (i.e., £12.68) to the D Shares she was issued as a result of holding those B Ordinary Shares. Therefore, Ms Jones has remaining base cost in her 400 B Ordinary Shares of £107.32 (£120 less £12.68).

Prior to the Return of Capital, Ms Jones had £350 base cost in her 400 C Ordinary Shares. She was required to apportion 10.5708 per cent. of that £350 (i.e., £37) to the D Shares she was issued as a result of holding those C Ordinary Shares. Therefore, Ms Jones has remaining base cost in her 400 C Ordinary Shares of £313 (£350 less £37).

Class of Ordinary Shares	*Number of Shares in each class held by Ms Jones*	*Associated D Shares received in respect of that class*	*Ms Jones' base cost in each class of Shares plus associated D Shares (a)*	*Base cost apportioned to D Shares received in respect of that class (b)*	*Proceeds of sale of D Shares received in respect of that class (c)*	*Chargeable gain on disposal of D Shares (c – b)*	*Remaining base cost in each class of Shares (a – b)*
A	*500*	*5,000*	*£500*	*£52.74*	*£625*	*£572.26*	*£447.26*
B	*400*	*400*	*£120*	*£12.68*	*£50*	*£37.32*	*£107.32*
C	*400*	*4,000*	*£350*	*£37*	*£500*	*£463*	*£313*

Information required for completion of your tax return

Shareholders must report the gain to HMRC either through a self-assessment return (filing deadline 31 January 2021 for an electronic return, or 31 October 2020 for a paper return) or using HMRC's online reporting service (filing deadline 31 December 2020). Shareholders will need to pay the tax in full by 31 January 2021.

In reporting the gain to HMRC on your tax return, you will need to provide clear workings to HMRC which demonstrate how you have calculated the chargeable gain on the sale of your D Shares to Numis. Box 54 of the 'Capital Gains Summary' form provides space in your tax return for these workings. Box 53 may also be relevant where your workings include any estimate figures or valuations.[1]

The table in Appendix 2 of this guide has been provided to assist you with the workings that are likely required on your tax return. It translates steps 1-3 of this guide into a table which you can fill out to work out the chargeable gain on the disposal of your D Shares. Appendix 3 has been provided to assist you with working through the table in Appendix 2, as it applies the same pro forma table to the worked example in steps 1-3 of this guide. Note that the tables in Appendix 2 and Appendix 3 may not be applicable for Shareholders who first acquired a shareholding in the Company on or before 4 August 1983 or who held A Ordinary Shares in August 1996 and elected to redesignate some of their A Ordinary Shares as C Ordinary Shares but to retain others as A Ordinary Shares. However, information is included at Appendices 4 and 5 to this document to assist those Shareholders and their advisers – the intention is that those Appendices should provide such Shareholders and their advisers with enough information (at least when combined with the computations in the Shareholder's own historic tax returns) to assess their CGT treatment of the D Share Scheme.

Yours faithfully

Michael Turner

Chairman

1 This is a reference to the boxes as numbered in the form for the 2018/2019 tax year and may be different in the form for the 2019/2020 tax year.

Appendix 1 – Calculations to determine the apportionment percentage for each class of Share

As discussed in this guide, Shareholders are required to apply particular apportionment percentages to determine how much of their CGT base cost in their existing holdings of Ordinary Shares to apportion to the new D Shares issued to them. There is one apportionment percentage for each class of Ordinary Share (A, B and C).

As described in more detail in paragraph 2(b) of Part V of the September Circular (*United Kingdom Taxation*), the rules require that apportionment is to be carried out by reference to the respective market values of the Shareholder's holding of the relevant class of Ordinary Shares and the D Shares. The precise approach to determining the apportionment percentage will depend on whether the D Shares being sold to Numis were issued in respect of listed (A) or unlisted (B or C) Ordinary Shares. In the case of listed (A) Ordinary Shares, the apportionment percentage should be determined by reference to the market value of the A Ordinary Shares and D Shares at the date of *issue* of the D Shares (i.e., 2 October 2019). In the case of unlisted (B or C) Ordinary Shares, the apportionment percentage should be determined by reference to the market value of the B or C Ordinary Shares and D Shares at the date of *disposal* of the D Shares to Numis (i.e., 3 October 2019). (Shareholders who have both listed *and* unlisted Shares in a composite holding immediately prior to the issue of the D Shares should be required to apportion their base cost in the holding between the various classes of Shares based on their market values as at the date of *issue* of the D Shares (i.e., 2 October 2019).)

The market values of a single share of each class at the relevant time are as follows:

- A Ordinary Share (at date of issue of the D Shares): £10.60
- B Ordinary Share (at date of disposal of the D Shares): £1.0575
- C Ordinary Share (at date of disposal of the D Shares): £10.575
- D Shares (at both dates): 12.5p

(The market value of the A Ordinary Shares has been calculated based on the closing price for the shares on the Stock Exchange Daily Official List on the relevant day. The market values of the B and C Ordinary Shares have been calculated on the basis that HMRC have previously agreed with the Company that C Ordinary Shares shall have the same market value as A Ordinary Shares, and that B Ordinary Shares shall have one tenth of the value of A Ordinary Shares. The market values for the B and C Ordinary Shares as at the date of the disposal of the D Shares have therefore been calculated by reference to the closing price for the A Ordinary Shares on the Stock Exchange Daily Official List on that date. The market value of the D Shares is equal to the price payable by Numis for them (i.e., 12.5 pence per share).)

Using the above market values of the various share classes, the following formula can be applied to determine the relative market values of any given Shareholder's holding of a particular class of Ordinary Shares and the D Shares the Shareholder is issued as a result of holding those Ordinary Shares. The percentages take into account the fact that a fixed number of D Shares is issued in respect of each Ordinary Share of a given class (as to which, see Step 2 above).

$$\frac{Market\ value\ of\ D\ Share\ multiplied\ by\ number\ of\ D\ Shares\ issued\ per\ Ordinary\ Share\ of\ relevant\ class}{Market\ value\ of\ single\ Ordinary\ Share\ of\ relevant\ class\ +\ D\ Share\ value\ above} \times 100$$

Applying that formula to each class of Ordinary Share, we arrive at the three apportionment percentages:

Apportionment percentage for D Shares issued in respect of A Ordinary Shares:

$$\frac{12.5p\ x\ 10}{£10.60 + (12.5p\ x\ 10)} \times 100 = 10.5485\%$$

Apportionment percentage for D Shares issued in respect of B Ordinary Shares:

$$\frac{12.5p\ x\ 1}{£1.0575 + (12.5p\ x\ 1)} \times 100 = 10.5708\%$$

Apportionment percentage for D Shares issued in respect of C Ordinary Shares:

$$\frac{12.5p\ x\ 10}{£10.575 + (12.5p\ x\ 10)} \times 100 = 10.5708\%$$

Appendix 2 – Pro forma table to compute chargeable gain (or allowable loss) on sale of D Shares*

* Please note that this pro forma table may not be applicable to Shareholders who immediately prior to the D Share Scheme are treated for CGT purposes as holding multiple classes of Shares in a single composite holding. In particular, apportionment percentages would need to be recalculated.

Class of shareholding	Existing base cost in each class of Shares (£) (see step 1 for guidance)	×	Apportionment percentage (%)	=	Existing base cost apportioned to D Shares received in respect of that class (£)
A			10.5485% (1)		
B			10.5708% (2)		
C			10.5708% (3)		

Class of shareholding	Number of D Shares issued (see step 2 for guidance)	×	Purchase price (£)	=	Proceeds of sale of D Shares received in respect of that class (£)
A			£0.125 (i.e., 12.5 p)		
B			£0.125 (i.e., 12.5p)		
C			£0.125 (i.e., 12.5p)		

Class of Shareholding	Proceeds of sale of D Shares received in respect of that class (£)	–	Existing base cost apportioned to D Shares received in respect of that class (£)	=	Chargeable gain (£)
A					
B					
C					
				Total chargeable gain (£):	

Notes:

(1) ***Apportionment percentage for D Shares issued in respect of A Ordinary Shares:***

$$\frac{12.5p\ x\ 10}{£10.60 + (12.5p\ x\ 10)} \times 100 = 10.5485\%$$

(2) ***Apportionment percentage for D Shares issued in respect of B Ordinary Shares:***

$$\frac{12.5p\ x\ 1}{£1.0575 + (12.5p\ x\ 1)} \times 100 = 10.5708\%$$

(3) ***Apportionment percentage for D Shares issued in respect of C Ordinary Shares:***

$$\frac{12.5p\ x\ 10}{£10.575 + (12.5p\ x\ 10)} \times 100 = 10.5708\%$$

Appendix 3 - Pro forma table as applied to worked example (Ms Jones)

Class of shareholding	Base cost of existing shareholding (£) (see step 1 for guidance)	×	Apportionment percentage (%)	=	Base cost of D Shares (£)
A	£500		10.5485%		**£52.74**
B	£120		10.5708%		**£12.68**
C	£350		10.5708%		**£37.00**

Class of shareholding	Number of D Shares issued (see step 2 for guidance)	×	Purchase price (£)	=	Proceeds of sale of D Shares (£)
A	5,000		£0.125 (i.e., 12.5 p)		**£625**
B	400		£0.125 (i.e., 12.5p)		**£50**
C	4,000		£0.125 (i.e., 12.5p)		**£500**

Class of Shareholding	Proceeds of sale of D Shares (£)	–	Base cost of D Shares (£)	=	Chargeable gain (£)
A	£625		£52.74		**£572.26**
B	£50		£12.68		**£37.32**
C	£500		£37.00		**£463.00**
			Total chargeable gain (£):		**£1,072.58**

Appendix 4 – Additional information for certain Shareholders

Historic reorganisations of the Company's share capital

The following are the historic reorganisations of the Company's share capital since 1973 that may affect a Shareholder's CGT treatment of the Return of Capital:

31 July 1973	***Bonus issue for holders of A Ordinary Shares:*** Holders of £1 A Ordinary Shares were issued two new £1 A Ordinary Shares for every three £1 A Ordinary Shares already held
	Bonus issue for holders of B Ordinary Shares: Holders of 25p B Ordinary Shares were issued two new 25p B Ordinary Shares for every three 25p B Ordinary Shares already held
23 June 1977	***Bonus issue for holders of A Ordinary Shares:*** Holders of £1 A Ordinary Shares were issued one new £1 A Ordinary Share for every one £1 A Ordinary Share already held
	Share conversion and bonus issue for holders of B Ordinary Shares: Each 25p B Ordinary Share was converted into a 20p B Ordinary Share, and then holders of 20p B Ordinary Shares were issued one new £1 A Ordinary Share, plus five new 20p B Ordinary Shares, for every 10 20p B Ordinary Share they held following the conversion
6 August 1980	***Bonus issue for holders of A Ordinary Shares:*** Holders of £1 A Ordinary Shares were issued one new £1 A Ordinary Share for every two £1 A Ordinary Shares already held
	Bonus issue for holders of B Ordinary Shares: Holders of 20p B Ordinary Shares were issued one new 20p B Ordinary Share for every two 20p B Ordinary Shares already held
4 August 1983	***Bonus issue for holders of A Ordinary Shares:*** Holders of £1 A Ordinary Shares were issued three £1 8 per cent. Second Cumulative Preference shares, plus 10 new £1 A Ordinary Shares, for every eight £1 A Ordinary Shares they already held
	Share split and bonus issue for holders of B Ordinary Shares: Each 20p B Ordinary Share was split into two 10p B Ordinary Shares, and then holders of 10p B Ordinary Shares were issued three £1 8 per cent. Second Cumulative Preference shares, plus 10 new £1 A Ordinary Shares, for every 80 10p B Ordinary Shares they held following the share split
19 August 1986	***Bonus issue for holders of A Ordinary Shares:*** Holders of £1 A Ordinary Shares were issued one new £1 A Ordinary Share for every one £1 A Ordinary Share already held
	Bonus issue for holders of B Ordinary Shares: Holders of 10p B Ordinary Shares were issued one new 10p B Ordinary Share for every one 10p B Ordinary Share already held
29 August 1996	***Optional redesignation:*** Holders of £1 A Ordinary Shares were given the option individually to have some or all of their £1 A Ordinary Shares redesignated as (unquoted) £1 C Ordinary Shares prior to the Company's introduction to the Main Market and the listing of the £1 A Ordinary Shares
6 August 2007	***Share split for holders of A Ordinary Shares:*** Every two £1 A Ordinary Share were split into five 40p A Ordinary Shares
	Share split for holders of B Ordinary Shares: Every two 10p B Ordinary Shares were split into five 4p B Ordinary Shares
	Share split for holders of C Ordinary Shares: Every two £1 C Ordinary Shares were split into five 40p C Ordinary Shares

CGT rebasing at 31 March 1982

Shareholders who held Shares on 31 March 1982 will have had those Shares rebased such that those Shareholders' starting point for their base cost in those Ordinary Shares will be the market value of those holdings on 31 March 1982.

The market values of the classes of Ordinary Shares on 31 March 1982 were as follows:

- **A Ordinary Shares - £4.52 per share**
- **B Ordinary Shares - £0.904 per share**

(No C Ordinary Shares were in issue at the time of the 31 March 1982 rebasing.)

Market values of Shares at the time of the D Share Scheme*

The market values of the classes of relevant classes of Shares at the date of the issue of the D Shares (i.e., 2 October 2019) were as follows:

- **A Ordinary Shares - £10.60 per share**
- **B Ordinary Shares - £1.06 per share**
- **C Ordinary Shares – £10.60 per share**

The market values of the relevant classes of Shares at the date of the disposal of the D Shares to Numis (i.e., 3 October 2019) were as follows:

- **A Ordinary Shares - £10.575 per share**
- **B Ordinary Shares - £1.0575 per share**
- **C Ordinary Shares – £10.575 per share**

* Shareholders who at the time of the D Share Scheme are treated as having a composite holding for CGT purposes that includes Second Cumulative Preference Shares (i.e., whose composite holding following the 4 August 1983 reorganisation has not already been disaggregated for CGT purposes, for example as a result of a subsequent disposal out of the holding), may also need the market value of the Second Cumulative Preference Shares as at 2 or 3 October. The Company has not sought a valuation of the Second Cumulative Preference Shares at those dates and the Stock Exchange Daily Official List gives no quoted price for the Second Cumulative Preference Shares on those dates. As reported on the Stock Exchange, the nearest date on which the Second Cumulative Preference Shares were traded was 8 October 2019 at the price of £1.33 per share; however, the Company is unable to confirm whether that price accurately reflects the market value of the Second Cumulative Preference Shares at that or any other date.

Appendix 5 – Illustrative example of Shareholder who first acquired a shareholding in the Company on or before 4 August 1983

The purpose of this Appendix is to provide, for illustrative purposes only, a hypothetical example of the approach to calculating base cost for an individual Shareholder who first acquired a shareholding in the Company on or before 4 August 1983. It is important to note that the relevant legislation was amended on a number of occasions between 1982 and today and therefore the CGT treatment illustrated in the example may differ for a Shareholder who has acquired or disposed of Shares at times that are different to those described in the example. For this and other reasons, the CGT treatment of the Return of Capital for those Shareholders is potentially more complex, at least for Shareholders who have not disposed of any Shares since 5 August 1983. Shareholders who have since 5 August 1983 disposed of Shares acquired before that date may be able to determine their base cost in each class of Shares from their most recent tax computations in respect of that disposal. **However, Shareholders in this category should in any event consider consulting an appropriate professional adviser.**

The example proceeds on the basis that each of the historic reorganisation transactions described in Appendix 4 would have been treated as a "reorganisation" for CGT purposes under the law and practice in force at the relevant time. However, the Company has not sought to verify this and individual Shareholders are responsible for their own analysis of those transactions.

Assumed fact pattern

Mr Brown purchased 24 A Ordinary Shares in 1979 for £75. He also purchased 80 B Ordinary Shares at the same time for £60.

In August 1996, on the introduction of the Company to the Main Market, Mr Brown elected to redesignate all of his A Ordinary Shares as C Ordinary Shares. In 2008, Mr Brown acquired a further 500 A Ordinary Shares for £100, before disposing of 10 C Ordinary Shares in 2015. Mr Brown made no further acquisitions or disposals of shares in the Company between then and the D Share Scheme.

Illustrative CGT treatment

Shares held prior to 31 March 1982: Mr Brown held 24 A Ordinary Shares and 80 B Ordinary Shares prior to 31 March 1982. Shareholders who held shares on 31 March 1982 will have had those shares rebased such that those Shareholders' starting point for their base cost in those Ordinary Shares will be the market value of those holdings on 31 March 1982. The fact that Mr Brown paid £75 for his A Ordinary Shares and £60 for his B Ordinary Shares when he acquired them in 1979 is irrelevant for the purposes of determining his base cost in those Shares. Therefore, Mr Brown will as a result of the 31 March 1982 rebasing have held 24 A Ordinary Shares with a base cost in those A Ordinary Shares of £108.48 (24 A Ordinary Shares multiplied by the market value of a single A Ordinary Shares on 31 March 1982 of £4.52) and 80 B Ordinary Shares with a base cost in those B Ordinary Shares of £72.32 (80 B Ordinary Shares multiplied by a market value of a single B Ordinary Share on 31 March 1982 of £0.904).

Position immediately after 31 March 1982 rebasing:

Class of Shares	***Number of Shares in each class held by Mr Brown***	***Mr Brown's base cost in each class of Shares***
A	*24*	*£108.48*
B	*80*	*£72.32*
C	*Nil*	*N/A*
Prefs	*Nil*	*N/A*

4 August 1983 reorganisation: As Mr Brown held A Ordinary Shares and B Ordinary Shares at the time of the 4 August 1983 reorganisation, he will have participated in that reorganisation as follows. For every eight A Ordinary Shares already held he will have been issued three Second Cumulative Preference Shares (***Prefs***) plus 10 new A Ordinary Shares. Therefore, as he held 24 A Ordinary Shares immediately prior to the reorganisation, he will have been issued nine Prefs plus 30 new A Ordinary Shares as a result of his existing holding of A Ordinary Shares. Then, each of his B Ordinary Shares will have been split into two – i.e., his 80 B Ordinary Shares will have become 160 B Ordinary Shares. Follow that split, for every 80 B Ordinary Shares he then holds he will have been issued three Prefs plus 10 new A Ordinary Shares. As following the split he held 160 B Ordinary Shares, he will have been issued six Prefs plus 20 new A Ordinary Shares as a

result of his holding of B Ordinary Shares. Therefore, immediately following the 4 August 1983 reorganisation, Mr Brown's holding is as follows:

Class of Shares	***Number of Shares in each class held by Mr Brown***
A	*24 + 30 + 20 = 74*
B	*80 x 2 = 160*
C	*Nil*
Prefs	*9 + 6 = 15*

The 4 August 1983 transactions are likely to have been treated as a single reorganisation for CGT purposes. Mr Brown's holding of A Ordinary Shares, B Ordinary Shares and Prefs would therefore have been viewed as a single composite holding for CGT purposes, in which Mr Brown has base cost equal to the aggregate base cost he had in each of the various classes of shares (i.e., £180.80).

19 August 1986 bonus issue: The 19 August 1986 bonus issue will also have resulted in Mr Brown being issued one new A Ordinary Share for every A Ordinary Share already held and one new B Ordinary Share for every B Ordinary Share already held. Therefore, immediately following the 19 August 1986 bonus issue, Mr Brown's holding is as follows:

Class of Shares	***Number of Shares in each class held by Mr Brown***
A	*74 x 2 = 148*
B	*160 x 2 = 320*
C	*Nil*
Prefs	*15*

The 19 August 1986 reorganisation is also likely to have been treated as a reorganisation for CGT purposes. Therefore, Mr Brown's holding of the various classes of Shares would still at this point be viewed as a single composite holding for CGT purposes, in which Mr Brown has base cost of £180.80.

August 1996 optional redesignation: In August 1996, on the introduction of the Company to the Main Market, Mr Brown elected to redesignate all of his A Ordinary Shares as C Ordinary Shares. This should have been neutral from a CGT perspective and Mr Brown would still at this point be viewed as having a single composite holding for CGT purposes – the only difference being that the A Ordinary Shares that previously formed part of the composite holding are now C Ordinary Shares. Therefore, immediately after the August 1996 optional redesignation, Mr Brown's holding is as follows:

Class of Shares	*Number of Shares in each class held by Mr Brown*
A	*Nil*
B	*320*
C	*148*
Prefs	*15*

6 August 2007 share split: In the 6 August 2007 share split, every two Ordinary Shares of each class were split into five Ordinary Shares of the same class. Therefore, immediately following the 6 August 2007 share split, Mr Brown's holding is as follows:

Class of Shares	*Number of Shares in each class held by Mr Brown*
A	*Nil*
B	*(320/2) x 5 = 800*
C	*(148/2) x 5 = 370*
Prefs	*15*

The 6 August 2007 share split is also likely to have been treated as a reorganisation for CGT purposes. Therefore, Mr Brown's holding of the various classes of Shares would still at this point be viewed as a single composite holding for CGT purposes, in which Mr Brown has base cost of £180.80.

Shares acquired in 2008: Mr Brown purchased 500 A Ordinary Shares for £100. These Shares would need to be treated as a separate asset from the single composite holding comprised of Mr Brown's holding of B Ordinary Shares, C Ordinary Shares and Prefs. Mr Brown's base cost in the 500 A Ordinary Shares would be the price he paid for them, i.e., £100.

Shares disposed of in 2015: Mr Brown disposed of 10 C Ordinary Shares in 2015. Since at the time of the disposal the C Ordinary Shares form part of a deemed "single composite holding" following the reorganisations described above, this disposal will have crystallised a deemed fragmentation of that composite asset into its component Share classes and an allocation of Mr Brown's base cost in that single composite holding of £180.80 across the various classes of Shares held in it at the time of the disposal. As the Prefs have been listed on the Main Market of the London Stock Exchange since their issue (and so were listed at the time of the 6 August 2007 share split), the allocation of Mr Brown's base cost across the various classes of Shares will have been by reference to the respective market values of Mr Brown's holdings of the B Ordinary Shares, C Ordinary Shares and Prefs at the time of the 6 August 2007 share split.

The market values of the relevant classes of Shares at 6 August 2007 were as follows:

- B Ordinary Shares – £0.7395
- C Ordinary Shares – £7.395
- Prefs – £1.25*

* The Company has not sought a valuation of the Prefs at 6 August 2007 and the Stock Exchange Daily Official List gives no quoted price for the Prefs on that date. As reported on the Stock Exchange, the last time the Prefs were traded prior to 6 August 2007 was 24 August 2005 at the price of £1.25 per share, and so for the purposes of this worked example that price is taken to be the market value of the Prefs at 6 August 2007; however, the Company is unable to confirm whether that price accurately reflects the market value of the Prefs at that or any other date.

This would mean that the market values of each of Mr Brown's holdings of the various classes at the relevant time were as follows:

Class of Shares	***Number of Shares in each class held by Mr Brown***	***Market value per share of this class***	***Market value of Mr Brown's holding of this class***	***Market value of Mr Brown's holding of this class as a proportion of his total holding***
B	*800*	*£0.7395*	*£591.60*	*17.68%*
C	*370*	*£7.395*	*£2,736.15*	*81.76%*
Prefs	*15*	*£1.25*	*£18.75*	*0.56%*

Mr Brown will have been required to allocate the £180.80 aggregate base cost he held in his composite holding as follows:

- Base cost allocated to B Ordinary Shares: £180.80 x 17.68% = £31.96
- Base cost allocated to C Ordinary Shares: £180.80 x 81.76% = £147.82
- Base cost allocated to Prefs: £180.80 x 0.56% = £1.01

The base cost allocated to each class of Shares as a result of the disposal is fixed at that time and for CGT purposes each of Mr Brown's classes of Shares are treated as a separate asset going forward (rather than as part of a single composite holding). Therefore, as a result of the allocation of the base cost, each of Mr Brown's classes of Shares (including the A Ordinary Shares that did not form part of the composite holding) are as follows:

Class of Shares	***Number of Shares in each class held by Mr Brown***	***Mr Brown's base cost in each class of Shares***
A	*500*	*£100*
B	*800*	*£31.96*
C	*370*	*£147.82*
Prefs	*15*	*£1.01*

The disposal of 10 C Ordinary Shares in 2015 will then have been treated as a part disposal of Mr Brown's holding of C Ordinary Shares, and as such will have used up a proportion of the £147.82 base cost he has in his C Ordinary Shares. The proportion of his base cost used up will be determined by comparing the market value of the 10 C Ordinary Shares he disposes of with the market value of his C Ordinary Shares as a whole. As the 10 C Ordinary Shares he disposed of represent 2.70% of his total holding of 370 C Ordinary Shares, Mr Brown will have used up 2.70% of his £147.82 base cost, i.e., £4.00, leaving him with remaining base cost of £143.82 in his remaining 360 C Ordinary Shares.

Following the disposal, Mr Brown's position is therefore as follows:

Class of Shares	***Number of Shares in each class held by Mr Brown***	***Mr Brown's base cost in each class of Shares***
A	*500*	*£100*
B	*800*	*£31.96*
C	*370 – 10 = 360*	*£147.82 – £4.00 = £143.82*
Prefs	*15*	*£1.01*

Return of Capital by way of D Share Scheme: As Mr Brown's classes of Shares are dealt with separately for CGT purposes immediately prior to the D Share Scheme (rather than as a single composite holding – the 2015 disposal having crystallised a fragmentation of his composite holding for CGT purposes), his treatment on the Return of Capital is likely to be in line with that of Ms Jones in Steps 2 to 4 of the main body of the above guidance.