

Mr Roger Flynn
Chairman
Coventry Group Limited
525 Great Eastern Highway
Redcliff WA 6104

via email: [REDACTED]

17 June 2014

Dear Roger,

Payment of a special fully franked dividend

Sandon Capital Pty Ltd ("**Sandon Capital**" or "**we**") is the investment manager of funds that own 1,592,785 shares in Coventry Group Limited ("**CYG**" or the "**Company**"). These shares are held through custodians National Nominees Ltd and One Managed Investments Limited.

In various meetings with you over the past few years, we have expressed our desire to see the bulk of the Company's excess capital returned to shareholders in the form of a special fully franked dividend. We prefer this than the risk that cash be depleted, or worse, permanently impaired, by CYG's longstanding, yet largely unaccomplished, strategy of seeking acquisitions.

We believe this is a view shared by a great number of our fellow shareholders. One needs look no further than the fact that (as at 16 June 2014) CYG trades at a Price/Book value of around 0.70xⁱ. In other words, investors are ascribing \$0.70 of value for every \$1.00 of capital being retained within the Company for redeployment under the current strategy.

Given the uncertainty with which we and other market participants view the current strategy, we continue to believe that the Company should, as a matter of priority, take steps to pay a significant special fully franked dividend as opposed to risk shareholder's capital on situations with uncertain future economic consequences.

By our calculations (based on 31 December 2013 half year results and some estimates of our own), the Company should be able to comfortably pay a special fully franked dividend of 60 cents per share (inclusive of any final ordinary dividend for the 2014 financial year), while still leaving approximately \$25-\$27 million of cash within the Company for further capital management.

We look forward to your response (which you can provide via email at Gabriel@sandoncapital.com.au or at 02 8014 1188 or 0408 93 63 57).

Yours sincerely,



Gabriel Radzynski
Sandon Capital Pty Ltd

ⁱ Source: Bloomberg