



**CAPITAL &
REGIONAL**

CAPITAL & REGIONAL PLC

SCRIP DIVIDEND SCHEME

Terms and Conditions

(Incorporated and registered in England and Wales under number 1399411)

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.

If you have disposed of all of your shares in Capital & Regional plc, this document should be handed to the purchaser of such shares or to the CSDP, CREST provider, broker, custodian, banker or other agent through whom the disposal was effected.

This document contains the terms and conditions of the Company's Scrip Dividend Scheme and should be read in conjunction with the Mandate Form (which will be made available to certificated Shareholders when a scrip dividend is offered) 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.

Please note that elections to receive scrip dividends pursuant to the 2016 Scrip Dividend Scheme are cancelled. Therefore Shareholders will be required to elect to receive the scrip dividend in accordance with the terms and conditions of this new Scrip Dividend Scheme.

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 (when supplied).

Capital & Regional does not accept responsibility and will not be held liable for any failure on the part of any CREST provider, CSDP, broker or custodian of any holder of dematerialised or certificated shares 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 15 to 17.
- The Scrip Dividend Scheme applies to the final dividend in respect to the financial year ending 30 December 2019, and all future interim and final dividends in respect of which a Scrip Dividend Alternative is offered unless cancelled, modified, suspended or terminated in accordance with the terms set out herein.
- 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 Scheme generally at any time prior to the allotment of the New Ordinary Shares pursuant to it. If the Directors suspend or terminate the 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 15 April 2020. Save to the extent required by applicable law, Capital & Regional shall be under no obligation to update this document or the information contained in it.

Description of the Scrip Dividend Scheme

1. WHAT IS THE SCRIP DIVIDEND SCHEME?

The Scrip Dividend Scheme enables eligible Shareholders to elect to receive, if they wish, New Ordinary Shares in the Company instead of a cash dividend in respect of future dividends proposed by the Company for which a Scrip Dividend Alternative is offered.

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 stockbroker, custodian, bank manager, legal adviser, accountant or other independent professional 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 or in respect of all or any dividends payable within a specified period. Should the Directors decide not to offer the Scrip Dividend Alternative in respect of any particular dividend, cash will automatically be paid.

The Company is a UK REIT (more information on REITs is available at <http://capreg.com/investor-info/reit-status/>). The Directors may set different proportions of a dividend payable as a PID or non-PID depending on whether the dividend is received as cash or shares. Please refer to Taxation Guidelines on pages 9 to 13 for comment on the tax treatment of PIDs and non-PIDs.

Shareholders (other than UK Certificated Shareholders) should note that any election made to participate in the Scrip Dividend Scheme will apply only to the next Relevant Dividend, and not to any subsequent Relevant Dividends. Such Shareholders will need to make a separate election in respect of each Relevant Dividend where they wish to receive New Ordinary Shares instead of a cash dividend.

UK Certificated Shareholders can join the Scrip Dividend Scheme by completing and returning a Mandate Form. This will be 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 mandate is subsequently cancelled.

Details of the procedures for making and cancelling an election to participate in the Scrip Dividend Scheme are set out in paragraphs 3 to 7 below.

2. WHO CAN PARTICIPATE IN THE SCRIP DIVIDEND SCHEME?

All Shareholders are entitled to participate in the Scrip Dividend Scheme. Shareholders resident in South Africa and who hold shares on the SA Register are, however, subject to the requirements of local exchange control. Please see the section titled "Exchange Control" on page 14 of this document for details of the exchange control implications of participation in the Scrip Dividend Scheme. The right to elect to join the Scrip Dividend Scheme is not transferable.

If you are a Shareholder who is resident outside the UK or South Africa, 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 Capital & Regional or your participation would not be in compliance with any registration or other legal requirements. Any person resident outside the UK or South Africa wishing to receive New Ordinary Shares is responsible for ensuring that their election can, without any further obligation on Capital & Regional, 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.

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 your instructions to apply to a Relevant Dividend:

- (a) elections by SA Shareholders must be received by the SA Transfer Secretaries no later than 12.00pm (SA time) on the Record Date for each Relevant Dividend; and
- (b) elections by UK Shareholders must be received by the UK Registrar no later than close of business on the date specified in the timetable for each Relevant Dividend, which generally is expected to be the fifth business day after the Record Date for each Relevant Dividend.

No acknowledgment of receipt of the elections will be made.

For shares held in CREST or via a CSDP or broker, please contact your CREST provider, CSDP or broker, as earlier lodgement dates may apply in order to permit them to advise the relevant Registrar by the dates specified above.

Elections received or input after the lodgement dates above will be rejected in relation to the Relevant Dividend and will also not apply to any subsequent Relevant Dividend, except in relation to those UK Certificated Shareholders who have made an "evergreen" election by completing the Mandate Form, where such election will apply to future Relevant Dividends only.

The Ex-dividend Date, Scrip Calculation Price, applicable Exchange Rate, Election Date and all further information in respect of each Relevant Dividend will be announced and made available on the Capital & Regional website at www.capreg.com, and in such other manner as may be required by the LSE and the JSE.

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; (ii) in the case of holdings in Uncertificated Form, to credit the New Ordinary Shares to the Shareholders CREST account on the relevant settlement date for the Relevant Dividend and (iii) in the case of holdings in Dematerialised Form, to credit the New Ordinary Shares allotted to the Shareholder's CSDP account on the relevant settlement date for the Relevant Dividend.

As explained in paragraph 1 above, Shareholders (other than UK Certificated Shareholders) will have to make separate elections in relation to each Relevant Dividend where such Shareholder wishes to receive New Ordinary Shares pursuant to the Scrip Dividend Scheme, instead of a cash dividend. However, mandates to participate in the Scrip Dividend Scheme by UK Certificated Shareholders will be applied for all future Relevant Dividends unless and until such mandate is cancelled by such Shareholder or until the Scrip Dividend Scheme itself is cancelled by the Company.

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

5. HOW DO I JOIN (OR LEAVE) THE SCRIP DIVIDEND SCHEME IF I HOLD ORDINARY SHARES IN CERTIFICATED FORM (NOT THROUGH CREST OR VIA A CSDP OR BROKER)?

How do I elect to join the Scrip Dividend Scheme?

If you are a UK Certificated Shareholder, you may join the Scrip Dividend Scheme by either: (i) completing the Mandate Form provided to you or obtainable on request from the UK Registrar and return it to the UK Registrar; or (ii) through www.shareview.com (for evergreen elections only).

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

Mandate Forms will also be made available for download from the Company's website at www.capreg.com, for completion and return to the UK Registrar or the SA Transfer Secretaries (as applicable).

How can I amend or cancel my election?

UK 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 the Election Date for that Relevant Dividend by a notice in writing to the UK Registrar. Cancellation instructions received after that date will be rejected, as all elections will lapse after the Relevant Dividend for which that election has been made, unless the Shareholder in question has made an "evergreen" election, in which case it will apply to subsequent Relevant Dividends only.

Shareholders on the SA Register should note that any election by them to participate in the Scrip Dividend Scheme in respect of a Relevant Dividend is irrevocable. Notwithstanding previous participation in the Scrip Dividend Scheme, an election is required to be made as set out above in respect of each Relevant Dividend, failing which Shareholders will receive the cash dividend.

6. HOW DO I JOIN (OR LEAVE) THE SCRIP DIVIDEND SCHEME IF I HOLD ORDINARY SHARES IN UNCERTIFICATED FORM ON THE UK REGISTER?

How do I 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 no later than the Election Date to be eligible for the next Relevant Dividend. 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 is found at www.capreg.com, 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 New Ordinary Shares in respect of which the election is made. If the number of New Ordinary Shares elected 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 its election, such Shareholder would need to cancel their previous election and submit a new election.

Will I have to make separate elections to receive scrip shares for each dividend?

Yes. If you wish to receive New Ordinary Shares instead of cash in respect of a future Relevant Dividend, you must complete a CREST Dividend Election Input Message, otherwise you will receive your dividend in cash, by cheque or warrant, by any direct debit, bank or by other transfer system previously elected for the receipt of dividends.

How can I cancel my 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 UK 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, which will normally be five business days after the Record Date for that Relevant Dividend, for it to be effective. Notice must be received before close of business on that Election Date. For shares held in CREST via a broker or nominee, please contact the nominee or broker as earlier lodgement dates will apply to permit them to advise the UK Registrar by the required date.

All elections will lapse automatically after the Relevant Dividend for which the election has been made.

7. WHAT IF I HOLD MY ORDINARY SHARES IN DEMATERIALIZED FORM ON THE SA REGISTER?

How do I elect to participate in the Scrip Dividend Scheme?

SA Shareholders who hold their Ordinary Shares in Dematerialised Form and who wish to participate in the Scrip Dividend Scheme in respect of any Relevant Dividend should notify their CSDP, broker or custodian as such in the manner and the time stipulated in the agreement governing the relationship between such Shareholder and their CSDP, broker or custodian, failing which they will receive the cash dividend.

Any paper elections relating to dematerialised holdings are submitted wholly at the risk of the submitting party and the SA Transfer Secretaries reserve the right to reject any paper elections received relating to these holdings.

How can I cancel my election?

Any election to participate in the Scrip Dividend Scheme in respect of a Relevant Dividend is irrevocable. Notwithstanding previous participation in the Scrip Dividend Scheme, an election is required to be notified as set out above in respect each Relevant Dividend, failing which Shareholders will receive the cash dividend.

8. CAN I PARTICIPATE IN THE SCRIP DIVIDEND SCHEME IN RESPECT OF PART OF MY HOLDING?

The Directors may, at their discretion, allow Shareholders to elect in respect of part of their shareholding where they are acting on behalf of more than one beneficial holder:

- For nominee shareholdings held in CREST, the CREST Dividend Election Input Message must contain the number of Ordinary Shares for which the election is being made. Such election must be received for each Relevant Dividend.
- For nominee shareholdings on the SA Register held via a CSDP or broker, the Dividend Election instruction to the SA Transfer Secretaries must contain the number of Ordinary Shares for which the election is being made. Such election must be received for each Relevant Dividend.
- A cash dividend will be paid on any remaining Ordinary Shares not included in the Dividend Election Input Notice or other form of instruction.

9. WHAT ABOUT 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 or their CSDP or broker, as applicable.

10. WHAT HAPPENS IF I HAVE 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 or their CSDP or broker, as applicable, for each holding.

Shareholders who hold some of their Ordinary Shares in Certificated Form and some in Uncertificated Form or Dematerialised Form will be required to elect to participate in the Scrip Dividend Scheme for each of their certificated, uncertificated or dematerialised holdings separately.

11. HOW MANY NEW ORDINARY SHARES WILL I RECEIVE?

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 board 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 (disregarding any associated tax credit). To achieve this, in a case where no UK withholding tax has to be accounted for, 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) and dividing it by the Scrip Calculation Price. When UK withholding tax has to be accounted for (e.g. when the dividend is paid wholly or partly as a PID except when exemptions apply), the calculation will be by reference to the gross amount of the dividend less the applicable withholding tax (e.g. at the current rate of 20 per cent (i.e. 80 per cent of the cash amount)).

To calculate the cash value SA Shareholders would otherwise receive per New Ordinary Share, the applicable Exchange Rate for the Rand equivalent of the Relevant Dividend in South Africa will be determined by the Company on the Currency Conversion Date.

The Scrip Calculation Price will be the average of the middle market quotations of an Ordinary Share derived from the Daily Official List of the LSE for the last five consecutive dealing days ending on the day before the Currency Conversion Date (adjusted for any discount in the event that one is applied), less the gross value of the Relevant Dividend per Ordinary Share. For Shareholders whose Ordinary Shares are traded on the JSE, this price will be converted into Rand at the Exchange Rate to be announced on the Currency Conversion Date. The results of these calculations will be announced by the Company on the Currency Conversion Date for each Relevant Dividend and will be available on the Company's website.

In a case where UK withholding tax has to be allowed for, 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:

$$\frac{\text{Number of Ordinary Shares held at the Record Date for the Relevant Dividend} \times \text{Net value (i.e. after deduction of the 20 per cent withholding tax) of the Relevant Dividend per Ordinary Share}}{\text{Scrip Calculation Price}}$$

When UK withholding tax does not need to be taken into account in respect of a particular Shareholder or Relevant Dividend, the formula is modified so that the calculation is by reference to the gross value of the Relevant Dividend per Ordinary Share. When UK withholding tax only applies to part of a dividend, the calculation will be by reference to the actual value receivable.

In calculating the entitlement of Shareholders to New Ordinary Shares, the likely result will not be an exact number of New Ordinary Shares. No fractions of a New Ordinary Share will be issued and accordingly the entitlement to New Ordinary Shares will be rounded down to the nearest whole New Ordinary Share. Any residual Cash Balances due to a UK Shareholder will be carried forward (without interest) and included in the Scrip calculation for the next Relevant Dividend. Where the Cash Balances due to a UK Shareholder is less than a minimum figure that may be determined by the Directors from time to time, that cash amount may, at the Directors' discretion, be retained by the Company and used for general corporate purposes or distributed to a charity organisation.

Any residual Cash Balances due to a SA Shareholder will be paid to such Shareholder in cash in the same way (i.e. as a PID or non-PID) as the Relevant Dividend would have been paid had those Shareholders not elected to receive New Ordinary Shares under the Scrip Dividend Scheme.

Worked example of the Scrip Dividend Alternative

Assuming the following:

- a PID Scrip Dividend Alternative with a gross value of 11p per Ordinary Share;
- an automatic 20 per cent UK withholding tax being applied, resulting in SA Shareholders and UK Shareholders who have not submitted a Tax Exemption Declaration Form receiving a cash value of 8.8p per ordinary share;
- a holding of 1,000 Ordinary Shares; and
- a Scrip Calculation Price of 81.11p

The Shareholder would be entitled to a total amount of cash dividend of £88.00 (i.e. 1,000 Ordinary Shares multiplied by the 8.8p post-tax cash value of the Relevant Dividend). The number of New Ordinary Shares that the Shareholder would receive pursuant to the Scrip Dividend Scheme would be calculated as follows:

$$\frac{1,000 \times 8.8p}{81.11p} = 108.50$$

The Shareholder would be entitled to 108 New Ordinary Shares with a cash value of £87.60. For UK Shareholders, the residual Cash Balance of 40p will be carried forward (without interest) and included in the Scrip calculation for the next Relevant Dividend. For SA Shareholders, the residual Cash Balance of 40p will be paid in cash at the applicable Exchange Rate for the Rand equivalent which will be determined by the Company on the Currency Conversion Date.

Certain UK Shareholders may be eligible for an exemption from the automatic 20 per cent tax withholding. For these Shareholders, the worked example above would be altered, with an 11p cash value and an entitlement to 135.62 shares, rounded down to 135 shares and a residual Cash Balance of 50p. For further details, see the section titled "Taxation Guidelines" on pages 9 to 13 of this document.

12. HOW WILL I KNOW HOW MANY NEW ORDINARY SHARES I 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, the Cash Balance brought forward from any previous Relevant Dividend payment, the Cash Balance carried forward to the next Relevant Dividend payment 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 cash to be paid out to relevant Shareholders in cash.

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 I RECEIVE MY 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 and the JSE, 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 the Scrip Dividend Alternative 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, immediately before or as soon as reasonably practicable after the Relevant Dividend Payment Date.

SA Shareholders who hold their Ordinary Shares in Dematerialised Form on the SA Register and who have made a valid election to receive the Scrip Dividend Alternative in respect of a Relevant Dividend will have their CSDP accounts credited directly with the relevant New Ordinary Shares on the Relevant Dividend Payment Date and will be notified by their CSDP, broker or custodian in accordance with the relevant custody or other agreement.

Applications will be made: (i) to each of 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 premium listing segment of the Official List and to the LSE's main market for listed securities respectively; and (ii) to the main board of the JSE for the listing of any New Ordinary Shares issued under the Scrip Dividend Scheme. 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 I BUY MORE 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 purchased shares (in addition to any existing Ordinary Shares held by such Shareholder) 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 Shareholders who hold their Ordinary Shares in Certificated Form, 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, will be covered by the election they have made and such Shareholder will receive New Ordinary Shares instead of a cash dividend for their entire shareholding. For Shareholders who hold their Ordinary Shares through CREST or via a CSDP or broker, such Shareholders should contact the appropriate party as any newly acquired Ordinary Shares may not be covered by the election instruction given to the relevant Registrar by the CREST provider, CSDP or broker.

If a Shareholder buys Ordinary Shares on or after the Exdividend Date for any Relevant Dividend, that Shareholder will not be entitled to receive that dividend whether as New Ordinary Shares or as cash, and will accordingly not be entitled to participate in the Scrip Dividend Scheme, in respect of those Ordinary Shares.

17. WHAT HAPPENS IF I SELL PART OF MY HOLDINGS?

If a Shareholder sells 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 was effected without delay as there may be a claim for the cash amount of the dividend by the purchaser.

If a Shareholder who holds their Ordinary Shares in Certificated Form sells part of their shareholding prior to the Record Date for the Relevant Dividend for any dividend and such sale 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 Ordinary Shares are held in CREST or via a CSDP or broker, Shareholders should contact the appropriate party to ensure that any recently sold Ordinary Shares are not included in the election instruction given to the relevant Registrar by the CREST provider, CSDP or broker.

18. WHEN WILL MY ELECTION TO PARTICIPATE IN THE SCRIP DIVIDEND SCHEME BE CANCELLED?

Elections will be regarded as cancelled in respect of any Ordinary Shares which a Shareholder sells or otherwise transfers to another person and 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 relevant Company 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 the annual general meeting at which it is first approved, unless the authority to offer the Scrip Dividend Scheme is renewed at that meeting, in which case Shareholders will be able to continue to elect to participate in the Scrip Dividend Scheme for future Relevant Dividends. "Evergreen" elections made by UK Certificated Shareholders will automatically remain valid for the period of the renewed authority.

As explained above, elections by Shareholders (other than those UK Certificated Shareholders who have made an "evergreen" election) will apply to one Relevant Dividend only, and will automatically lapse thereafter.

Elections may also be cancelled voluntarily by a UK Shareholder. Elections made by SA Shareholders are irrevocable. Please see paragraphs 5 to 7 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 offer the Scrip Dividend Alternative 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 (either generally or in relation to a specific dividend) at any time at the discretion of the Directors without notice to Shareholders individually.

In the case of any such modification by the Directors, existing Scrip Dividend Scheme elections (unless otherwise specified by the Directors) will be deemed to remain valid under the modified arrangements unless and until:

- for UK Shareholders, the UK Registrar receive a cancellation from non-CREST participants in writing or via Equiniti's website, www.shareview.com or CREST participants input their instructions to cancel; and
- for SA Shareholders, the SA Transfer Secretaries receive a cancellation notification, which must be received by no later than 12.00pm (SA time) on the Record Date for the Relevant Dividend. SA Shareholders who hold their Ordinary Shares in Dematerialised Form should notify their CSDP, broker or custodian of their cancellation in the manner and the time stipulated in the agreement governing the relationship between such Shareholder and their CSDP, broker or custodian, in order to ensure that the cancellation notification is received by no later than the specified deadline.

In the case of termination of the Scrip Dividend Scheme (either generally or in relation to a specific dividend), 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, either generally or in relation to a specific dividend), 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 (either generally or in relation to a specific dividend) will be announced and made available on the Company's website at www.capreg.com and via a Regulatory Information Service provider.

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 for the renewal of the Scrip Dividend Scheme may be sought at such 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 and South African tax consequences of the Scrip Dividend Scheme is set out in the section titled "Taxation Guidelines" on pages 9 to 13 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 (whether or not the cash dividend would have been payable as a PID) from the Company should note that they will be subject to tax by reference to the "cash equivalent" of the New Ordinary Shares (as defined in paragraph 1 of the UK Taxation section of the Taxation Guidelines on pages 9 to 13 of this document).

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. When the cash dividend would have been payable as a PID then the UK tax position of all other categories of Shareholder will also generally be determined by reference to this "cash equivalent".

21. WHAT SHOULD I DO IF I HAVE ANY QUESTIONS?

If you have any queries, please contact the applicable party 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

South Africa

Address	Link Market Services South Africa Proprietary Limited, PO Box 4844 Johannesburg, 2000 South Africa
Telephone (SA only)	011 713 0800
Telephone (outside SA)	+27 11 713 0800
Email	info@linkmarketservices.co.za

Governing law

The Company's Scrip Dividend Scheme (including the mandate 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, you agree that any proceedings between you 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

The following summaries are included only as a general guide to taxation for Shareholders resident in the UK and South Africa. They are based on Capital & Regional's understanding of the law and practice as at 15 April 2020. The taxation summaries have been prepared from the perspective of Shareholders who are the beneficial owners of shares and hold such shares for investment purposes and not from the perspective of dealers in securities. The taxation summaries are based on current enacted legislation however we would highlight that this could be subject to change and it is the responsibility of Shareholders to seek tax advice based on their own tax position. In particular Shareholders who are not resident in the UK or South Africa or any Shareholders who are in any doubt as to their tax position should seek independent professional advice.

INTRODUCTION

The Company may distribute dividends to Shareholders either in the form of a property income distribution ("PID") or as an ordinary dividend ("non-PID"). One of the requirements of the REIT regime is that the principal company of a group REIT (being here the Company) must, in respect of each accounting period, distribute to Shareholders at least 90 per cent of the UK profits (as defined in Section 530(2) of the Corporation Tax Act 2010) from the Group's property rental business in the form of PIDs.

New Ordinary Shares received in lieu of a cash dividend under the Scrip Dividend Scheme may be paid as a PID, a non-PID or a mixture of the two. Where a dividend is to be paid under the Scrip Dividend Scheme as a PID, it will be paid net of withholding tax unless one of the exceptions set out in section 2(vi) below applies. The Company will indicate whether the Scrip Dividend Alternative in respect of any Relevant Dividend will be paid as a PID, non-PID or mixture of the two when the offer of a Scrip Dividend Alternative is announced.

UK TAXATION

1. Overview

The following statements are intended to apply only as a general guide to current UK tax law and to the current practice of HMRC, both of which are subject to change at any time, possibly with retroactive 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 or ordinarily resident) in the UK for UK tax purposes, who hold their Ordinary Shares as investments and who are the absolute beneficial owners of such Ordinary Shares. The statements do 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.

Subject to certain exceptions, a PID will generally be treated in the hands of Shareholders as profits from a UK property rental business, whereas a non-PID will be treated as dividend income. Shareholders who receive New Ordinary Shares under the Scrip Dividend Scheme may be regarded as having received a payment equal to the "cash equivalent" of the New Ordinary Shares and will be taxed on that payment as described below. In respect of that part of any Scrip Dividend Alternative payable as a PID these rules will apply to all categories of Shareholders. In respect of that part of any Scrip Dividend Alternative payable as a non-PID, these "cash equivalent" rules only apply to individuals and certain categories of trustee. The "cash equivalent" of the New Ordinary Shares will be the amount of the cash dividend the Shareholder would have received in respect of that part of a dividend paid by the Company in the form of New Ordinary Shares (the value of such New Ordinary Shares being grossed-up for any withholding tax deducted) had they not elected to receive New Ordinary Shares instead, unless the market value of the New Ordinary Shares on the first day of dealings on the London Stock Exchange (the "Opening Value") (in accordance with Section 412 of the Income Tax (Trading and Other Income) Act 2005) differs by 15 per cent or more of that market value from the Scrip Calculation Price, in which case the Opening Value will be used to determine the cash equivalent of the New Ordinary Shares for taxation purposes (the "Market Value Rule"). Cash Balances representing fractional entitlements to New Ordinary Shares will be carried forward (without interest) and included in the Scrip calculation for the next Relevant Dividend.

2. UK taxation of PIDs

The statements made in this Section 2 relate only to certain limited aspects of the UK taxation treatments of PIDs paid by the Company in the form of New Ordinary Shares or, in the case of Cash Balances (to the extent that the Relevant Dividend is a PID) paid to Shareholders in accordance with paragraph 11 of the section titled "Description of the Scrip Dividend Scheme" above, in cash pursuant to the Scrip Dividend Scheme. In circumstances where a Cash Balance is paid in respect of a Relevant Dividend (or any part thereof) which is payable as a non-PID, see Section 3 below.

(i) Amount received

Shareholders who receive New Ordinary Shares in PID form pursuant to a Scrip Dividend Alternative election will be regarded as having received a PID equal to the cash equivalent of the New Ordinary Shares (as defined in Section 1 above). Where withholding tax applies to a particular Shareholder, a reduced number of New Ordinary Shares will be issued to reflect this withholding tax and the cash equivalent will fall to be determined by grossing up the value of that reduced number of New Ordinary Shares at the Scrip Calculation Price or the Opening Value (where the Market Value Rule applies) by reference to the withholding tax rate, currently 20 per cent. This equates to multiplying the value of the New Ordinary Shares which are issued by 1.25.

When references are made below to a PID, the amount of that PID is (i) in the case of a PID in the form of New Ordinary Shares, the cash equivalent (as determined above) of the New Ordinary Shares and (ii) in the case of a Cash Balance paid to a Shareholder in cash to the extent that the Relevant Dividend is a PID, the amount of that Cash Balance (grossed up to reflect any applicable withholding tax i.e. where withholding tax applies, a £1.00 Cash Balance as calculated under paragraph 11 above would be paid as a cash dividend, which results in a gross PID of £1.25, withholding tax of £0.25, and a net receipt of £1.00).

(ii) Individuals

(a) Income Tax

Subject to certain exceptions, a PID (whether in the form of New Ordinary Shares or, in the case of a Cash Balance to the extent that the Relevant Dividend is a PID, cash) will generally be treated in the hands of Shareholders who are individuals as the profit of a single UK property business (as defined in Section 264 of the Income Tax (Trading and Other Income) Act 2005). A PID is, together with any PID from any other REIT, treated as a separate UK property rental business from any other UK property business (a "different UK property business") carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different UK property business cannot be offset against a PID as part of a single calculation of the profits of the Shareholder's UK property business.

No tax credit will be available in respect of PIDs, however, individual Shareholders who are liable to income tax at the basic rate will have no further income tax to pay if withholding is applied to the PID as the tax withheld will fully discharge their liability to income tax.

Individuals who are subject to higher or additional rates of income tax will be liable to pay further tax on the gross income they are treated as receiving; the rate of income tax applying to the PID is 40 per cent on taxable income up to £150,000 and 45 per cent thereafter with credit for the 20 per cent tax withheld at source.

Where tax has been withheld at source, individual Shareholders who are not liable to tax, including those who hold their Ordinary Shares in an Individual Savings Account (ISA) but who have not submitted a valid declaration form to receive PIDs gross, may be entitled to claim repayment of some or all of the tax withheld on their PID.

(b) Capital gains tax

A Shareholder who is an individual resident (for tax purposes) in the UK and who receives New Ordinary Shares in PID form pursuant to a Scrip Dividend Alternative election will be treated as having acquired those New Ordinary Shares for an amount equal to the cash equivalent (as defined in Section 1 above).

(iii) Corporate Shareholders (other than pension funds and charities)

Subject to certain exceptions, a PID (whether in the form of New Ordinary Shares or, in the case of a Cash Balance to the extent that the Relevant Dividend is a PID, cash) will generally be treated in the hands of Shareholders who are within the charge to corporation tax as profit of a UK property business (as defined in Part 4 of the Corporation Tax Act 2009). A PID is, together with any PIDs from any other REIT, treated as a separate UK property business from any other UK property business (a "different UK property business") carried on by the relevant Shareholder. This means that any surplus expenses from a Shareholder's different UK property business cannot be off-set against a PID as part of a single calculation of the Shareholder's UK property business profits. For gains purposes the cost of the New Ordinary Shares acquired should be an amount equal to the cash equivalent (as defined in Section 1).

(iv) Registered pension schemes and charities

A registered pension scheme, or charity, resident (for tax purposes) in the UK should generally have no liability to UK tax in respect of a PID (whether in the form of New Ordinary Shares or, in the case of a Cash Balance to the extent that the Relevant Dividend is a PID, cash).

(v) Withholding tax on PIDs

Subject to certain exemptions summarised below, the Company will generally be required to withhold tax at source at the basic rate (currently 20 per cent) from its PIDs. This is the case whether PIDs are paid in cash or in the form of New Ordinary Shares pursuant to the Scrip Dividend Scheme.

For Shareholders who are not tax resident in the UK, it is not possible for such a Shareholder to make a claim under a double taxation treaty for a PID to be paid by the Company gross or at a withholding tax rate lower than the basic rate of UK income tax (currently 20 per cent). The right of a Shareholder to claim repayment of any part of the tax withheld from a PID will depend on the existence and terms of any double taxation treaty between the UK and the country in which the Shareholder is resident. The relevant article of the double taxation treaty will generally be that dealing with company dividends, and specifically the provision relating to income from immovable property within the dividend article of the relevant double tax treaty, notwithstanding the way in which the UK treats PIDs for UK tax purposes.

(vi) Exceptions to requirement to withhold tax on PIDs

Shareholders should note that in certain circumstances the Company must not withhold tax at source from a PID. These include where the Company reasonably believes that the person beneficially entitled to the PID is a company resident for corporation tax purposes in the UK or a charity. They also include where the Company reasonably believes that the PID is paid to the scheme administrator of a registered pension scheme, the sub-scheme administrator of certain pension sub-schemes or the account manager of an Individual Savings Account (ISA), in each case, provided the Company reasonably believes that the PID will be applied for the purposes of the relevant fund, scheme or account. In order to pay a PID without withholding tax, the Company will need to be satisfied, in its sole and absolute discretion, that the Shareholder concerned is entitled to that treatment. For that purpose, the Company will require such Shareholder to submit a valid declaration form to the Company's UK Registrar. Most shareholders, including all individuals and all non-UK residents, would not qualify for gross payment of PIDs and should not complete a declaration to the Company's UK Registrar. Shareholders should note that the Company may seek recovery from Shareholders if the statements made in their declaration form are incorrect and the Company suffers tax as a result. The Company will, in some circumstances, suffer tax if its reasonable belief as to the status of the Shareholder turns out to have been mistaken.

3. UK taxation of non-PIDs

The statements made in this Section 3 relate only to certain limited aspects of the UK taxation treatments of non-PIDs paid by the Company in the form of New Ordinary Shares or, in the case of Cash Balances (to the extent that the Relevant Dividend is a non-PID) paid to Shareholders in accordance with paragraph 11 of the section titled "Description of the Scrip Dividend Scheme" above, in cash pursuant to the Scrip Dividend Scheme. In circumstances where a Cash Balance is paid in respect of a Relevant Dividend (or any part thereof) which is payable as a PID, see Section 2 above.

(i) Individuals

(a) Income tax

A Shareholder who is an individual resident (for tax purposes) in the UK and who receives New Ordinary Shares in non-PID form pursuant to a Scrip Dividend Alternative election will be subject to tax on the amount which is equal to the cash equivalent (as defined in Section 1 above) of those New Ordinary Shares or, in the case of a Cash Balance paid in cash to the extent that the Relevant Dividend is a non-PID, is the actual cash non-PID paid by the Company to the Shareholder. In accordance with rules on the taxation of dividends, individuals will have a tax-free £2,000 allowance in respect of dividend income. Dividend income in excess of this tax-free allowance will be taxed at a rate of 7.5% for basic rate taxpayers, 32.5% for higher rate taxpayers and 38.1% for additional rate taxpayers.

(b) Capital gains tax

A Shareholder who is an individual resident (for tax purposes) in the UK and who receives New Ordinary Shares in non-PID form pursuant to a Scrip Dividend Alternative election will be treated as having acquired those New Ordinary Shares for an amount equal to the cash equivalent (as defined in Section 1 above).

(ii) Corporate Shareholders (other than pension funds and charities)

To the extent that a company which is resident (for tax purposes) in the UK receives New Ordinary Shares in non-PID form pursuant to a Scrip Dividend Alternative election, the issue of the New Ordinary 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. Corporate Shareholders should therefore note that there will be no addition to the base cost of the increased shareholding and, in particular, no addition to the base cost representing the cash equivalent.

Subject to special rules for small companies, UK resident Shareholders within the charge to UK corporation tax will be subject to UK corporation tax on the amount of any Cash Balance to the extent that the Relevant Dividend is a non-PID paid by the Company, unless such non-PID falls within an exempt class and certain conditions are met. It is expected that the cash non-PIDs paid by the Company would generally be exempt from UK corporation tax. Shareholders within the charge to UK corporation tax are nevertheless advised to consult their independent professional tax advisers in relation to the implications of the legislation.

(iii) Registered pension schemes and charities

Generally, a registered pension scheme, or charity, resident (for tax purposes) in the UK which receives a non-PID (whether in the form of New Ordinary Shares or, in the case of a Cash Balance, to the extent that the Relevant Dividend is a non-PID, cash) will not be subject to tax on receipt of the non-PID nor will it be entitled to a tax credit in respect of such New Ordinary Shares or Cash Balance. Accordingly, no payment in respect of such a tax credit can be claimed from HMRC.

Registered pension schemes, or charities, resident (for tax purposes) in the UK should not generally be subject to UK taxation on any chargeable gain arising on a subsequent disposal of their New Ordinary Shares.

(iv) Withholding tax on non-PID

Under current UK tax law, the Company will not be required to withhold tax at source from non-PIDs. This is the case whether the non-PID is paid in the form of New Ordinary Shares or, in the case of Cash Balances to the extent that the Relevant Dividend is a non-PID, cash.

4. Stamp duty and stamp duty reserve tax

No stamp duty or stamp duty reserve tax will generally be payable on the issue of New Ordinary Shares pursuant to the Scrip Dividend Scheme.

SOUTH AFRICAN TAXATION

1. Overview

The following statements are intended to apply only as a general guide to current South African tax law and practice, which are subject to change at any time. They apply only to Shareholders who are resident in South Africa for South African tax purposes, who hold their Ordinary Shares as investments, who hold their shares through the JSE and who are the absolute beneficial owners of such Ordinary Shares. The statements do not apply to certain classes of Shareholders, such as share-dealers, collective investment schemes and persons who have acquired their Ordinary Shares by virtue of office or employment. The statements are not intended to be and do not constitute advice to any Shareholder.

The analysis set out below has been drafted as a general guide to Shareholders and should not be relied upon without seeking further independent professional tax advice.

It is envisaged that fractional entitlements to shares under the Scrip Dividend Scheme will be paid out to SA Shareholders in cash. As a result of this, SA Shareholders who elect to receive New Ordinary Shares under the Scrip Dividend Scheme may receive an element of the dividend in cash. Any residual Cash Balance due to SA Shareholders will be paid to such Shareholders in cash in the same way (i.e. as a PID or non-PID) as the Relevant Dividend would have been paid had those Shareholders not elected to receive New Ordinary Shares under the Scrip Dividend Scheme.

2. Taxation of cash PIDs

The statements made in this section relate only to certain limited aspects of the South African taxation treatments of cash PIDs paid by the Company.

A 20 per cent UK withholding tax will be deducted from cash PIDs. On application by the SA Shareholder, in terms of the agreement for the avoidance of double taxation ("DTA") between South Africa and the UK, a 5 per cent rebate is claimable from HMRC, resulting in an effective UK withholding tax rate of 15 per cent.

As the Company is a foreign company for South African tax purposes, the tax treatment of cash PIDs is dependent on whether the payment is a foreign dividend for South African tax purposes. A foreign dividend for South African purposes is broadly any amount payable by a foreign company where such amount is treated as a dividend or similar payment by the company under the income tax laws of the country where the company has its place of effective management, but excluding, amongst others, an amount that constitutes a share in that foreign company. The payment of cash PIDs is treated for UK tax purposes as the payment of dividends by the Company, and so cash PIDs should be regarded as foreign dividends for South African tax purposes.

South African dividends tax

The South African dividends tax applies to dividends paid by South African resident companies and certain foreign dividends. The application to foreign dividends is limited to foreign dividends in respect of shares listed on the JSE to the extent that the foreign dividend does not consist of a distribution of an asset *in specie*.

South African dividends tax, at the rate of 20%, will therefore apply to cash PIDs payable by the Company unless the beneficial owner of the dividend is exempt from dividends tax (e.g. if it is a South African resident company).

However, section 64N of the SA Income Tax Act provides for a rebate to be deducted from any South African dividends tax. The rebate is equal to the amount of any tax paid to any sphere of government of any country other than South Africa without any right of recovery by any person. In the present case, the UK withholding tax in respect of which there is no right of recovery constitutes 15% of the cash PID. Accordingly, in determining the South African dividends tax, such 15% UK withholding tax may be deducted, resulting in a South African dividends tax of 5% which will be withheld in respect of the cash PID unless the beneficial owner of the dividend is exempt from dividends tax (e.g. if the beneficial owner is a South African company).

The relevant Regulated Intermediary will therefore be required to deduct 5% on all cash PID's paid to persons who are not exempt from dividends tax in South Africa, and pay this to SARS on the beneficial owner's behalf.

Beneficial owners who are individuals do not qualify for any exemption in relation to the dividends tax. Similarly, beneficial owners who are trusts do not qualify for any exemption in the rate of the dividends tax, however, regard should be had to the identity of the beneficial owners of the dividends in the context of vested trusts. Certain shareholders (such as South African tax resident companies, exempt shareholders and non-resident shareholders) are exempt from this dividends tax in terms of section 64F(1) of the SA Income Tax Act.

It is however the responsibility of each beneficial owner to advise the relevant Regulated Intermediary of an exemption that applies to it by the date determined by the Regulated Intermediary.

Income tax

Cash PIDs will be treated in the hands of SA Shareholders (including individuals, corporate shareholders and trusts) as exempt from income tax under section 10B(2)(d) of the Act as such cash PIDs will constitute a foreign dividend from a share listed on the JSE and do not consist of a distribution of an asset *in specie*.

Capital gains tax

There are no capital gains tax consequences for SA Shareholders (including individuals, corporate shareholders, trusts and exempt shareholders) resulting from receiving cash PIDs which constitute foreign dividends.

3. Taxation of cash non-PIDs

The statements made in this section relate only to certain limited aspects of the South African taxation of cash non-PIDs paid by the Company.

South African dividends tax

The payment of cash non-PIDs are treated for UK tax purposes as the payment of dividends by the Company, and so cash non-PIDs will be regarded as foreign dividends for South African tax purposes.

Accordingly, South African dividends tax at the rate of 20 per cent will therefore apply to cash non-PIDs paid by the Company, unless the beneficial owner of the dividend is exempt from dividends tax (e.g. if the beneficial owner is a South African company). Since no withholding tax is suffered in the UK on cash non-PIDs, no rebate can be claimed in terms of section 64N of the SA Income Tax Act.

The relevant Regulated Intermediary will therefore be required to deduct 20 per cent tax on all cash non-PID's paid to persons who are not exempt from dividends tax in South Africa, and pay this to SARS on the beneficial owner's behalf.

Beneficial owners who are individuals do not qualify for any exemption in relation to the dividends tax. Similarly, beneficial owners who are trusts do not qualify for any exemption in relation to the dividends tax, however, regard should be had to the identity of the beneficial owners of the dividends in the context of vested trusts. Certain shareholders (such as South African tax resident companies, exempt shareholders and non-resident shareholders) are exempt from this dividends tax in terms of section 64F(1) of the Act.

It is however the responsibility of each beneficial owner to advise the relevant Regulated Intermediary of an exemption that applies to it by the date determined by the Regulated Intermediary.

Income tax

Cash non-PIDs will be treated as exempt from income tax in the hands of SA Shareholders (including individuals, corporate shareholders and trusts) under Section 10B(2)(d) of the SA Income Tax Act as such cash non-PIDs constitute a foreign dividend from a share listed on the JSE and do not consist of a distribution of an asset *in specie*.

Capital gains tax

There are no capital gains tax consequences for SA Shareholders (including individuals, corporate shareholders, trusts and exempt shareholders) resulting from receiving cash non-PIDs which constitute foreign dividends.

4. Taxation of New Ordinary Shares in respect of PIDs

The statements made in this section relate only to certain limited aspects of the South African tax treatment of the receipt of New Ordinary Shares issued by the Company in respect of PIDs payable on or after 1 April 2016.

As stated above, a 20 per cent UK withholding tax will have been deducted in calculating the number of New Ordinary Shares issued in respect of PIDs. On application by the Shareholder in terms of the DTA, a 5 per cent cash rebate is claimable from HMRC, resulting in an effective UK withholding tax rate of 15 per cent.

The definition of foreign dividend in section 1 of the Act (which also applies for the purposes of dividends tax) specifically excludes any amount that constitutes shares in the company. Accordingly, the New Ordinary Shares should not constitute foreign dividends.

Dividends tax

As the New Ordinary Shares should not constitute dividends or foreign dividends, dividends tax does not apply to that part of any dividend comprising of the issue of New Ordinary Shares.

Income tax

New Ordinary Shares issued in respect of PIDs should not be treated as foreign dividends and should therefore generally be exempt from income tax and not be included in the gross income of SA Shareholders (note that this summary only deals with SA Shareholders holding shares as investments and not as trading stock).

Capital gains tax

The New Ordinary Shares received by a South African tax resident Shareholder will have no base cost for capital gains tax purposes, meaning that the value of the shares received may be subject to capital gains tax on their eventual sale. Any fractional entitlements will be settled in cash. More particularly, the Company will issue the requisite number of shares to the relevant Regulated Intermediary that will sell sufficient shares, representing the aggregate fractional entitlements, to settle the fractional entitlements in cash. The sale of the shares by the relevant Regulated Intermediary will constitute a sale on behalf of the various shareholders to which the fractional entitlements relate. As such, for tax purposes, the fractional entitlements settled in cash will constitute a capital gains tax event. As the shares have no base cost (being shares issued as part of a scrip dividend), the full amount of the fractional entitlement paid in cash to a shareholder should be accounted for as a capital gain by the relevant shareholder, in accordance with their applicable tax profile.

5. Taxation of New Ordinary Shares in respect on non-PIDs

The statements made in section 4 (Taxation of New Ordinary shares in respect of PIDs) in respect of the South African tax consequences apply equally to the taxation of New Ordinary Shares in respect of non-PIDs. As set out above, non-PIDs will, however, not attract any UK dividend withholding taxes.

6. Securities transfer tax

No securities transfer tax will be payable in respect of the issue of New Ordinary Shares to SA Shareholders.

Exchange Control

The following is a general summary of the current exchange control regulations in South Africa and is intended as a guide only and is therefore not comprehensive. Persons who are in any doubt as to the position in any particular case should consult their independent professional advisers. Please note that Capital & Regional is not responsible for obtaining any exchange control consents that any investor may need to obtain.

The South African exchange control regulations are used principally to control capital movements by South African residents to countries outside the CMA and are enforced by EXCON. In broad terms, all foreign currency transactions of South African residents are subject to South African exchange control regulations.

(i) Share registers

Non-South African resident Shareholders who hold Ordinary Shares on the SA Register through South African nominees (i.e. a CSDP or broker) who wish to register their holdings in their own names or to remove their registrations from the SA Register to the UK Register (either into their own names or into the name of a non-South African nominee) in CREST will be required to obtain the consent of the SARB to do so, for which purpose they should approach an Authorised Dealer.

It should also be noted that new non-South African resident Shareholders who wish to participate in the Scrip Dividend Scheme on the SA Register will need to appoint a South African resident nominee (i.e. a CSDP or broker). In the case of non-CMA residents, the appointment of such nominee must be referred to the exchange control division of an Authorised Dealer.

South African resident Shareholders who hold Ordinary Shares listed on the London Stock Exchange and who acquired such shares either through their foreign investment allowance or through other legitimate offshore funds will be entitled to participate in the Scrip Dividend Scheme without restriction. Further, scrip dividends received under the Scrip Dividend Scheme will not be placed in a Blocked Account upon emigration, should such South African resident Shareholder decide to emigrate.

Aligned with Exchange Control Circular No.22/2011, published on 7 December 2011, the Ordinary Shares will be classified as domestic assets in the hands of investors for EXCON purposes.

(ii) South African individuals

South African individuals (excluding Emigrants) can acquire Ordinary Shares listed on the JSE without restriction. An acquisition by an individual will not affect such individual's foreign investment allowance and will not create a "loop structure".

(iii) South African corporates and trusts

South African companies, trusts, partnerships and banks are permitted to invest in inward-listed (foreign) instruments on the JSE without restriction. South African institutional investors and corporate entities will be allowed to participate in the Scrip Dividend Scheme for holdings on the SA Register as these shares are domestic assets for EXCON purposes.

Institutional investors comprising of, inter alia, retirement funds, long-term insurers, collective investment scheme management companies and investment managers are allowed to transfer funds from South Africa for investment abroad subject to the various SARB prudential regulations and foreign exposure thresholds.

(iv) Non-residents of the CMA

Non-residents (excluding Emigrants) may acquire Ordinary Shares listed on the JSE provided they settle the purchase consideration from funds received in foreign currency and payment for which is made from a non-resident account. Proceeds from a sale of the Ordinary Shares by non-residents are freely transferable.

(v) Emigrants

Emigrants may freely acquire Ordinary Shares by using their legitimate offshore currency (unblocked funds). Emigrants may also acquire such shares from funds retained in an Emigrant Blocked Account. In the latter case, after the endorsement has been annotated (if certificated), the securities will be returned to the broker, buyer or Authorised Dealer controlling the Blocked Account of the Emigrant concerned, whichever is applicable. Former residents of the CMA who have emigrated may not use funds from their Blocked Account to acquire Ordinary Shares listed on the London Stock Exchange.

Application of Exchange Control Regulations to the Scrip Dividend Scheme

New Ordinary Shares issued in terms of the Scrip Dividend Scheme are not freely transferable and must be dealt with in terms of the Exchange Control Regulations.

Shareholders who hold shares on the SA Register can only receive New Ordinary Shares on that register.

Shareholders who elect to receive New Ordinary Shares in terms of the Scrip Dividend Scheme should note the following:

(i) In the case of certificated shareholders

■ Non-residents

Share certificates will be issued with a "non-resident" endorsement and will be sent to the registered address of the shareholder concerned or in accordance with the instructions given to the SA Transfer Secretaries.

■ Emigrants

Any new share certificates based on emigrants' shares controlled in terms of the Exchange Control Regulations will be forwarded to the Authorised Dealer controlling their blocked assets. The election by emigrants for the above purpose must be made through the Authorised Dealer controlling their blocked assets. Such share certificates will be endorsed "Non-Resident".

(ii) In the case of dematerialised shareholders

All aspects relating to exchange control will be managed by a dematerialised shareholder's CSDP or broker, as follows:

■ Non-residents

New Ordinary Shares will be credited to their CSDP or broker accounts and a "Non-Resident" annotation will appear in the CSDP or broker register.

■ Emigrants

New Ordinary Shares will be credited to the Emigrant Blocked Account at the CSDP or broker controlling their blocked assets and a "Non-Resident" annotation will appear in the CSDP or broker register.

Definitions

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

“Authorised Dealer”	a person (usually a commercial bank) appointed as an agent of EXCON to assist in administering exchange control in the relevant jurisdiction under the applicable foreign exchange regulations
“Blocked Account”	an account to which exchange control restrictions have been applied
“Cash Balances”	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
“Certificated Form”	recorded in physical paper form without reference to CREST or Strate
“CMA”	means the Common Monetary Area consisting of Lesotho, Swaziland, South Africa and Namibia
“Company” or “Capital & Regional”	Capital & Regional plc, registered number 1399411, a public company incorporated in terms of the laws of England and Wales which holds a primary listing on the Main Market of the LSE and a secondary listing on the JSE’s Main Board;
“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 for shareholders registered in the UK Register 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
“CSDP”	a central securities depository participant appointed by a shareholder for purposes of, and in regard to, dematerialisation, and to hold and administer securities or an interest in securities on behalf of a shareholder, in terms of the applicable South African legislation
“Currency Conversion Date”	the day the Exchange Rate is set for the Relevant Dividend
“Daily Official List”	the daily publication of official quotations for all securities traded on the LSE
“Dematerialised Form”	recorded in the sub-register of SA Shareholders maintained by a CSDP or custodian, title to which is no longer represented by physical paper
“Directors”	the Directors of the Company from time to time
“Election Date”	the deadline by which elections must be received by the relevant Registrar, as announced by the Company as the respective applicable deadline for the dividend concerned (generally the Record Date for the Relevant Dividend for Shareholders on the SA Register and five business days after the Record Date for Shareholders on the UK Register)
“Mandate Form”	an 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
“Emigrant Blocked Account”	the account of an Emigrant from the CMA to which the exchange control restrictions have been applied
“Emigrants”	South African exchange control residents who have left South Africa to take up permanent residence in any country outside the CMA
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act 9 of 1933, as amended
“Exchange Rate”	the exchange rate selected by the Directors for any currency conversions required
“EXCON”	the Financial Surveillance Department of the SARB
“Ex-dividend Date”	the day the Ordinary Shares are first quoted “ex” for the Relevant Dividend
“HMRC”	Her Majesty’s Revenue & Customs
“JSE”	JSE Limited, registration number 2006/022939/06, a public company incorporated in South Africa and licensed as an exchange in terms of the Financial Markets Act 19 of 2012
“London Stock Exchange” or “LSE”	the London Stock Exchange plc
“New Ordinary Shares”	new Ordinary Shares to be issued, credited as fully paid up, pursuant to the Scrip Dividend Scheme
“Ordinary Shares”	shares of 10p each in the ordinary share capital of the Company

"PID"	Property Income Distribution – a dividend payable which, in accordance with the UK legislation applicable to UK REITs, is subject to deduction of UK withholding tax unless exemptions apply
"Rand"	South African Rand, the lawful currency of South Africa
"Record Date"	the date on which Ordinary Shares must be held on the SA Register or the UK Register (as applicable) in order for a Shareholder to be eligible to receive a declared dividend
"Registrars"	the UK Registrar and the SA Transfer Secretaries
"Regulated Intermediary"	for the purposes of the SA Income Tax Act the SA Transfer Secretaries, or CSDP, authorised user, nominee or collective investment scheme in securities, as applicable, all as contemplated in the definition of "regulated intermediary" in section 64D of the SA Income Tax Act
"REIT"	Real Estate Investment Trust
"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
"SA" or "South Africa"	the Republic of South Africa
"SA Certificated Shareholders"	SA Shareholders who hold Ordinary Shares that are in Certificated Form
SA Income Tax Act	The South African Income Tax Act No. 58 of 1962, as amended from time to time
"SA Register"	the register of members maintained on behalf of the Company in South Africa by the SA Transfer Secretaries
"SA Shareholder"	a Shareholder on the SA Register
"SARB"	the South African Reserve Bank
"SARS"	South African Revenue Service
"SA Transfer Secretaries"	Link Market Services South Africa Proprietary Limited, o;
"Scrip Calculation Price"	(i) for Ordinary Shares traded on the LSE, the average of the middle market quotations of an Ordinary Share derived from the Daily Official List of the LSE for the last five consecutive dealing days ending on the day before the Currency Conversion Date (adjusted for any discount in the event that one is applied), less the amount of the Relevant Dividend per Ordinary Share; and (ii) for Ordinary Shares traded on the JSE, this price will be converted into Rand on the Currency Conversion 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 on every occasion that the Scrip Dividend Alternative is offered, which sets out, among other things, details of the New Ordinary Shares issued to the Shareholder and the amount of any Cash Balances carried forward to the next Scrip Dividend Alternative
"Shareholder"	a holder (whether registered or beneficial) of Ordinary Shares
"South African"	a person (natural or juristic) who is regarded as a South African resident for exchange control purposes
"Strate"	Strate Proprietary Limited, registration number 1998/022242/07, a registered central securities depository in terms of the Financial Markets Act, 19 of 2012, and the electronic clearing and settlement system used by the JSE to settle trades
"Tax Exemption Declaration Form"	the form with respect to withholding tax exemption found on the Company's website at http://capreg.com/investor-info/reit-status/

“UK”	the United Kingdom of Great Britain and Northern Ireland
“UK Certificated Shareholders”	UK Shareholders who hold Ordinary Shares that are in Certificated Form
“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
“UK Register”	the register of members of the Company in the UK excluding, for the avoidance of doubt, the SA Register
“UK Registrar”	Equiniti
“UK Shareholder”	a Shareholder on the UK Register
“Uncertificated Form”	recorded on the register of members as being held in uncertificated form in CREST
“2016 Scrip Dividend Scheme”	the Scrip Dividend Scheme approved by Shareholders at the annual general meeting of the Company held on 10 May 2016