



BONATLA PROPERTY HOLDINGS LIMITED

(Registration number 1996/014533/06)

Share code: BNT ISIN: ZAE000013694

("Bonatla" or "the Company")

**ANNOUNCEMENT REGARDING THE SIGNING OF A LOAN AGREEMENT AND
UNDERWRITING AGREEMENT WITH THE KINFEDI CONSORTIUM, INTENDED RIGHTS OFFER
AND NEW CAUTIONARY ANNOUNCEMENT**

Shareholders are advised that two inter-related agreements have been signed between Bonatla and Kinfeedi Investments Proprietary Limited ("Kinfeedi") whereby Kinfeedi will provide the Company or its nominee with a R800 million loan facility ("Loan Agreement"), which funding will be provided by way of approved drawdowns, and which loan will be used to partially underwrite an intended rights offer at 50 cents per share in due course. Kinfeedi is securing the funding from an infrastructure fund based in Europe.

1.1 Terms of the loan

The amount of R800 million provided under the loan facility shall be utilised by Bonatla to acquire properties and plant and machinery and for working capital for its business to fund its operations. The projects to be funded by the loan facility, will include a number of investments concluded, and to be concluded, by Bonatla and/or its subsidiaries.

The loan facility shall be for a period of three years from the first drawdown, provided that any extension of this period should be agreed to between the parties in writing at least three months before the third anniversary of the Loan Agreement. Bonatla may re-borrow any part of the loan facility which is repaid. The loan will bear interest at 3% per annum on amounts drawn down.

It is intended that amounts drawn down on the loan will be repaid by way of capitalisation of the loan, through Kinfeedi underwriting an intended rights offer by Bonatla in due course. The funding agreement contains a call option at 50 cents, which call option will be subject to shareholder approval.

1.2 Terms of the underwriting agreement and intended rights offer

Bonatla plans to raise R800 million by way of a rights offer in due course, which rights offer will be partially underwritten by Kinfeedi. Any shortfall amount not raised in terms of the rights offer of R800 million will form part of a call option granted to Kinfeedi to convert all or a portion of the loan outstanding into ordinary Bonatla shares at a fixed price of R0.50 per Bonatla share. The maximum commitment for Kinfeedi in terms of the underwriting agreement will be the equivalent of the full value of the outstanding loan balance owing by Bonatla to Kinfeedi on the last business day preceding the opening of the rights offer, including costs and interest thereon.

As it is the intention of the parties for the loan to be settled by Kinfedu underwriting the intended rights offer, it has been agreed that security for the due payment by Bonatla of all the monies which are or may become due and owing to Kinfedu will only be provided where the loan has been drawn down for property, plant and equipment assets acquired and not for working capital purposes and until such time as the loan is capitalised through the rights offer or call option.

The effective date of the agreement will be the date of the first draw down or 31 January 2017. The conversion date will be any date following the approval by the shareholders of Bonatla at the first shareholder meeting following the signature of the agreement.

1.3 Rationale

The principle strategic objective behind the transaction is to assist Bonatla to enhance its profile as a property entity and an investment holding company in strategic businesses. Kinfedu's specific interest in Bonatla arises from the Company's existing shareholdings in and/or the announcements it has made regarding the signing of agreements to acquire the following assets:

- The activated carbon business, which relate to manufacturing and green energy;
- Ruitersvlei and Grande Roche, which present agricultural development, tourism, property holding and property development opportunities;
- The Kimberley Diamond Hub, affording property and beneficiation opportunities;
- Lincoln Meade, which provides for the development of middle-income housing and retail/small office development; and
- Other targeted property and hospitality investment opportunities.

In investing in Bonatla, Kinfedu is partnering with Bonatla in its socially responsible business endeavours to create additional employment through socio-economic development, backed by property investment and property development initiatives and a strong balance sheet. The parties believe that the combination of business and real estate components will contribute to sustainable growth for the benefit of all stakeholders.

In addition, the transaction will enable Bonatla to recapitalise its balance sheet, have access to larger transactions and will enable Bonatla to inject assets and capital into the Company in order to meet the requirements of paragraph 4.28 of the Listings Requirements of the Johannesburg Stock Exchange ("JSE") for a Main Board listed company.

1.3 Conditions precedent

The implementation of the underwriting agreement and intended rights offer is subject to the fulfillment of the following conditions:

- Approval being obtained from the JSE for the rights offer circular;
- The shareholders of Bonatla approving, with the necessary majority, all resolutions required to give effect to the underwriting agreement and the funding agreement as it relates to the call option;
- Approval being obtained from the JSE for the listing of the letters of allocation and the subsequent listing of the new shares issued in terms of the rights offer; and
- Various regulatory approvals, including, but not limited to Exchange Control and TRP, to the extent that it may be necessary.

Shareholders are advised that in the event that Kinfed obtains control over Bonatla as a result of the underwriting of the intended rights offer, a mandatory offer to minority shareholders in Bonatla will not be required.

1.4 Documentation and categorisation

No shareholder or JSE approval is required for the loan facility and funds are expected to be available for drawdown by the end of January 2017.

The rights offer, approval of the issue of more than 30% new shares, the call option and the various acquisitions to which the funds will be applied are category 1 transactions. Circulars will be prepared and a further announcement will be made in due course.

1.5 Cautionary announcement

Shareholders are advised to exercise caution while dealing with the Company's securities until further announcements regarding the above and confirming that the loan facility has been finalised and the funding available for drawdown are made.

By order of the board

23 December 2016

SPONSOR

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