

GOVERNANCE / CAPITAL STRUCTURE

AS AT 30 SEPTEMBER 2018

The Company's capital structure comprises Ordinary Shares, Debenture Stock and Loan Notes.

Ordinary Shares

At 30 September 2018, there were 129,526,165 (2017: 129,526,165) Ordinary Shares of 10p each in issue, of which 17,681,674 (2017: 13,372,622) were held in treasury and therefore the total voting rights attaching to Ordinary Shares in issue were 111,844,491.

Income entitlement

The profits of the Company (including accumulated revenue reserves) available for distribution and resolved to be distributed shall be distributed by way of interim, final and (where applicable) special dividends among the holders of Ordinary Shares, subject to the payment of interest to the holders of Debenture Stock and Loan Notes.

Capital entitlement

After meeting the liabilities of the Company and the amounts due to Debenture Stock and Loan Note holders on a winding-up, the surplus assets shall be paid to the holders of Ordinary Shares and distributed among such holders rateably according to the amounts paid up or credited as paid up on their shares.

Voting entitlement

Each Ordinary shareholder is entitled to one vote on a show of hands and, on a poll, to one vote for every Ordinary Share held.

The Notice of Meeting and Form of Proxy stipulate the deadlines for the valid exercise of voting rights and, other than with regard to Directors not being permitted to vote their shares on matters in which they have an interest, there are no restrictions on the voting rights of Ordinary Shares.

Transfers

There are no restrictions on the transfer of the Company's shares other than a) transfers by Directors and Persons Discharging Managerial Responsibilities and their connected persons during closed periods under the Market Abuse Regulation or which may constitute insider dealing, b) transfers to more than four joint transferees and c) transfers of shares which are not fully paid up or on which the Company has a lien provided that such would not prohibit dealings taking place on an open and proper basis.

The Company is not aware of any agreements between shareholders or any agreements or arrangements with shareholders which would change in the event of a change of control of the Company.

Debenture Stock

At 30 September 2018, there was in issue £15,000,000 (2017: £15,000,000) 8¹/₈% Debenture Stock 2023, repayable on 2 July 2023.

Income entitlement

Holders of the Debenture Stock are entitled to interest paid half-yearly at the rate of 8¹/₈% per annum.

Capital entitlement

The Debenture Stock holders are entitled to repayment of principal and outstanding interest on the redemption date or, if earlier, on the occurrence of an event of default. The Debenture Stock is secured by a floating charge on all of the assets of the Company. If the Company is liquidated the Debenture Stock is redeemable by the Company at a price which is the higher of par and the price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference UK government bond, together

with interest accrued up to and including the date of redemption. Had the Company been liquidated on 30 September 2018, the redemption premium would have amounted to £0.8m over and above the mid-market price.

The mid-market price of the Debenture Stock as at 30 September 2018 was 126.50p (2017: 130.25p).

Voting entitlement

The holders of Debenture Stock have no right to attend or to vote at general meetings of the Company.

Loan Notes

At 30 September 2018, there were in issue fixed rate 20 year unsecured private placement notes (the 'Loan Notes'). The Loan Notes were issued in the following tranches:

- on 15 January 2016: 4.184% Series A Sterling Unsecured Loan Notes 2036
- on 15 January 2016: 3.249% Series B Euro Unsecured Loan Notes 2036
- on 1 November 2017: 2.93% Euro Senior Unsecured Loan Notes 2037

Income entitlement

Interest is payable half-yearly in each case at rates of 4.184% per annum on the Sterling Loan Notes, 3.249% per annum on the €30m Euro Loan Notes and 2.93% per annum on the €20m Euro Senior Loan Notes.

Capital entitlement

The Loan Note holders are entitled to repayment of principal and outstanding interest on the redemption date or, if earlier, on the occurrence of an event of default. The redemption dates are:

- 15 January 2036 for the 4.184% Series A Sterling Unsecured Loan Notes 2036
- 15 January 2036 for the 3.249% Series B Euro Unsecured Loan Notes 2036
- 1 November 2037 for the 2.93% Euro Senior Unsecured Loan Notes 2037

The Loan Notes are unsecured. If the Company is liquidated the Loan Notes are redeemable by the Company at a price which is the higher of par and:

- for the 4.184% Series A Sterling Unsecured Loan Notes 2036, the price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference UK government bond
- for the 3.249% Series B Euro Unsecured Loan Notes 2036 and for the 2.93% Euro Senior Unsecured Loan Notes 2037, the price at which the Gross Redemption Yield on the date of redemption is equivalent to the yield on a reference German government bond,

in each case together with interest accrued up to and including the date of redemption.

Had the Company been liquidated on 30 September 2018, the redemption premium would have amounted to £16.5m over and above the market values.

The estimated market values of the Loan Notes as at 30 September 2018 were Series A: £32.5m and Series B: £28.0m and Euro Senior: £17.9m, being £2.6m, £1.4m and £0.2m respectively above the amortised values excluding interest.

Voting entitlement

The holders of the Loan Notes have no right to attend or to vote at general meetings of the Company.