

Dear Capevin shareholder

PROPOSED RESTRUCTURING OF DISTELL GROUP LIMITED'S ("DISTELL") MULTI-TIERED OWNERSHIP STRUCTURE (THE "TRANSACTION")

1. INTRODUCTION

We are addressing this letter to you as a shareholder of Capevin Holdings Limited ("Capevin").

This letter provides a brief overview of the key features of the Transaction and its consequences. For further details in respect of the Transaction you should read the circular to shareholders of Capevin which accompanies this letter.

Capevin Shareholders are encouraged to familiarise themselves with the content of the circular which is also available on the Capevin website (<http://www.capevin.com>) setting out *inter alia* the impact of the Transaction, including the Capevin Scheme, on Capevin shareholders.

2. BRIEF TRANSACTION OVERVIEW

Distell currently has the following multi-tiered ownership structure:

- Remgro Limited and its subsidiaries (the "Remgro Group") and Capevin own a material interest in Distell via Remgro-Capevin Investments Proprietary Limited ("RCI"). In this regard, the Remgro Group and Capevin each hold 50% in RCI, and RCI holds 52.8% of the ordinary shares in Distell ("Distell Shares");
- This means that the Remgro Group currently has an effective economic interest of 31.4% in Distell, via its 50% shareholding in RCI and its 19.0% shareholding in Capevin;
- Capevin's 50% interest in RCI is Capevin's only asset;
- The Public Investment Corporation SOC Limited ("PIC") owns 28.0% of the Distell Shares; and
- The Distell minorities (Distell shareholders other than RCI and PIC) own the remaining 19.2% of the Distell Shares.

The Transaction involves the collapse of this multi-tiered ownership structure of Distell through a number of steps, via a new entity, Distell Group Holdings Limited ("DGHL"). DGHL's ordinary shares will be listed on the JSE in the event that the Transaction is implemented.

If implemented, the Transaction will:

- dismantle the multi-tiered ownership structure above Distell;
- leave Capevin shareholders with exactly the same economic interest in DGHL;
- increase the free float in DGHL on the JSE; and
- result in the control of DGHL vesting with the Remgro Group through the issuance of unlisted voting B shares (the "B Shares") in DGHL to the Remgro Group.

3. TRANSACTION STEPS

In terms of the Transaction, Distell will propose a scheme of arrangement between Distell and the Distell Minorities (the "Distell Scheme") and Capevin will propose a scheme of arrangement between Capevin and the Capevin shareholders (the "Capevin Scheme"), in each case to which DGHL is a party, in terms of section 114 of the Companies Act, whereby DGHL will issue listed DGHL ordinary shares to the Capevin shareholders and the Distell Minorities in exchange for their shares in Capevin and Distell, respectively. The result of the Distell Scheme and Capevin Scheme is that DGHL will own all the Distell Shares directly (in respect of 47.2%) and indirectly via Capevin and RCI (in respect of 52.8%). The issue of the listed DGHL ordinary shares to all Capevin shareholders and the Distell Minorities will ensure that the Capevin shareholders and the Distell Minorities retain their current effective economic interest in Distell.

Immediately prior to implementation of the Distell Scheme and Capevin Scheme, the Remgro Group will transfer all of the shares it holds in RCI to Capevin in exchange for the issue by Capevin of further Capevin shares to the Remgro Group (the “RCI Exchange”), resulting in the Remgro Group holding 59.5% of Capevin and, therefore, controlling Capevin and, indirectly through RCI, also Distell (through the 52.8% Distell Shares held by RCI). The Capevin Minorities (Capevin shareholders other than the Remgro Group) will be required to approve the issue of the additional Capevin shares (“the RCI-Related Capevin Shares”) to the Remgro Group in terms of the RCI Exchange, and both the Capevin Minorities and the Distell Minorities will be required to waive their right to a mandatory offer (the “Waiver”), which will be triggered by the Remgro Group acquiring control of Capevin and, indirectly, Distell, through the RCI Exchange.

Prior to implementation of the Distell Scheme and Capevin Scheme, DGHL will issue the B Shares to the Remgro Group. The B Shares will have no economic rights, but will provide the Remgro Group with the same level of voting rights in Distell as it will hold pursuant to the RCI Exchange, namely 52.8%. The requisite number of B Shares will be issued to the Remgro Group and will be linked to those DGHL ordinary shares that the Remgro Group will receive in exchange for its RCI-Related Capevin Shares in terms of the Capevin Scheme. The B Shares and accompanying DGHL ordinary shares will provide the Remgro Group with a 52.8% voting interest in DGHL. In terms of the Capevin Scheme, the Remgro Group will also receive DGHL ordinary shares in exchange for its current 19.0% interest in Capevin, however those DGHL ordinary shares will not be linked to B Shares.

As stated above, subsequent to the aforementioned steps, Distell will become a wholly-owned subsidiary of DGHL directly and indirectly (via RCI and Capevin). As part of the Distell Scheme, the Distell Shares will be delisted from the JSE. Similarly, as part of the Capevin Scheme, the Capevin shares will be delisted from the JSE. The DGHL listing will ensure that Capevin shareholders are able to trade their DGHL ordinary shares on the JSE, as they were previously able to trade their Capevin shares.

It should be noted that (i) the Remgro Group will not be entitled to vote on the resolutions to approve the RCI Exchange, the Waiver and the Capevin Scheme as proposed at the Capevin Scheme meeting; and (ii) RCI will not be entitled to vote on the resolutions to approve the Waiver and the Distell Scheme as proposed at the Distell Scheme Meeting.

Key features of the Transaction include:

- the Remgro Group will retain its level of voting in Distell, obtained pursuant to the RCI Exchange, through the proposed creation and issue of the B Shares and the resulting dilution of the voting rights of the Distell Minorities and the Capevin Minorities;
- The B Shares will not lead to any economic dilution for the Distell Minorities or the Capevin Minorities.

Notwithstanding the fact that the economic interests of the Capevin Minorities will not be diluted by the B Shares, their voting rights will be diluted as illustrated in section 5 below.

4. **BENEFITS OF THE TRANSACTION**

The rationale proposed to the Capevin independent board, of which the Capevin independent board is in agreement in principle, is that the Transaction, although providing the Remgro Group with specific rights regarding control of DGHL, will nonetheless be beneficial to Capevin and the Capevin Minorities, as it will, *inter alia*:

- result in the elimination of the current multi-tiered ownership structure of Distell, leaving a single entry point to investing in Distell (namely DGHL);
- likely unlock value for Capevin shareholders by eliminating all or part of the historical trading discount evident between the Capevin share price and the see-through value of Capevin’s interest in Distell;
- likely improve the demand, liquidity and marketability of the DGHL ordinary shares, by comparison to the equivalent for Distell Shares and Capevin shares, respectively;
- result in an increased free float of DGHL ordinary shares, which should enhance the weighting thereof in stock market indices both on the JSE and internationally;
- simplify Distell’s capital structure and thereby likely improve Distell’s investment appeal to both foreign and local investors;
- simplify DGHL’s ability to raise capital, should it need to do so to support Distell’s long-term growth strategy; and
- retain the stability and continuity which follows as a result of the Remgro Group remaining as an anchor shareholder of DGHL.

5. **HOW THE TRANSACTION WILL AFFECT YOU**

The DGHL ordinary shares will afford Capevin shareholders the same economic interest and participation in Capevin, via DGHL, as such participants held prior to implementation of the Transaction. The Capevin Minorities' indirect voting rights in relation to Capevin will, however, be diluted by c.35% as a result of the B Shares issued to the Remgro Group.

The table below contains an illustrative example of the effect of such dilution, namely a Capevin shareholder's shareholding and voting rights in Capevin pre- and post- the Transaction:

Capevin Shareholder's indirect interest in Capevin	Before	After
Direct interest in Capevin / DGHL	5.00%	–
Indirect / direct economic interest in Distell / DGHL	1.32%	1.32%
Indirect / direct voting interest in Distell / DGHL	–	0.85%

For a tabular summary of the B Share terms please refer to Annexure 6 of the Capevin circular that accompanies this letter.

6. **TRANSACTION SUPPORT**

The Transaction has the support of Distell's largest disinterested shareholder, the PIC. In addition, the Transaction has the support of Capevin's largest disinterested shareholders being, the PIC and Coronation Asset Management Proprietary Limited. The Remgro Group is also supportive of the Transaction, but will not be entitled to vote on the Transaction.

7. **VIEWS OF THE CAPEVIN INDEPENDENT BOARD**

The Capevin independent board has considered the terms of the Transaction and has taken into account the opinion of the independent expert. It is the opinion of the Capevin independent board that such terms are for the benefit of all Capevin shareholders and, accordingly, recommends that the Capevin Minorities vote in favour of the resolutions required to implement the Transaction.

8. **MEETING OF SHAREHOLDERS OF HOLDINGS**

The Capevin Scheme meeting is to be held at 09h00 on Friday, 27 October 2017, at the Burgher House, corner of Alexander and Blom Streets, Stellenbosch, 7600, in order to consider and, if deemed fit, pass the special and ordinary resolutions necessary to give effect to the Transaction.

Remgro International Holdings Proprietary Limited and its related parties will not vote their Capevin shares on the resolutions to be proposed at the Capevin Scheme meeting and RCI and its related parties will not vote their Distell Shares on the resolutions to be proposed at the Distell Scheme meeting.

We thank you for the attention given to the matters above.

Yours sincerely

Mariza Lubbe
On behalf of Remgro Management Services Limited
Company Secretary

