

13 September 2019

Dear Shareholder,

**Australian taxation implications of the takeover by Clime Capital Limited (CAM) of CBG Capital Limited (CBG)**

Following the unconditional takeover offer of CBG by CAM, CAM will provide offer consideration of 0.8441 CAM shares and 0.2740 CAM notes for each CBG share.

This letter provides information to assist Australian resident shareholders of CBG, who hold their shares on capital account, to calculate the tax cost base allocation which may be required following the offer period.

**Important information**

**This letter is a general summary and does not constitute tax advice. This letter should not be relied upon as advice. The information below does not take into account your individual investment objectives, financial situation or needs. It is not a complete analysis of all taxation laws which may apply to you in relation to the takeover. This tax summary does not address any tax consequences arising under the laws of jurisdictions other than Australia. This tax summary is based on Australian tax laws and regulations, interpretations of such laws and regulations, and administrative practice as at the date of this letter. You should consult with your own independent taxation adviser regarding the taxation implications of participating in the takeover offer given the particular circumstances that apply to you.**

**Section 11 of the bidder's statement lodged with the Australian Securities and Investments Commission on 19 July 2019 also provides some general information regarding the Australian taxation implications of accepting the offer for Australian resident shareholders of CBG.**

The capital gains tax consequences for Australian resident shareholders differ between CAM shares and CAM notes. The transaction is split into two components:

- a) The sale of a portion of your CBG shares in return for CAM shares
- b) The sale of a portion of your CBG shares in return for CAM notes

As a result, you need to split the tax cost base of your CBG shares between those sold for CAM shares and those sold for CAM notes.

*Treatment of the sale of CBG shares in return for CAM shares*

When the conditions for the scrip-for-scrip rollover provisions are met and are being applied, you are eligible for a partial rollover in respect of the CBG shares exchanged for CAM shares where you would have had a gain on sale of the shares. Under section 11.2(e) of the Bidder's Statement over 80% of the CBG shares have been acquired and therefore the rollover provisions will be applied. The rollover allows you to disregard any capital gain made from the original shares in CBG when exchanged for shares in CAM and your CAM shares are treated as having the same tax cost base as the CBG shares that were exchanged for CAM shares.

*Treatment of the sale of CBG shares in return for CAM notes*

There is no rollover for the exchange of CBG shares for CAM notes. The capital gain or loss is calculated based on the market value of each CAM note received less the tax cost base of the portion of CBG shares exchanged for CAM notes. An illustrative example of this is shown below.

### *How to split the cost base of your CGB shares between CAM shares and CAM notes*

The tax cost base of the original CBG shares must be apportioned between the CAM shares and CAM notes based on their relative market values as shown in the table below. Essentially, the original tax cost base of CBG shares will be allocated 73.50% to the newly acquired CAM shares and 26.50% to the CAM notes.

Financial Instrument (FI)	Market Value	Allocation for CBG Share	Allocated market value per FI	Allocation as a percentage	Notes
CAM Shares	A\$0.90	0.8441	A\$0.760	73.50%	Based on the 5-day market value weighted average price (from 18 June 2019 to 24 June 2019)
CAM Notes	A\$1.00	0.274	A\$0.274	26.50%	Based on the 5-day market value weighted average price (from 18 June 2019 to 24 June 2019)
<b>Total</b>			<b>A\$1.034</b>	<b>100.00%</b>	

### **Example of tax cost base for CAM shares and CAM notes**

As an illustrative example, if an Australian resident shareholder (the shareholder) had 100 CBG shares with a cost base of \$100.00, and on 18 June 2019 they received \$75.97 (based on the market value calculation above, rounded down to 4 decimal points) worth of CAM shares and \$27.40 worth of CAM notes, the shareholder would have a realised capital gain of \$0.90 (proceeds received for the CAM notes less cost base allocation).

The above scenario would have the below consequences relating to the CAM shares and CAM notes:

	Proceeds	Cost base	Gain	Post Transaction Cost Base
CAM Shares	A\$75.97	A\$73.50	Deferred	A\$73.50
CAM Notes	A\$27.40	A\$26.50	A\$0.90	A\$27.40
<b>Total</b>	<b>A\$103.37</b>	<b>A\$100.00</b>	<b>A\$0.90</b>	<b>A\$100.90</b>

The above does not consider the taxation implications for non-resident Australian shareholders.

Yours sincerely,

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Company Secretary