



BOVIS HOMES GROUP PLC

SCRIP DIVIDEND OFFER

AND

SCRIP DIVIDEND MANDATE SCHEME

This document is important and requires your immediate attention. If you are in any doubt about the action you should take with this document you should immediately seek independent professional advice.

If you have sold or transferred any of your Ordinary Shares in Bovis Homes Group PLC before 28 March 2012, you should consult your stockbroker or other agent through whom the sale or transfer was effected without delay as to how to proceed. If you have sold or transferred all of your Ordinary Shares in Bovis Homes Group PLC before 28 March 2012, please pass this document and the accompanying Form of Election/Mandate immediately to such stockbroker or agent.

You may not use any electronic address provided in this circular to communicate with the Company for any purposes other than those expressly stated.

TIMETABLE

Announcement date	27 February 2012
Ordinary Shares quoted ex-dividend	28 March 2012
Record date for Final Dividend	30 March 2012
Latest time for receipt of Forms of Election/Mandate	3:00 p.m. 11 May 2012
Posting of cheques in respect of cash dividend and share certificates for the New Shares	24 May 2012
Dividend payment date	25 May 2012
CREST accounts credited and first day of dealings in the New Shares	25 May 2012

Further copies of this letter and Forms of Election/Mandate may be obtained from the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZZ (Tel: 0870 889 3236) on any business day up to and including 11 May 2012.

BOVIS HOMES GROUP PLC

(Registered in England and Wales No. 306718)

Registered Office:
The Manor House
North Ash Road
New Ash Green
Longfield
Kent
DA3 8HQ

Dear Shareholder

13 April 2012

SCRIP DIVIDEND OFFER IN RESPECT OF THE FINAL DIVIDEND FOR THE YEAR ENDED 31 DECEMBER 2011 AND SCRIP DIVIDEND MANDATE SCHEME

I am pleased to inform you that the Board of Directors ("the Board") of Bovis Homes Group PLC ("the Company") has decided to offer a scrip dividend alternative for shareholders to receive new ordinary shares in the Company ("New Shares") in lieu of cash in respect of the final dividend for the year ended 31 December 2011 of 3.5p per share ("the Final Dividend") ("the Scrip Dividend Offer"). A scrip dividend mandate arrangement ("the Scrip Dividend Mandate Scheme") is also available which enables you to elect to receive automatically all future dividends in the form of New Shares (should the Board decide to make the scrip dividend alternative available in respect of such future dividends).

The Scrip Dividend Offer attributes a value to each New Share to be issued of 487.44p, being the average of the middle market quotations for the ordinary shares of the Company ("Ordinary Shares"), ex the Final Dividend, as derived from the London Stock Exchange Daily Official List, for the five successive business days commencing with the ex-dividend date of 28 March 2012. Shareholders who elect to take dividends in the form of New Shares will increase their holding in a simple manner without incurring dealing costs or stamp duty. When shareholders elect to receive New Shares instead of cash, the Company benefits from retaining the cash that would have been paid out because the Company is able to reinvest the cash in the business.

Shareholders who wish to receive any or all of the Final Dividend for the year ended 31 December 2011 in New Shares instead of cash must complete the enclosed Form of Election/Mandate and return it to the Company's Registrar, Computershare Investor Services PLC ("the Registrar") at The Pavilions, Bridgwater Road, Bristol BS99 6ZZ, in order to be received no later than 3:00 p.m. on 11 May 2012.

If you wish to receive a lesser number of New Shares than shown in Box (2) of the Form of Election/Mandate, you may enter in Box (5) the exact number of existing Ordinary Shares on which you wish to make an election. If you choose to take only part of your Final Dividend as New Shares, you will receive the balance in cash.


If you wish to receive automatically all future dividends (for which the Board decides to make the scrip dividend alternative available) in the form of New Shares in the Company instead of cash, you may give the necessary instruction by indicating in Box (6) and completing the enclosed Form of Election/Mandate.

Further details of the Scrip Dividend Offer are set out in Appendix I. Appendix II provides a general outline on the tax implications. Further details regarding the Scrip Dividend Mandate Scheme are set out in Appendix III. The Appendices should be read in conjunction with the notes on the Form of Election/Mandate.

The Board recommends that you give careful consideration to the Scrip Dividend Offer, the Scrip Dividend Mandate Scheme and the taxation implications. You should be aware that your personal tax circumstances may affect your decision. In addition, you should bear in mind that the price of shares in the Company can go down as well as up. The attention of shareholders who are not resident in the United Kingdom is drawn to paragraph 6 of Appendix I. If you are in any doubt as to what action to take or if you are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, you should consult immediately your stockbroker, bank manager, solicitor, accountant or other independent financial adviser.

Shareholders that receive a Form of Election/Mandate and wish to take their dividend in cash need take no action. Existing participants in the Scrip Dividend Mandate Scheme will receive a Statement of Entitlement Form and will automatically receive shares unless the Scrip Dividend Mandate is revoked as described in Appendix III, paragraphs 5 and 6. Cheques in respect of the cash dividend will be posted on 24 May 2012.

Yours faithfully



Malcolm Robert Harris
Chairman

TERMS AND CONDITIONS OF THE SCRIP DIVIDEND OFFER

1. **The Scrip Dividend Offer**

Shareholders with Ordinary Shares registered in their names at the close of business on 30 March 2012 ("the Record Date") may elect to receive New Shares credited as fully paid instead of cash in respect of the Final Dividend of 3.5p per Ordinary Share. This election applies only to that Final Dividend (and not to any future dividends) unless you specify otherwise (see Appendix III). The New Shares will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares, including the right to rank for all dividends declared after the date of issue. All elections will be subject to the fulfilment of the conditions specified herein and in the accompanying Form of Election/Mandate.

The election may be made by shareholders in respect of the whole or any part of their shareholdings. No shareholder may receive a fraction of a New Share. Where a shareholder makes an election in respect of his or her entire shareholding, any entitlement to less than the Reference Price (as defined below) of one New Share will be placed in a non-interest bearing account and held for the benefit of the shareholder. The amount will be carried forward (without interest) until that entitlement, together with entitlements arising in favour of that shareholder in relation to any subsequent scrip dividend offer, is sufficient in value for at least one New Share. The New Share will then be issued to the shareholder at the same time, at the same reference price and on the same basis as other New Shares allotted under the relevant subsequent scrip dividend offer, and any residual fractional entitlements will be carried forward in the same way.

The Company will pay such cash entitlements to a shareholder (without interest) or, where appropriate, to the estate or trustee of such shareholder, as soon as reasonably practicable:

- (a) on the disposal of a shareholder's entire holding of Ordinary Shares;
- (b) on the revocation of a scrip dividend mandate as described in paragraphs 5 and 6 of Appendix III where such mandate has been given to the Company;
- (c) on the death of a sole shareholder;
- (d) on a shareholder making an election on future dividends in respect of which a scrip dividend alternative is offered to receive New Shares in respect of only part of the shareholdings, or to receive a full cash dividend on the whole of such shareholdings;
- (e) on request in writing by a shareholder to the Registrar;
- (f) on a shareholder suffering from mental incapacity;
- (g) on a shareholder being declared bankrupt; or
- (h) on the liquidation of a shareholder.

Shareholders who choose to take only part of their Final Dividend as New Shares will receive the balance in cash.

2. **Basis of allotment**

Your entitlement is based on the average of the middle market quotations of the Company's Ordinary Shares for the five business days which commenced on 28 March 2012 ("the ex-dividend date") as derived from the London Stock Exchange Daily Official List.

This average market value has been calculated as 487.44p per Ordinary Share (the "Reference Price").

The value of your entitlement has been subject to rounding to ensure that it is as nearly as possible equal to, but not greater than, the cash amount of the Final Dividend (disregarding any tax credit). The formula used for calculating the maximum entitlement of a particular shareholder shown on the enclosed Form of Election/Mandate or Statement of Entitlement is as follows:

$$\frac{\text{Number of Ordinary Shares held by the shareholder at the Record Date} \times \text{Final Dividend}}{\text{Reference Price}}$$

Since the basis for allotment will be equivalent to one New Share for every 487.44p of dividend entitlement, shareholders whose dividend entitlement is less than 487.44p will be unable to make an election and will receive the full cash dividend in respect of their shareholdings.

3. **How to make an election**

Shareholders who wish to receive New Shares instead of cash in respect of all or part of the Final Dividend should complete and sign the enclosed Form of Election/Mandate. Completed Forms of Election/Mandate should be posted by shareholders, at the risk of the persons entitled thereto, to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZZ, to be received not later than 3:00 p.m. on 11 May 2012. Alternatively, if the Registrar does not receive your Form of Election/Mandate by that time, the Final Dividend in respect of all Ordinary Shares that you held on 30 March 2012, will be paid in cash.

You can apply on-line at www.investorcentre.co.uk.

If you hold your shares in uncertificated form in the CREST system you may elect to participate in the Scrip Dividend Offer by means of the CREST procedures that require the use of the Dividend Election Input Message in accordance with the CREST Manual. Further details of these procedures are contained in this document under "CREST Procedures". If you use the on-line application in respect of any joint shareholdings, you must confirm that you are the first-named shareholder or have the consent of all other joint holders to use the service.

4. **Listing of New Shares and Trading on The London Stock Exchange**

Application will be made to the UK Listing Authority and the London Stock Exchange plc for admission of the New Shares to the Official List of the UK Listing Authority ("the Official List") and to trading on the London Stock Exchange's market for listed securities. Subject to the UK Listing Authority and the London Stock Exchange plc agreeing to admit the New Shares to the Official List and to trading on the London Stock Exchange's market for

listed securities, and to the satisfaction of the other conditions attaching to the Scrip Dividend Offer, definitive share certificates for the New Shares will be posted to the shareholders, at their own risk, on 24 May 2012. Dealings in the New Shares are expected to begin on 25 May 2012. In the unlikely event that permission has not been granted for the New Shares to be admitted to the Official List on or before 25 May 2012, Forms of Election/Mandate will be disregarded and the Final Dividend on your entire holding of Ordinary Shares will be paid in cash in the usual way. Cheques in respect of the cash dividend will be posted on 24 May 2012.

5. **CREST**

Where practicable, New Shares allotted to you in respect of a holding in CREST will be allotted in uncertificated form and credited electronically to the same CREST member account as registered for that holding as on 25 May 2012, unless the Company is unable to do so under the provisions of the Uncertificated Securities Regulations 2001 or the facilities and requirements of CREST, in which case share certificates in respect of such New Shares will be issued in the usual way. If part of your registered holding is in CREST and the balance is represented by share certificates, you will receive separate Forms of Election/Mandate for these two parts of your holding. You must complete and return both Forms of Election/Mandate to receive New Shares in respect of both your CREST and non-CREST holdings, unless you choose to elect on your CREST holding in accordance with CREST procedures.

CREST Procedures: If you hold your shares in uncertificated form in CREST and will continue to do so at the record date for the relevant dividend, you must elect to participate in the Scrip Dividend Offer by means of the CREST procedures to effect such an election. 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 CREST procedures require you to use the Dividend Election Input Message in accordance with the CREST Manual. The message should be correctly completed in order for a valid election to be made. The Company and/or Registrar reserves the right to treat as valid an election which is not complete in all respects. A valid election made by means of Dividend Election Input Message will to the extent it relates to shares held in uncertificated form at the record date for the relevant dividend, supersede all previous written elections made in respect of holdings in the same member account. By inputting a Dividend Election Input Message as described above, you confirm your election to participate in the Scrip Dividend Offer in accordance with the details input and with the Terms and Conditions of the Scrip Dividend Offer as amended from time to time.

You may only revoke an election which has been made by Dividend Election Input Message by utilising the CREST procedure for deletions described in the CREST Manual, unless the Company and Registrar consent to a revocation in another form. The deletion will be valid in relation to the then current dividend only if the deletion is accepted, in accordance with the CREST procedures, by or on behalf of the Company prior to the deadline for receipt of withdrawals set out in these Terms and Conditions. It is recommended that you input any deletion message 24 hours in advance of this deadline to give the Company and the Registrar sufficient time to accept the deletion. There is no facility to amend an election which has been made by Dividend Election Input Message; if you wish to change your election details you must first delete the existing election as described above and then input Dividend Election Input Message with the required new details. It is possible to revoke previous written elections made in respect of your uncertificated holding to participate in the Scrip Dividend Offer (without having to make a new election) by means of the "Non-CREST Election" and "Deletion Request Status" fields in the Dividend Election Input Message in accordance with the procedures described in the CREST Manual. The deletion will be valid in relation to the then current dividend only if the deletion is accepted, in accordance with the CREST procedures, by the Registrar on behalf of the Company prior to the deadline for receipt of withdrawals set out in these Terms and Conditions. It is recommended that you input any deletion message 24 hours in advance of this deadline to give the Company and Registrar sufficient time to accept the deletion.

6. **United States, Canadian and other overseas shareholders**

In view of the securities laws of the United States of America and Canada, the Scrip Dividend Offer is not being made to shareholders with registered addresses in the United States of America, Canada or their respective territories or possessions. Accordingly, such shareholders will receive the Final Dividend in cash in the usual way and are not being sent any Forms of Election/Mandate. A shareholder resident in other overseas territories outside the United Kingdom may not treat the Scrip Dividend Offer as being available to him unless it could lawfully be made to him without compliance with any registration or other legal requirements. It is the responsibility of any person resident outside the United Kingdom wishing to elect to receive New Shares instead of cash dividends to satisfy himself as to the full observance of the laws of the relevant territory, including obtaining any governmental or other consents and observing any other formalities which may be required in such territories.

7. **If the share price falls**

For your protection, the Board may (and absent mitigating circumstances intends to) declare your election void if, by 11 May 2012 (the last date for the receipt of Forms of Election/Mandate), the middle market quotation for the Ordinary Shares, as derived from the London Stock Exchange Daily Official List, is 414.324p or less, being 15 per cent. or more below the Reference Price.

8. **Statement**
No acknowledgements of Forms of Election/Mandate will be issued. However, a statement will be sent with each share certificate showing:
- (a) the total number of Ordinary Shares you held at the close of business on the Record Date;
 - (b) the total dividend payable;
 - (c) the total number of New Shares issued to you;
 - (d) the fractional cash balance carried forward, if applicable;
 - (e) the total cash equivalent of the New Shares issued; and
 - (f) the income tax treated as paid on the New Shares (calculated on the assumption that the recipient is a UK resident individual).
- In respect of CREST participants who elect to receive New Shares, a separate notional tax voucher will be sent to them incorporating the same information.
9. **Scrip Dividend Mandate Scheme**
If you wish to give an instruction to authorise the Company to allot New Shares in respect of all future dividends in respect of which the Board decides to offer a scrip dividend alternative, you should indicate so in Box (6) on the Form of Election/Mandate, complete the remainder of the Form of Election/Mandate in accordance with the instructions therein and return it to the Registrar in accordance with paragraph 3 above. Further details of the Scrip Dividend Mandate Scheme are set out in Appendix III.
10. **Participants of the Company's Share Incentive Plan (the "SIP")**
The Scrip Dividend Offer also applies to participants in the SIP. The register of the SIP is maintained separately from the register of shareholders. Participants in the SIP can elect to participate in the Scrip Dividend Offer by completing and returning a Form of Election/Mandate addressed to the Trustee of the SIP. For the purposes of the Scrip Dividend Offer, Ordinary Shares held on behalf of a participant under the SIP cannot be aggregated with any Ordinary Shares which he may hold in his own name. Separate Forms of Election/Mandate must, accordingly, be used where appropriate.
For the purposes of determining the entitlement of participants in the SIP to New Shares under the Scrip Dividend Offer and the treatment of associated fractional entitlements thereunder, participants will be treated as if they were registered shareholders of the Ordinary Shares beneficially owned by them and held for them under the SIP as notified to the Company by the Trustee of the SIP. Accordingly, for these purposes, the Company will treat an election made by a participant and submitted to it by the Trustee of the SIP as if it were an election made by the registered shareholder of the Ordinary Shares to which that election relates. The entitlement under the Scrip Dividend Offer of a participant amounting to less than the value of one New Share will be paid to the Trustee of the SIP, which will account to you for such cash in accordance with the rules of the SIP.
The New Shares arising from such elections will be issued to the participants via the Trustee of the SIP to be held in the participants' own names. The New Shares will not form part of the Ordinary Shares held on the behalf of a participant under the SIP and will not be subject to the rules of the SIP.
Any cash to which a participant is entitled will be paid via the Trustee of the SIP.
11. **If you have received more than one Form of Election/Mandate**
If for any reason your Ordinary Shares are registered in more than one account and as a result you have received more than one Form of Election/Mandate, then, unless you are able to make arrangements with the Registrar to have your holdings consolidated before 11 May 2012, they will be treated for all purposes as separate and you should complete separate Forms of Election/Mandate accordingly.
12. **If you have recently purchased Ordinary Shares**
If you purchased Ordinary Shares before 28 March 2012 and these Ordinary Shares are not included in the number shown in Box (1) on the Form of Election/Mandate, you should consult your stockbroker or agent without delay.
13. **If you have recently sold any of your Ordinary Shares**
If you sold any of your holding of Ordinary Shares before 28 March 2012, but those Ordinary Shares are nevertheless included in the number shown in Box (1) on the Form of Election/Mandate, you may not be entitled to the Final Dividend on those Ordinary Shares and are advised to contact your stockbroker or agent through whom the sale was made without delay. If you have sold all your Ordinary Shares prior to such day then you should pass on this document and the accompanying Form of Election/Mandate to such stockbroker or agent.
14. **Amendment, suspension or termination**
The Scrip Dividend Offer may be amended, suspended or terminated at the discretion of the Board without notice at any time prior to the allotment of the New Shares. In the case of an amendment, a shareholder who has made an election will be deemed to have accepted the amended offer unless the Registrar is notified in writing to the contrary.
15. **General**
As at the record date, there were 133,685,375 Ordinary Shares in issue. If none of the New Shares being offered were to be taken up, a total cash dividend of approximately £4,678,988.13 would be paid which would have an applicable tax credit of approximately £519,887.57. If all eligible shareholders elect to receive New Shares in respect of their entire holdings, 959,911 New Shares (ignoring any rounding) would be issued, representing approximately 0.72 per cent of the Company's ordinary share capital in issue at the date of this document. The Company holds no shares in treasury.
16. **Governing Law**
This Scrip Dividend Offer (including any circular(s), form(s) of election/mandate, form(s) of instruction and authorisation(s) given by any shareholder) is subject to the rules set out herein and the Company's Articles of Association in force from time to time and is governed by, and its terms are to be construed in accordance with, English law. By electing to receive New Shares, a shareholder agrees to submit to the jurisdiction of the English courts in relation to this Scrip Dividend Offer.

TAXATION OF SCRIP DIVIDENDS

The following paragraphs, which are intended as a general guide only and are based on current United Kingdom legislation and published HM Revenue & Customs practice as at the date of this document which is subject to change, possibly with retroactive effect, summarise certain limited aspects of the United Kingdom taxation treatment of acceptance of the Scrip Dividend Offer. They relate only to the position of shareholders who are resident or are individuals ordinarily resident and domiciled in the United Kingdom for taxation purposes and who hold their Ordinary Shares beneficially as an investment. In particular, the following summary does not consider the position of those shareholders holding shares through the SIP or the position of the Trustee of the SIP. Shareholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

1. UK Resident Individuals

Individual shareholders who elect to take New Shares in lieu of a cash dividend will be treated as having received gross income of an amount which, when reduced by income tax at the dividend ordinary rate (currently 10%), is equal to the "cash equivalent" of the New Shares (the **grossed up amount**). Under section 412 of the Income Tax (Trading and Other Income) Act 2005, the "cash equivalent" is the amount of cash dividend which the shareholder would have received had they not elected to take New Shares, unless the difference between the cash dividend alternative and the market value of the New Shares equals or exceeds 15% of that market value in which case the "cash equivalent" will be the market value of the New Shares on the first date of dealing on the London Stock Exchange. In this case, you will be advised of the adjustment in due course.

So, for example, if an individual takes New Shares with cash equivalent value of £90, he or she will be treated as receiving gross income of £100 and as having paid income tax of £10 on that grossed up amount.

Individuals subject to income tax at the starting rate or *basic rate* only will have no further liability to tax on receipt of the New Shares.

Individuals subject to income tax at the *higher rate* will be liable to tax at a rate of 32.5% on the grossed up income amount and will be treated as having paid income tax of 10% of the grossed up amount. For example, if a higher rate taxpayer receives a dividend of £90, the tax due will be £32.50. (That is, the grossed up amount of £100, charged at the rate of 32.5%). The 10% tax credit of £10 can then be set against the tax due of £32.50, leaving the higher rate taxpayer with only £22.50 to pay. This is the same as the additional tax he or she would be liable to pay if he or she received the dividend in cash.

Individuals subject to income tax at the *additional rate* (which was introduced from 6 April 2010 and applies for taxable non-savings and savings income in excess of £150,000) will be subject to tax on the grossed up income amount dividend at the "dividend additional rate", currently 42.5%. In the same way as in relation to a shareholder who is subject to income tax at the higher rate, the 10% tax credit may be set off against part of his or her liability. This will have the effect that an additional rate taxpayer will have to account for tax equal to 32.5% of the gross dividend, or 36.1% of the net dividend, to the extent that the gross dividend falls above the threshold for the additional rate. So, for example, if an additional rate taxpayer receives a dividend of £90, the tax due will be £42.50. (That is, the grossed up amount of £100, charged at the rate of 42.5%). The 10% tax credit of £10 can then be set against the tax due of £42.50, leaving the additional rate taxpayer with only £32.50 to pay. This is the same as the additional tax he or she would be liable to pay if he or she received the dividend in cash. It was announced in the 2012 Budget that the additional rate of income tax will, from 6 April 2013, be reduced to 45% and that the dividend additional rate will be set at 37.5%. If the computations are made in the same way as is currently the case, this will have the effect that an additional rate taxpayer will have to account for tax equal to 27.5% of the gross dividend, or approximately 30.6% of the net dividend, to the extent that the gross dividend falls above the threshold for the additional rate. So, for example, if such an additional rate taxpayer were to receive a dividend of £90, the tax due will be £37.50 (That is, the grossed up amount of £100, charged at the rate of 37.5%). The 10% tax credit of £10 can then be set against the tax due of £37.50, leaving the additional rate taxpayer with only £27.50 to pay.

Individual shareholders will not be entitled to claim a repayment of the 10% tax credit attached to any dividend (including cash dividends) paid by the Company.

If an election to take New Shares in lieu of a cash dividend is made, then the cash equivalent amount will be treated as consideration given for the New Shares for capital gains tax purposes.

2. UK Resident Trusts

Where an election to receive New Shares in lieu of a cash dividend is made by trustees of trusts that are or are deemed to be UK resident and which are liable to income tax at the trust rate (currently 50%), the same grossing up procedure as outlined above for individuals will apply. Such trustees will therefore be treated as having received gross income of an amount which when reduced by income tax at the dividend ordinary rate, is equal to the cash equivalent of the New Shares as defined above.

Such trustees which are normally liable to pay income tax at the rate of 50% will be liable to tax at a rate of 42.5% on the grossed up income amount and will be treated as having paid income tax of 10% of the grossed up amount. It was also announced in the 2012 Budget that the trust rate will, from 6 April 2013, be reduced to 45% so that, from that date, trustees which would normally be liable to pay income tax at the rate of 45% will be liable to tax at a rate of 37.5% on the grossed up income amount and will be treated as having paid income tax of 10% of the grossed up amount. Where New Shares are received in lieu of a cash dividend, the cash equivalent of the New Shares will be treated as consideration given for the New Shares for capital gains tax purposes.

3. UK Resident Companies

Corporation tax should not generally be chargeable on the New Shares issued in lieu of a cash dividend. For the purposes of corporation tax on chargeable gains, no consideration will be treated as having been paid for the New Shares.

4. Cash Element

If a UK shareholder receives dividends in the form of cash, the cash dividend should be treated as a conventional dividend for UK taxation purposes.

SCRIP DIVIDEND MANDATE SCHEME

1. Scrip Dividend Mandate Scheme

A Scrip Dividend Mandate Scheme is available for those shareholders who would like to take New Shares instead of cash automatically in respect of all future dividends declared or paid for which a scrip dividend alternative is offered ("the Relevant Dividends"). Shareholders who wish to take advantage of this may do so by setting up a mandate ("the Scrip Dividend Mandate") as a standing election. The Scrip Dividend Mandate Scheme is available to all shareholders in the Company other than certain overseas shareholders (see paragraph 6 of Appendix I). New Shares received in accordance with a Scrip Dividend Mandate will automatically increase the basic holding of the electing shareholder and thereby increase his entitlement for any future scrip dividend offers. The Scrip Dividend Mandate Scheme is entirely optional, but any Scrip Dividend Mandate given will remain valid in respect of all Relevant Dividends unless and until revoked by the shareholder in writing or suspended or terminated by the Company.

Where a shareholder has elected to participate in the Scrip Dividend Mandate Scheme, any fractional entitlement of less than the reference price of one New Share will be carried forward in a non-interest bearing account until that entitlement, together with other entitlements arising in favour of that shareholder in relation to any subsequent scrip dividend offer, is sufficient for the allotment of at least one whole New Share. The New Share will then be allotted to the shareholder at the same time and reference price as other New Shares allotted in respect of the subsequent scrip dividend offer and any residual fractional entitlement will be carried forward in the same way. If you sell or transfer your entire holding of Ordinary Shares or revoke your mandate (see paragraphs 5 and 6 below), or if (being a sole shareholder) you die, are declared bankrupt, go into liquidation or suffer from mental incapacity, any cash balance held will be paid to you or your estate or trustee entitled as soon as reasonably practicable.

2. Basis of allotment

The number of Ordinary Shares which a shareholder will be entitled to in respect of future dividends for which a scrip dividend alternative is offered will be calculated by reference to the cash dividend per Ordinary Share which is payable by the Company and the relevant price for each New Share being the average of the middle market quotations of the Company's Ordinary Shares for the five business days which commenced on the ex-dividend date as derived from the London Stock Exchange Daily Official List.

3. Completing a Scrip Dividend Mandate

If you wish to set up a Scrip Dividend Mandate and thus receive your **maximum** entitlement to New Shares under all Relevant Dividends until the mandate is cancelled or expires, you should indicate this in Box (6) on the Form of Election/Mandate and complete the Form of Election/Mandate and return it to the Registrar in accordance with paragraph 3 of Appendix I.

4. Mandates to be for maximum entitlement only

The Company will accept Scrip Dividend Mandates only in respect of the total number of Ordinary Shares held by a shareholder at the record date for each Relevant Dividend declared. Mandates will not be accepted in respect of part of a holding of Ordinary Shares. Shareholders who hold Ordinary Shares on behalf of more than one beneficial owner may, on application, at the discretion of the Company and subject to such terms and conditions as it may require, be permitted to elect for less than their entire relevant holding to be subject to the Scrip Dividend Mandate Scheme. If a shareholder acquires further Ordinary Shares in the same holding or disposes of some of his Ordinary Shares from the same holding, the original mandate will continue to apply (until it is revoked, suspended, or terminated) in respect of his modified holding.

5. Statements of Entitlement

Each shareholder participating in the Scrip Dividend Mandate Scheme will receive, prior to the payment of each Relevant Dividend, a statement of entitlement showing details of the basis of entitlement to New Shares and any cash balance representing an entitlement to a fraction of a share to be carried forward. Unless such shareholder gives signed notice in writing to revoke the Scrip Dividend Mandate by the date specified in the statement of entitlement, or holds less than the minimum number of Ordinary Shares then required to receive New Shares, such shareholder will automatically be allotted New Shares for that Relevant Dividend instead of cash.

6. Revocation of a Mandate

Shareholders may revoke a Scrip Dividend Mandate at any time by notice in writing to the Registrar. Such notice will take effect upon its receipt by the Registrar in respect of all Relevant Dividends payable on or after the date of receipt of such notice, other than in respect of a Relevant Dividend for which the latest time has passed by which holders of Ordinary Shares who do not have a Scrip Dividend Mandate in place must complete a Form of Election/Mandate in order to receive that dividend in the form of fully paid New Shares. A Scrip Dividend Mandate will be deemed to be revoked if a shareholder sells or otherwise transfers all his Ordinary Shares to another person, but only with effect from registration of the relevant transfer in the share register, and will terminate immediately on notice of death of the shareholder being received by the Registrar. On revocation of the Scrip Dividend Mandate, the shareholder will be paid cash (without interest) in respect of any fractional entitlements outstanding as soon as practicable after such revocation.

7. Operation, Modification or Termination of the Scrip Dividend Mandate Scheme

The Scrip Dividend Mandate Scheme is subject to an authority granted by shareholders to the Board at the Annual General Meeting of the Company held on 6 May 2010 to offer a scrip dividend alternative to shareholders to receive New Shares instead of cash in respect of all or part of any dividend declared or paid during the period from 6 May 2010 to 5 May 2015. The operation of the Scrip Dividend Mandate Scheme is always subject both to renewal of that authority and to the Board's subsequent decision (at their entire discretion) to make a scrip dividend offer in respect of the Relevant Dividend declared. If the aforementioned authority is not renewed at the appropriate time, or if the Board decides, at their discretion, not to make a scrip dividend offer available in respect of any particular Relevant Dividend declared or paid, a cash dividend will be paid to the shareholders in the usual way.

The Scrip Dividend Mandate Scheme may be modified, suspended or terminated by the Board at any time without notice. In the case of any modification, current mandates (unless otherwise specified by the Company) will remain valid under the modified arrangements unless and until the Registrar receives a valid revocation in writing from the shareholder.