



BONATLA PROPERTY HOLDINGS LIMITED

(Registration number 1996/014533/06)

Share code: BNT ISIN: ZAE000013694

("Bonatla" or "the Company")

ANNOUNCEMENT REGARDING THE AGREEMENT WITH RESPECT TO THE RUITERSVLEI PROPERTY PORTFOLIO AND PARTIAL WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

Shareholders are advised that an agreement has been signed between Bonatla Properties Proprietary Limited ("Bonatla Properties"), a subsidiary of Bonatla and Ruitersvlei Holdings Proprietary Limited ("Ruitersvlei Holdings") whereby Bonatla has acquired Remainder of Farm Vrymansfontein proper number 713 measuring 379,4837 hectares in extent, Paarl. In addition, Bonatla Properties has signed a reversionary cession and pledge agreement to CDA Property Consultants Proprietary Limited ("CDA") as security. CDA is also a related party to Bonatla.

1.1 Background to the transaction

In 2010 and 2012 the Company issued several announcements detailing agreements signed between Bonatla and Rara Avis Property Investments Proprietary Limited ("Rara Avis") in terms of which Bonatla agreed to purchase various Ruitersvlei properties ("the Rara Avis transaction"), for a purchase consideration of R55 million which consideration increased to R85 million in 2012. The purchase price was to be satisfied by the issue of 30 000 000 Bonatla ordinary shares at an issue price of R1 each with a cash payment of R25 000 000. The Rara Avis Transaction was a related party transaction under the related party regulations of the Johannesburg Stock Exchange

Due to unforeseen circumstances, Bonatla was unable to complete the Rara Avis transaction at the time and on 11 October 2011 Bonatla announced that the transaction had lapsed but that a new agreement would be entered into in due course. At this point, CDA intervened to assist and secure the acquisition of the Ruitersvlei Property Portfolio through a settlement agreement securing the acquisition of Ruitersvlei Holdings. In terms of the agreement between CDA and Bonatla, Bonatla had to bear all the costs of the transaction. CDA and Rara Avis until recently held 99% and 1% of Ruitersvlei Holdings respectively. Ruitersvlei Holdings is the vendor of the above properties.

1.2 Rationale of the acquisition

Bonatla is currently in the process of injecting property assets into the Company so as to benefit shareholders and to meet the requirements of paragraph 4.28 of the Listings Requirements of the JSE Limited for a Main Board listed company. This acquisition aims at creating a link between Cape Town CBD hospitality and tourism, to Winelands tourism and hospitality.

1.3 Terms

The purchase consideration of the acquisition is R105 million which amount is inclusive of VAT. The purchase consideration shall be payable by Bonatla Properties by the issue of 30 million Bonatla ordinary shares at 50 cents a share and R90 million by way of settlement of loans advanced to Ruitersvlei Holdings and any remaining balance by the creation of a loan account or in cash to be delivered to Ruitersvlei Holdings upon the transfer of the property or completion of all JSE regulatory processes which may be required by Bonatla Properties to effect the transaction.

Until such a time as the loan account due to Bonatla Properties by Ruitersvlei Holdings is repaid, Ruitersvlei Holdings cedes the ownership of the property to Bonatla Properties. Accordingly, in terms of a reversionary cession and pledge agreement, Bonatla Properties has ceded such cession and pledge back to CDA (the controlling shareholder of Ruitersvlei Holdings) until such time as the loan account due by Bonatla Properties and Bonatla to CDA has been repaid in full to CDA.

The effective date of the transaction will be the date of transfer of the properties to Bonatla.

1.4 Conditions precedent and categorisation

The transaction is subject to the following conditions precedent:

- the registration of transfer of the properties;
- the approval of the transaction by the Bonatla directors and Bonatla shareholders in general meeting within 120 days of signature of the agreement, which date will be extended to allow for the JSE regulatory process to be completed; and
- the signing of a development agreement between the Seller and the Purchaser.

In addition, the transaction is a category 1 and related party transaction. Accordingly, shareholder approval and an independent valuation report according to section 13.20 to 13.31 of the JSE Listings Requirements will be required.

1.5 Details of the land

The land is situated in Paarl and is comprised of 379.4837 hectares.

Ruitersvlei Holdings has applied for mixed use residential, retail and commercial rezoning and expects to receive the zoning approval during the latter part of 2016 or early 2017. The land is currently zoned for agricultural use.

Development on the land will only commence following the rezoning, at which stage development plans will be drawn up. The development will take place over at least three years. The cost of the development will be established in due course.

The Seller will occupy a portion of the property and will be a co-developer of all the sold properties in the context of a development joint venture in accordance with all town planning terms and conditions.

1.6 Financial information

Impact on statement of financial position

Property held for development will increase by R105 million, and loans receivable will decrease by approximately R68 million, issued share capital will increase by R15 million and a loan account payable of approximately R22 million will be raised. The property will be independently valued for inclusion in the circular to shareholders and, in the event that the value exceeds or is below R105 million, there may be a fair value adjustment or impairment on acquisition.

Impact on statement of comprehensive and other income

The Ruitersvlei Property Portfolio does currently generate income of approximately R500 000 per month. This income is expected to increase via the letting of existing buildings, and the land held for property development. Interest on the loan receivable will no longer be received by Bonatla.

1.7 Partial withdrawal of Cautionary Announcement

Shareholders are referred to the cautionary announcement last dated 4 November 2016 and are advised that the cautionary announcement is withdrawn in relation to Ruitersvlei.

1.8 Documentation

In accordance with the JSE Listings Requirements, a circular is to be issued within 60 days of publication of a terms announcement.

However, due to the complex nature of the circular to shareholders that is required to regularise transactions from 2009 to date, the Company will have to apply to the JSE for an extension of time to be able to finalise the requisite circular to shareholders. This represents an unavoidable breach of the JSE Listings Requirements. The Company is also required to comply with section 4.28 of the JSE Listings Requirements, which process is ongoing.

A circular convening a general meeting and providing further detail of the acquisition of the Ruitersvlei Property Portfolio will be sent to the Company's Shareholders in due course.

By order of the board

30 November 2016

SPONSOR

Arbor Capital Sponsors Proprietary Limited

