



BONATLA PROPERTY HOLDINGS LIMITED

(Registration number 1996/014533/06)

Share code: BNT ISIN: ZAE000013694

("Bonatla" or "the Company")

ATTACHMENT AND DISPOSAL OF PROPERTY – THE HEIGHTS BUILDING, PHILIP NEL PARK PROPERTY ("THE HEIGHTS")

Shareholders are advised that the Company has entered into a disposal agreement through a subsidiary of the Company, Nungu Trading 472 Proprietary Limited ("the Seller") with TUT Varsity Lodge Proprietary Limited ("the Purchaser"). CDA Property Consultants Proprietary Limited ("CDA Properties"), a substantial creditor and shareholder of the company and a related party, has attached The Heights in terms of a pre-existing loan agreement as CDA Properties has been funding Bonatla for a number of years. CDA will recover its loan, ensure that the bond and associated costs are settled and then any excess proceeds will be paid over to Bonatla.

The overriding rationale for the disposal is cash-flow based in order to ensure the long term survival of the company following many years of operating in a constricted environment.

Full details of the disposal are set out below:

1. PROPERTY

Remainder of Erf 16, Philip Nel Park, Pretoria, measuring 2.5744 hectares, situated at 413 Diplomandi Crescent, Philip Nel Park, Pretoria ("Remainder Erf 16"). The property comprises 19 buildings with 864 student residences.

2. TERMS OF THE DISPOSAL

The Purchaser will acquire from the Seller the Philip Nel Park property, being the buildings, land and improvements thereon at Remainder Erf 16. The effective date will be the date of transfer of the property through the deeds office ("the effective date").

The consideration for the disposal of The Heights property is R92 million ("the Purchase Consideration"). A non-refundable deposit of R12 million has been paid, R65 million will be paid once the Purchaser receives bond approval and the balance of R15 million is to be settled in cash by 28 February 2016. The sale price per bulk square meter is R4 758, including land, with a gross rental of R50 per square meter.

All other debts at the effective date will be settled on transfer.

The agreement is subject to the provisions of the JSE Listings Requirements. However, due to the attachment of the property and/or proceeds, Bonatla no longer has control over the property and thus shareholder approval cannot be obtained for the disposal.

3. RATIONALE FOR THE DISPOSAL

The Heights property is categorised as a B/C Grade property comprising 864 student residences housed in 19 buildings. Individual leases were entered into with the students. The main rationale for the disposal is to strengthen the balance sheet of the company, relieve severe cash flow difficulties and the offer received is at a good price.

PROPERTY SPECIFIC INFORMATION

PROPERTY NAME	ADDRESS	LOCATION	SECTOR
Remainder Erf 16	413 Diplomandi Crescent, Philip Nel Park	Pretoria, South Africa	Residential

WEIGHTED AVERAGE RENTAL PER M2	GROSS LETTABLE AREA (M ²)	VALUATION	SELLING PRICE
R50	19 336m ²	R93 000 000	R92 000 000

The Company also owns a small house on the property for which a separate offer is being considered. The value of the property has been impaired to R92 550 000.

4. SUSPENSIVE CONDITIONS

There are no suspensive conditions, other than the payment of the purchase consideration, due to the attachment of the property and Bonatla no longer having control over the property.

5. FINANCIAL INFORMATION

The carrying value of The Heights property as at 31 March 2015, being the financial year end, was R92.550 million. The bond on the property of approximately R18.5 million as at 31 March 2015 will be settled from the proceeds on the disposal.

The net profit before interest and taxation arising from the property was approximately R500 000 for the 15 month period ended 31 March 2015 before investment revenue, impairments and fair value adjustments. The leases are all annual leases of R24 500 per student, payable over 10 months.

6. TENANTS

The current tenants are students registered at the Tshwane University of Technology.

7. EXIT INVESTMENT YIELD

The exit investment yield is below 1%.

8. CATEGORISATION

Whilst the disposal is categorised as a Category 1 transaction in terms of the JSE Listings Requirements, following the attachment of the property, the sale will not be able to be approved by Bonatla shareholders in general meeting.

By order of the board
30 October 2015

Sponsor

Arbor Capital Sponsors Proprietary Limited