

# Scrip Dividend Scheme

## This document is important and requires your immediate attention

If you are in any doubt as to the action you should take, you are advised to immediately consult an appropriate independent adviser (e.g. stockbroker, solicitor or accountant) duly authorised under the United Kingdom Financial Services and Markets Act 2000 or, if you are not in the United Kingdom, another appropriately authorised independent adviser.

### Dear Shareholder,

At the Company's AGM held on 29 July 2016, shareholders approved the implementation of a scheme enabling shareholders to receive new shares instead of the cash should they elect to do so. This is known as scrip dividend. This scrip dividend scheme was first used in respect of the final dividend for re 2015/16 financial year (the "2015/16 Final Dividend").

In the Company's interim results for the six months ended 30 September 2016 which were announced on 5 December 2016, an interim dividend of 1.46p per share was declared to those shareholders on the register at the close of business on 16 December 2016 (the "2016/17 Interim Dividend"). It is intended to pay this dividend on 1 February 2017. The Plastics Capital Board has also decided to offer shareholders the scrip dividend alternative in respect of this dividend. Shareholders participating in the scheme can increase their shareholding in the Company easily without incurring any dealing costs or stamp duty and the Company is able to invest the cash saved in the business.

**If you wish to continue to receive your dividends in cash or you have previously elected for a scrip mandate which has not been revoked since, you do not need to do anything and may disregard this letter (unless you hold your shares in CREST as set out below). If however you have a scrip mandate in place and wish to revoke this election please refer to paragraph 13 of the scrip dividend scheme booklet.**

If you either were not a shareholder at the time of the 2015/16 Final Dividend or received cash in respect of that dividend but wish to receive new shares instead of cash in respect of the 2016/17 Interim Dividend, you will need to complete the enclosed Scrip Mandate Form (if you hold your shares in certificated form) or make a CREST election (if you hold your shares in uncertificated form). You can also join the Scheme online at [www.capitashareportal.com](http://www.capitashareportal.com).

If you hold your shares in CREST you can only elect to receive the scrip dividend alternative through a CREST Dividend Input Message. CREST members must submit a new Dividend Election Input Message for each dividend that they wish to receive in the form of new shares otherwise you will receive your dividend in cash.

If you have any questions, please call **Capita Asset Services** on **0371 664 0321** or contact your CREST Sponsor (if you are a CREST personal member or other CREST sponsored member).

**The Scrip Mandate Form or CREST election must be received by Capita Asset Services by no later than 5.00pm on 18 January 2017.**

The terms and conditions of the Scheme are set out in the [enclosed] booklet sent to shareholders when the scheme was launched earlier this year, a copy of which is available on the Company's website: [www.plasticscapital.com](http://www.plasticscapital.com).

Whether or not you should elect to receive new shares instead of cash may depend on your own personal tax circumstances. If you are in any doubt as to the action you should take, you are advised to immediately consult an appropriate independent adviser (e.g. stockbroker, solicitor or accountant) duly authorised under the United Kingdom Financial Services and Markets Act 2000 or, if you are not in the United Kingdom, another appropriately authorised independent adviser. You should bear in mind that the price of the Company's shares can go down as well as up.

Yours faithfully,

**Nicholas Ball**  
Company Secretary  
Plastics Capital plc

# Scrip Dividend Scheme

continued

## The scrip dividend scheme

The following explains how the Scheme operates and sets out further details and terms and conditions of the Scheme.

### 1. What is the Scheme?

The Scheme which was approved by shareholders on 29 July 2016, enables you, as a Shareholder, to elect to receive, if you wish, New Shares in the Company instead of a cash dividend. This way, you can receive new shares without paying any dealing costs or stamp duty.

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

All Shareholders who are resident in the UK are entitled to participate in the Scheme. The right to elect to join the Scheme is not transferrable. Shareholders not resident in the UK should refer to paragraph 15 below.

### 3. How do I participate in the Scheme if my shares are held in certificated form?

If your shareholding is in certificated form (that is, not in CREST), you may elect to participate in the Scheme by completing a Scrip Mandate Form either online (see paragraph 4 below) or by completing and returning a Scrip Mandate Form to the Company's registrar, Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If you wish to receive new shares instead of cash, the Scrip Mandate Form must be received by Capita Asset Services by no later than 5.00 p.m. on 18th January 2017 to be eligible for the dividend. Scrip Mandate Forms received after that time will be applied in respect of subsequent dividends.

No acknowledgment of receipt of Scrip Mandate Forms will be issued.

If you have any questions, please call Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### 4. Can I apply online?

If your shareholding is in certificated form (that is, not CREST), you can apply online by visiting [www.capitashareportal.com](http://www.capitashareportal.com)

### 5. What if my shares are held in CREST?

If you hold your Ordinary shares in uncertificated form in CREST you can only elect to receive dividends in the form of New Shares through a CREST Dividend Election Input Message. By doing so, CREST members confirm their election to join the Scheme and their acceptance of these terms and conditions. No other form of election (including a paper Scrip Mandate Form) will be accepted.

If you are a CREST personal member, or other CREST sponsored member, you should consult your CREST sponsor, who will be able to take the appropriate action on your behalf.

The Dividend Election Input Message submitted must contain the number of shares on which the election is being made. If the relevant field is left blank or completed with a zero, the election will be rejected. If you enter a number of shares greater than your holding in CREST on the relevant Record Date, the election will be applied to your total holding held as at the Record Date for the relevant dividend.

Once an election is made using the CREST Dividend Election Input Message system it cannot be amended. Therefore, if a CREST member wished to change their election, the previous election would have to be cancelled. All elections made via the CREST system should be submitted in accordance with the procedures as stated in the CREST Reference Manual.

CREST members must submit a new Dividend Election Input Message for each dividend that they wish to receive in the form of New Shares otherwise you will receive your dividend in cash.

### 6. What if I have more than one certificated shareholding?

You will only receive New Shares in respect of the shareholdings for which you submit a Scrip Mandate Form. If you have more than one shareholding and wish to participate in the Scheme in respect of each shareholding, you must submit a Scrip Mandate Form for each shareholding.

### 7. As a participant in the Scheme, how many New Shares will I receive?

The number of New Shares you will receive under the Scheme in respect of any dividend will depend on the amount of cash dividend to which you are entitled, any residual cash balance brought forward from the last scrip dividend, the number of shares held at the dividend Record Date and the Reference Share Price to be used in calculating shareholder entitlements.

The formula used for calculating the maximum number of New Shares to be received for each dividend will be as follows:

$$\frac{(\text{number of shares held at dividend Record Date} \times \text{cash dividend per share}) + \text{any residual cash balance}}{\text{Reference Share Price}}$$

#### For example:

The following is for illustrative purposes only.

|                              |                       |
|------------------------------|-----------------------|
| Shareholding at Record Date: | 1,000 Ordinary shares |
| The amount of the dividend:  | 4.4p per share        |
| The Reference Share Price:   | 115p per share        |

The number of New Shares to be allotted is as follows:  
 $(1,000 \times 4.4p) / 115p = 38.26$  New Shares, rounded down to 38 New Shares

The cash balance of 30p will be carried forward to be included in your entitlement to the next dividend.

No fraction of a New Share will be allotted and any residual cash balance will be carried forward to be included in your entitlement to the next dividend. However, in respect of a CREST election, the residual cash balance will be paid on the payment date. No interest will be payable on any residual cash balances.

If you cease to be a Shareholder or the Company terminates the Scheme or the Scrip Mandate Form is no longer valid, any residual cash balance held will be paid (without interest) to the relevant Scheme participant or their estate or trustee entitled thereto, as applicable, as soon as reasonably practicable thereafter provided that amounts less than £3 standing to their benefit in such circumstances will be retained for the benefit of the Company.

#### **8. How will I know how many New Shares I have received?**

Once the New Shares have been issued, a statement will be sent to you detailing the number of New Shares issued, the Reference Share Price and the total cash equivalent of the New Shares for tax purposes. Subject to the New Shares being admitted to trading on AIM, you will receive your share certificate in respect of the New Shares (if applicable) either with the statement referred to above or as soon as practicable thereafter. All documents, including share certificates, which are sent to or by any participant, will be sent at that participant's own risk.

If your cash dividend entitlement is insufficient to acquire at least one New Share, the statement will explain that no New Shares have been issued and you will receive the cash dividend due in respect of your shareholding unless you hold your shares in certificated form in which case your cash dividend entitlement will be carried forward in respect of future dividends.

If your shareholding is in uncertificated form in CREST, your member account will be credited directly with the New Shares on the dividend payment date or as soon as practicable thereafter, subject to the New Shares being admitted to trading on AIM. You will receive a statement showing the number of New Shares allotted the Reference Share Price and the total cash equivalent of the New Shares for tax purposes.

#### **9. Will the New Shares have the same rights?**

Yes, the New Shares will carry the same voting rights as the existing Ordinary shares, will rank equally in all respects with the existing Ordinary shares and will qualify for all future dividends (and therefore count towards any future entitlement(s) under the Scheme).

#### **10. Can I participate in respect of only part of my shareholding?**

No, Scrip Mandate Forms will only be accepted in relation to the whole shareholding. However, in the case of a CREST election, a partial election will be permitted.

#### **11. Does the Scheme apply to shares held in joint names?**

Yes, but all joint Shareholders must sign the relevant Scrip Mandate Form for the election to receive scrip dividends instead of cash to be effective.

#### **12. Will I have to submit a new Scrip Mandate Form for each dividend?**

No, your Scrip Mandate Form will apply in respect of all future dividends to which Plastics Capital offers a scrip dividend as an alternative to cash. However, if your shareholding is in uncertificated form that is, in CREST, you will need to follow the CREST procedure outlined in paragraph 5 above.

#### **13. How do I cancel my participation in the Scheme?**

You can cancel your participation in the Scheme either online via the Capita Share Portal (see paragraph 4 above) or in writing to the Company's registrar at Capita Asset Services, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

If notification of cancellation is received by Capita Asset Services after the latest time for receipt of the Scrip Mandate Form or CREST election for a particular dividend, the cancellation will take effect for all future dividends only.

If your shareholding is in uncertificated form in CREST, you must cancel your participation by means of the relevant CREST procedure.

A cancellation by either means stated above will be effective for that dividend and any future dividends in respect of which the Company offers a scrip dividend alternative.

Your Scrip Mandate Form will also be cancelled on notification of such shareholder's death. However, if a joint shareholder dies, the mandate will continue in favour of the surviving joint shareholder(s) (unless cancelled by the surviving joint shareholder(s)).

#### **14. What happens if I sell/buy shares after submitting a Scrip Mandate Form?**

If you sell all of your shares, the Scrip Mandate Form will automatically be cancelled. If this sale has happened prior to or on the dividend Record Date, no dividend will be due to you. If this happens after the dividend Record Date but prior to or on the last day for receiving a scrip dividend election, a cash dividend will be paid.

If the sale happens after the last day for receiving a scrip dividend election you will still receive New Shares for that dividend under the Scheme.

If you sell some of your shares before a Record Date for a dividend, the Scrip Mandate Form will still apply for the remainder of your shares.

If you buy additional shares after a Record Date for a dividend, the additional shares will not be eligible to receive the cash or scrip dividend but will be eligible for future cash dividends.

#### **15. Can overseas Shareholders participate in the Scheme?**

If you are not resident in the UK you can only elect to participate in the Scheme if the Scheme can be lawfully offered to, and be accepted by, you under the laws of the relevant jurisdiction and, in both cases, without further obligation on the part of the Company.

If you are not resident in the UK and wish to participate in the Scheme, you are responsible for ensuring the full observance of the laws of the relevant jurisdiction, including complying with any relevant regulatory or legal procedures, obtaining any relevant government or other consents and observing any and all other necessary formalities.

#### **16. Can the Company change or cancel the Scheme?**

The operation of the Scheme is always subject to the Directors' decision to make the Scheme available in respect of any particular dividend until the Scheme expires.

The Company may, after offering a scrip dividend alternative instead of a cash dividend, revoke that offer at any time prior to the issue of New Shares under the Scheme. If the Company revokes an offer, Shareholders will receive a cash dividend.

The Scheme may be modified, suspended or terminated at any time at the discretion of the Directors without notice to Shareholders individually. In the event of a modification, Scrip Mandate Forms will remain valid until the Shareholder notifies the Company that participation should be cancelled.

All elections to participate in the Scheme will be cancelled on the third anniversary of 29 July 2016 unless authority to operate the Scheme (subject to any required legislative or regulatory modifications) is renewed at the third Annual General Meeting following that date. If the Scheme is renewed, all existing Scrip Mandate Forms will remain valid subject to any required legislative or regulatory modifications.

#### **17. What is the governing law of the Scheme?**

The Scheme is subject to the Company's articles of association and is governed by and its terms are to be construed in accordance with English law. Participants agree to submit to the exclusive jurisdiction of the English courts in relation to any matters arising out of, or in connection with, the Scheme.

# Scrip Dividend Scheme

continued

## 18. Who do I contact if I have questions about the Scheme?

If you have any questions, please call Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

## 19. What are the tax consequences of participating in the Scheme?

The following statements are intended to apply only as a general guide to current UK tax law (on the basis of the Finance (No. 2) Bill 2016 being enacted in its current form as at publication) and to the current practice of HMRC, both of which are subject to change at any time, possibly with retrospective effect. They are not advice. Except insofar as express reference is made to the treatment of non-UK residents, the following statements are intended to apply only to Shareholders who are resident (or, in the case of an individual, domiciled and resident) in the UK for UK tax purposes, who hold Ordinary shares as investments and who are the absolute beneficial owners of ordinary shares. The statements may not apply to certain classes of Shareholders, such as dealers in securities or distributions, broker-dealers, insurance companies, collective investment schemes, persons who hold their shares by virtue of an interest in any partnership and persons who have acquired (or are deemed for tax purposes to have acquired) their shares by reason of office or employment.

Shareholders who are in any doubt as to their tax position or who are resident or domiciled in or subject to tax in a jurisdiction other than the UK should consult their own professional advisers immediately.

### Income tax

A Shareholder who is an individual resident (for tax purposes) in the UK and who elects to receive New Shares instead of a cash dividend from the Company will be subject to tax on an amount equal to the cash equivalent of those New Shares. This amount will be regarded as the top slice of the Shareholder's income and the Shareholder will be subject to tax on it as dividend income.

From 6 April 2016, individual Shareholders are no longer entitled to a tax credit in respect of dividends. Instead, the first £5,000 of dividend income (including the cash equivalent of the New Shares) received by individuals resident in the UK in a tax year will be exempt from income tax. Dividend income within this £5,000 allowance will still be taken into account for the purposes of determining the rate of income tax that applies to an individual.

Dividend income in excess of this amount (and above the individual personal allowance for the Shareholder in question) will then be taxed at a rate of 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers, or 38.1% for additional rate tax payers. Subject to what is said below in relation to determination of the cash equivalent of the New Shares, this is the same treatment as for cash dividends.

The "cash equivalent" of any New Shares received in lieu of a cash dividend will be the amount of the cash dividend forgone unless the difference between that amount and the market value of the New Shares (received in lieu of the cash dividend) on the earliest date on which the Company is required to issue them is equal to or greater than 15% of that market value, in which case the cash equivalent will be that market value.

### Capital gains tax

A Shareholder who is an individual resident (for tax purposes) in the UK and who elects to receive New Shares instead of a cash dividend from the Company will be treated as having acquired those New Shares for an amount equal to the cash equivalent (as described above).

### Corporation tax

Where a company which is resident (for tax purposes) in the United Kingdom elects to receive New Shares instead of a cash dividend from the Company, the issue of the New Shares should be treated as a bonus issue for which there is no acquisition cost. Consequently, the calculation of any chargeable gain or allowable loss on a future disposal of, or of part of, that company's enlarged holding should fall to be made by reference to the base cost of the original holding only.

### Stamp duty

No stamp duty or stamp duty reserve tax will be payable on the allotment and issue of New Shares under the Scheme.

## 20. Definitions

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

|                                |   |
|--------------------------------|---|
| "AIM"                          | The Alternative Investment Market which is the London Stock Exchange's global market for smaller and growing companies.   |
| "Capita Asset Services"        | Capita Asset Services is a trading name of the Company's registrars, Capita Registrars Limited  |
| "Company" or Plastics Capital" | Plastics Capital plc  |
| "CREST"                        | the relevant system as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755) in respect of which Euroclear UK and Ireland Limited is the operator  |
| "Directors"                    | the directors of the Company, from time to time   |
| "New Shares"                   | new Ordinary shares to be issued, credited as fully paid up, pursuant to the Scheme   |
| "Ordinary shares"              | ordinary shares of 1p each in the 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   |
| "Reference Share Price"        | the average of the closing middle market quotations of an Ordinary share, derived from the London Stock Exchange Daily Official List, for the five consecutive business days commencing on the ex-dividend date or the par value of an Ordinary share (whichever is higher) |
| "Scheme"                       | the offer by the Company to Shareholders to receive New Shares instead of a cash dividend   |
| "Scrip Mandate Form"           | a form provided by the Company (and which may be in hard copy form or via an online form), from a Shareholder holding Ordinary shares in certificated form to the Directors to allot New Shares under the terms of the Scheme   |
| "Shareholder"                  | holder(s) of Ordinary shares  |
| "UK" or "United Kingdom"       | the United Kingdom of Great Britain and Northern Ireland  |