

# INVESTEC

## TO FORMER SHAREHOLDERS OF HAMBROS PLC

**Demerger of Hambro Countrywide PLC ("Countrywide")  
from Hambros PLC (the "Demerger") - tax treatment of former holders of  
ordinary shares of 20p each in Hambros PLC (the "Old Shares")**

The purpose of this statement is to supplement the description of the tax treatment contained in the Hambro Countrywide Demerger Document dated 17<sup>th</sup> April 1998 and, accordingly, this statement should be read in conjunction with that document.

You will recall that the Demerger was effected by way of a distribution of Countrywide shares to Hambros PLC shareholders. It has now been agreed by the Inland Revenue that no part of the value received on the distribution of Countrywide shares is to be treated as an income distribution for tax purposes.

Accordingly, all of the value received by shareholders on the Demerger will, we understand, be treated as the proceeds of a disposal for capital gains tax purposes. We have sent a letter to the Inland Revenue to confirm to them that we have notified you that this treatment will apply.

For capital gains tax purposes, the base cost of the Countrywide shares received will be 134.25p per share. This figure is the quarter-up price derived from the Stock Exchange Daily Official List for 19<sup>th</sup> June 1998, the date that the capital reduction became effective, the spread being 133p/138p.

Finally, it may be necessary for you or your tax adviser to be able to apportion the base cost of your "A" ordinary shares of 0.1p each in Hambros PLC (the "A Shares") and your "B" ordinary shares of 19.9p each in Hambros PLC (the "B Shares"). We are advised that this apportionment is to be performed by reference to the market values of the A Shares and the B Shares on 15<sup>th</sup> June 1998. On that date, the market value for capital gains tax purposes of each A share was 174.5p and the market value of each B Share attributable to each Old Share was 132.46p. On this basis, 56.8478% of the aggregate base cost would be attributable to the A Shares.

The guidance given in this letter is intended to assist former shareholders of Hambros PLC in the preparation of their tax returns. If you have any further questions in relation to this matter you should consult your own tax adviser.

(Hambros PLC was renamed Investec 1 Limited with effect from 25<sup>th</sup> September 1998.)

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