



(Incorporated in the Republic of South Africa)
Company registration number 1906/000622/06
Share Code: ILV
ISIN: ZAE000083846
("Illovo" or "the Company")

CAPITAL REDUCTION OUT OF SHARE PREMIUM IN RESPECT OF THE SIX MONTHS ENDED 30 SEPTEMBER 2010

As announced in the results announcement on SENS today, the board of directors has approved a cash distribution (in lieu of the interim dividend) by way of a reduction of capital out of share premium of 22.0 cents per share, for the six months ended 30 September 2010, to Illovo shareholders recorded in the register on Friday, 7 January 2011 ("the Distribution").

In compliance with the requirements of Strate, the electronic settlement and custody system used by the JSE Limited, the Company has determined the following salient dates for the payment of the Distribution:

| | |
|---|--------------------------|
| Last day to trade cum the Distribution | Friday, 31 December 2010 |
| Shares commence trading ex the Distribution | Monday, 3 January 2011 |
| Record date | Friday, 7 January 2011 |
| Payment of interim Distribution | Monday, 10 January 2011 |

Illovo shareholders will not be permitted to dematerialise / rematerialise their shares between Monday, 3 January 2011 and Friday, 7 January 2011, both days inclusive.

PRO FORMA FINANCIAL EFFECTS OF DISTRIBUTION OUT OF SHARE PREMIUM

The illustrative pro forma financial effects set out below have been prepared to assist Illovo shareholders to assess the impact of the specific payment on the net asset value ("NAV") and the tangible net asset value ("TNAV") per ordinary share. The material assumptions are set out in the notes following the table. The pro forma financial effects are the responsibility of the directors and are provided for illustrative purposes only.

Shareholders are advised that, because the Distribution is being made in lieu of an interim dividend that would have been paid had no capital been available for distribution, there will be no additional reduction in the cash and cash equivalents and equity attributable to ordinary shareholders of the Company.

The financial effects have been prepared for illustrative purposes only, and because of their nature, may not give a fair presentation of Illovo's financial position, changes in equity, results of operations or cash flows.

| | Actual before Distribution (1) | Impact of the proposed Distribution (2) | Proforma after the Distribution |
|--|---|--|--|
| Cash and cash equivalents (R million) | 557.8 | (101.1) | 456.7 |
| Total equity (3)(R million) | 6,343.6 | (101.1) | 6,242.5 |
| NAV (4) (cents per share) | 1,380.8 | - | 1,358.8 |
| TNAV (4) cents per share) | 1,342.8 | - | 1,320.8 |

(1) As per the published unaudited interim results of Illovo for the period ended 30 September 2010.

(2) Adjustments to the cash and cash equivalents and total equity were made on the assumption that the distribution to shareholders of 22.0 cents per share was paid on 30 September 2010.

(3) Total equity comprises the following line items:

| | Actual before Distribution (1) | Impact of the proposed Distribution (2) | Proforma after the Distribution |
|---------------------------------|---|--|--|
| Share Capital | 18.4 | - | 18.4 |
| Share Premium | 2,927.1 | - | 2,927.1 |
| Share-based payments reserve | 13.1 | - | 13.1 |
| Non-distributable reserves | 86.2 | - | 86.2 |
| Distribution reserve | 101.1 | (101.1) | - |
| Retained earnings | 2,347.5 | - | 2,347.5 |
| Non-controlling interest | 850.2 | - | 850.2 |
| Total equity | <u>6,343.6</u> | <u>(101.1)</u> | <u>6,242.5</u> |

(4) The calculation of NAV per share and TNAV per share as at 30 September 2010 has been based on 459 421 533 ordinary shares in issue. The Total equity used in the calculation of TNAV per share is calculated as set out below:

| | | | |
|-------------------|----------------|----------------|----------------|
| Total equity | 6,343.6 | (101.1) | 6,242.5 |
| Intangible assets | (174.4) | - | (174.4) |
| | <u>6,169.2</u> | <u>(101.1)</u> | <u>6,068.1</u> |

For income tax purposes, shareholders are advised that the Distribution will be regarded as a return of capital and therefore consideration should be given to the potential capital gains tax consequences. Illovo shareholders are, therefore, advised to consult their tax advisors with regard to how they may be impacted by the Distribution.

On behalf of the Board

G D Knox

Company Secretary

Mount Edgecombe

Sponsor: J.P. Morgan Equities

17 November 2011