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13 February 2009

Dear Shareholder or ex-Shareholder (in the event that you sold all your Capespan Group Limited shares)

CAPESPAN SHARE BUY-BACK: ALLOCATION BETWEEN DIVIDENDS AND PROCEEDS

This letter is important and should be retained for purposes of completing your tax return.

Introduction

The purpose of this letter is to inform you of the allocation between dividends and proceeds of the cash consideration that has been paid to you on 30 January 2009 following the sale of your Capespan Group Limited ("Newco") shares on 28 January 2009.

The letter should be read in conjunction with the Tax Consequences section (paragraph 6.7) on page 15 of the yellow Buy-Back circular that was issued on 3 December 2008. For your convenience, the applicable portion of the Tax Consequences section is repeated below.

Tax Consequences

The Tax Consequences section states that in respect of the buy-back offer of up to 101 700 000 Newco shares:

Should up to 25 071 620 Newco shares be sold:

- the proceeds of each Newco share sold should be R1.25; and
- the base cost of each Newco share sold should be R1.25, which should be equal to the market value thereof.

For acceptances above 25 071 620 shares, the first 25 071 620 shares will be treated as indicated above and the balance will be treated as follows:

- a portion of the R1.25 should constitute dividends received carrying a STC credit and the balance should constitute proceeds for capital gains tax purposes.

The Tax Consequences section further advises that a letter will be sent to Newco shareholders who have accepted the buy-back offer to advise them of the allocation between dividends and proceeds, hence the purpose of this letter.

Allocation between dividends and proceeds

The buy-back offer has been accepted in respect of 99 641 621 Newco shares. The cash consideration received by you on 30 January 2009 either by cheque or electronic funds transfer should therefore be treated as follows:



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DIRECTORS: Dr PF De V Clöver (Chairman) J P Hughes (Vice-Chairman) N W Oosthuizen (Managing Director) RP Byrne (Irish) J P De V Bezuidenhout N J J Davidson A J de Haast A Z Farr Dr D I Ferreira P J Graaff L B Kriel B J Lynch B C van Rooyen B J Vorster **Company Secretary:** L Carstens

If you held 4000 Newco shares or less after the Capespan Simplification Transaction:

- **100%** of your total Newco shares sold were sold to Capespan (Pty) Ltd (“Subco”) and constitutes a disposal for capital gains tax purposes. The proceeds for your Newco shares sold is R1.25 per share and the base cost is R1.25; and

If you held more than 4000 Newco shares after the Capespan Simplification Transaction:

- **23.7626%** of your total Newco shares sold were sold to Subco and constitutes a disposal for capital gains tax purposes. The proceeds in respect of 23.7626% of your total Newco shares sold is R1.25 per share and the base cost is R1.25; and
- **76.2374%** of your total Newco shares sold were sold to Newco and again constitutes a disposal for capital gains tax purposes. However, in this scenario, the cash consideration for the disposal of 76.2374% of your Newco shares will constitute a deemed dividend that will carry a STC credit. As a result of this consideration being treated as a dividend for tax purposes, the proceeds for capital gains tax purposes are reduced to zero. The base cost for these Newco shares sold is R1.25 per share.

Any capital loss arising from the deemed disposal **cannot** be utilised and will be disregarded in terms of paragraph 19 of the Eighth schedule of the Income Tax Act.

Illustrative example

If you held 80 000 Newco shares in total after the Simplification transaction and elected to sell all your Newco shares in terms of the buy-back offer at R1.25 per share, you would have received payment of R100 000.00 (80 000 * R1.25). The tax calculation is set out below:

Capital gains tax calculation

Subco allocation percentage	23.7626%	<i>As set out above</i>
Shares sold to Subco	19 010	<i>80 000 * 23.7626%</i>
Proceeds	R23 762.50	<i>R1.25 * 19 010</i>
Base cost	(R23 762.50)	<i>R1.25 * 19 010</i>
Capital gain	R nil	<i>R23 762.50 – R23 762.50</i>

Newco allocation percentage	76.2374%	<i>As set out above</i>
Shares sold to Newco	60 990	<i>80 000 * 76.2374%</i>
Proceeds	R nil	<i>As set out above</i>
Base cost	(R76 237.50)	<i>R1.25 * 60 990</i>
Capital loss	(R76 237.50)	<i>R nil – R76 237.50</i>
The full capital loss of R76 237.50 will be disregarded as a result of paragraph 19 of the Eighth Schedule of the Income Tax Act.		

Deemed dividend received

Shares sold to Newco	60 990	<i>80 000 * 76.2374%</i>
Dividend	R76 237.50	<i>R1.25 * 60 990</i>

Disclaimer

The tax consequences outlined above, applicable only to Newco shareholders who are subject to South African tax legislation, is a general guide and is not intended to constitute a complete analysis of the tax consequences of the buy-back offer in terms of South African tax law. This letter neither purports to constitute tax advice in any form whatsoever, nor does it intend to deal with the tax position of any specific Newco shareholder. This letter is therefore intended solely to draw your attention to certain key aspects of the tax legislation that may be relevant to you pursuant to the buy-back offer. Newco, Subco and Newco’s advisors cannot be held responsible for the tax consequences of the buy-back offer.

You are advised to consult your own tax advisor about your respective tax position.

Yours faithfully

Capespan Group Limited