
 <p>Stellenbosch Vineyards Group Limited Incorporated in the Republic of South Africa (Registration number: 1991/005071/06) ("SVG")</p>	 <p>Advini South Africa Proprietary Limited Incorporated in the Republic of South Africa (Registration number: 2016/316617/07) ("Offeror")</p>
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JOINT FIRM INTENTION ANNOUNCEMENT IN RESPECT OF AN OFFER BY THE OFFEROR TO ACQUIRE 51% TO 55% OF THE ISSUED ORDINARY SHARES OF SVG AND WITHDRAWAL OF CAUTIONARY ANNOUNCEMENT

1. Introduction

Further to the cautionary announcement published on the SVG website on 13 December 2017 ("**Cautionary Announcement**"), the board of directors of SVG ("**SVG Board**") and the Offeror are pleased to announce that the Offeror has made an offer to SVG ("**Offer**") to acquire a minimum of 51% and a maximum of 55% ("**Maximum Offer Number**") of the issued ordinary share capital of SVG ("**the Shares**"). The Offer will be implemented by way of a scheme of arrangement ("**Scheme**") in terms of section 114 of the Companies Act 71 of 2008, as amended, ("**Companies Act**"), to be proposed by the SVG Board between SVG and the holders of the Shares ("**SVG Shareholders**") ("**Proposed Transaction**").

2. Information about the Offeror

Advini is a wholly owned subsidiary of Advini S.A., registration number 896 520 038, a company registered and incorporated in France, and conducts the South African trading operations of the Advini group of companies. Advini has acquired some strategic South African wine assets and the rationale for the Offer and the resultant Scheme is mainly rooted in expanding its South African operations.

The Offeror holds no shares in SVG or its subsidiaries at date hereof.

3. Salient terms of the Scheme

The consideration payable by the Offeror to SVG Shareholders in terms of the Scheme will be R5 per Offer Share, to be settled in cash ("**Scheme Consideration**").

If the Scheme becomes operative, SVG Shareholders will have disposed of, in aggregate, 51% to 55% of the Shares to the Offeror for the Scheme Consideration.

4. Rationale for the Scheme

The Company implemented a successful turnaround strategy 5 years ago that has seen an improvement in the profitability and sustainability of operations. The SVG Board believes that given the current financial position of the Company now is an opportune time to unlock value for SVG Shareholders that have patiently supported the Company for so many years.

Advini approached the SVG Board with the view of acquiring a controlling stake in the Company. Advini has been acquiring wine assets in South Africa for a number of years and views SVG as an appropriate vehicle to grow its South African and international business.

Advini intends to continue operating the business of SVG in the same manner as it has been operated in the past. Advini intends to retain the existing executive directors of SVG, and intends to retain two of the non-executive directors on the SVG Board.

The Scheme Consideration represents a premium of R4.25 to the last traded price of SVG Shares which was R0.75 in May 2017.

5. Suspensive conditions to the implementation of the Scheme

5.1. The implementation of the Scheme will be subject to the fulfilment or waiver (in whole or in part) of the following suspensive conditions ("**Conditions**"):

5.1.1. by 8 March 2018 the proposed Special and Ordinary Resolutions be adopted by the SVG Shareholders at the Scheme Meeting, which shall include the proposed resolutions for:

5.1.1.1. the acceptance of the Scheme and all the resolutions relating to it in terms of section 115(2) of the Companies Act;

5.1.1.2. the approval of the granting of the Undertakings on the assumption that they may be construed as financial assistance as contemplated by section 44 of the Companies Act;

5.1.1.3. the approval of the substitution of the memorandum of incorporation of SVG in accordance with section 16(5)(a) of the Companies Act, including, but not limited to, the conversion of SVG from a public to a private company and the amendment of its financial year end to 31 December;

5.1.2. to the extent required, the approval of the implementation of such resolution by the Court as contemplated in section 115(3)(a) of the Companies Act;

5.1.3. if applicable, SVG not treating the aforesaid resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;

- 5.1.4. SVG Shareholders not having exercised appraisal rights by giving valid demands to this effect to SVG, in terms of section 164(7) of the Companies Act, in respect of more than 5% of the Shares within the 20 (twenty) Business Day period contemplated in section 164(7) of the Companies Act (expected to be 9 April 2018) provided that, in the event that any SVG Shareholders give notice objecting to the Scheme, as contemplated in section 164(3) of the Companies Act, and those SVG Shareholders vote against the resolution proposed at the Scheme Meeting to approve the Scheme, but do so in respect of no more than 5% of the Shares, this Condition shall be deemed to have been fulfilled at the time of the Scheme Meeting;
 - 5.1.5. the resolutions contemplated in clause 5.1.1 be filed with the Companies and Intellectual Property Commission ("CIPC") within 6 (six) business days after their adoption, to the extent required;
 - 5.1.6. by 28 March 2018 the voluntary merger notification documents in terms of the Competition Act having been lodged with the Competition Commission and the implementation of the Acquisition be unconditionally approved by the Competition Authorities, in terms of the provisions of Chapter 3 of the Competition Act, or conditionally approved on terms and conditions acceptable to both Advini and SVG;
 - 5.1.7. by no later than 23 April 2018 the issuance of a compliance certificate by the Panel in respect of the Scheme in terms of section 121(b)(i) of the Act; and
 - 5.1.8. application is made for the written consent of the Presiding Officer (as defined in terms of the Western Cape Liquor Act), for the acquisition of an indirect financial interest by Advini of more than 5% in Stellenbosch Vineyards (Pty) Ltd's business.
- 5.2. If any one of the Conditions is not fulfilled or waived, but subject to paragraph 5.3, the Offer and Scheme will lapse and cease to be of any further force and effect, save that Advini and SVG will continue to be bound in terms of the Confidentiality Agreement. None of the SVG Shareholders or SVG will have any claim against Advini in respect of the Offer or arising from the failure of the Conditions, however, Advini shall have a claim against SVG in an amount equal to all costs and expenses incurred by Advini (including Advini's internal resources and external advisors fees) in the process of the assessment and/or the negotiations of the proposed Scheme and assessment of the Offer, subject to a maximum imposed by the Panel in respect hereof, should the failure of the Conditions not be a result of Advini's acts or omissions.
- 5.3. Subject to the approval of the Panel, if required, SVG and Advini will be entitled by written agreement, to:
- 5.3.1. waive any one or more of the Conditions, to the extent permitted by law, at any time prior to the date for fulfilment of the relevant Condition; and

5.3.2.extend the date for fulfilment of any or more of the Conditions.

5.4. Conditions of a regulatory nature shall not be capable of being waived.

6. Key shareholder support

To date, irrevocable undertakings to vote in favour of the Scheme have been received from the following SVG Shareholders holding in aggregate, as at the date of signature of the irrevocable undertakings, 11 550 875 (eleven million five hundred and fifty thousand eight hundred and seventy five) Shares, representing in aggregate 63.11% of the voting rights at the Scheme Meeting or any adjournment thereof assuming all Shareholders are present or represented:

Shareholder	Date of irrevocable undertaking	Shares voting in favour of the Scheme	Scheme voting rights (%)	Undertakings
Andrew John De Haast	2 February 2018	2 000 000	10.93%	Not to sell 1 500 000 Shares
Perdeberg Wine Farmers Coop	2 February 2018	618 760	3.38%	Not to sell 618 760 Shares
Vinfruco Share Incentive Trust	2 February 2018	589 567	3.22%	Not to sell so many as are necessary to ensure that the Maximum Offer Number is not exceeded
Douglas Smollan Holdings (Pty) Ltd	2 February 2018	4 000 000	21.85%	Not to sell 4 000 000 Shares
One Vision Investments (Pty) Ltd	2 February 2018	2 100 000	11.47%	Not to sell 1 600 000 Shares
Roodezant Coop Limited	2 February 2018	233 000	1.27%	To sell all of their Shares
Saldanha Group Investments (Pty) Ltd	2 February 2018	1 000 000	5.46%	To sell all of their Shares
Malcolm Segal	2 February 2018	401 184	2.19%	To sell all of his Shares
Frangos Family Trust	2 February 2018	308 364	1.68%	To sell all of their Shares
De Klapmuts Boerdery CC	2 February 2018	300 000	1.64%	To sell all of its Shares
TOTAL		11 550 875	63.11%	

7. Guarantees and confirmations to the TRP

The Offeror has delivered to the TRP a guarantee issued by Investec Bank for the maximum possible Scheme Consideration in compliance with regulations 111(4) and 111(5) of the regulations published in terms of sections 120 and 223 of the Companies Act ("**Takeover Regulations**").

8. Independent Board, Independent Expert report and recommendations

SVG has convened an independent board, comprised of independent non-executive directors, Mr David Price, Mr Neil Oosthuizen and Advocate Willem Pretorius ("**Independent Board**"), to consider the terms and conditions of the Proposed Transaction. SVG Independent Board has appointed PSG Capital Limited, registration number 2006/015817/07 as the independent expert ("**Independent Expert**"), as required in terms of section 114(2) of the Companies Act and as contemplated in regulation 90 of the Takeover Regulations, to provide it with external advice in relation to the Proposed Transaction and to make appropriate recommendations to the SVG Independent Board in the form of a fair and reasonable opinion.

The contents of the Independent Expert's advice and the final view and recommendation of the Independent Board will be detailed in the Circular, however having considered the proposal by the Offeror and a number of factors including the historical cash flows and operations of SVG, the risk factors relevant to SVG and its underlying businesses, the Independent Board is supportive of the Proposed Transaction which it believes to be in the interests of SVG and its stakeholders.

9. Offer letter

The letter from the Offeror to the SVG Board dated 12 February 2018, sets out the terms of the Offer ("**Offer Letter**"). In particular, SVG has granted the Offeror exclusivity until 30 June 2018 to make the Offer.

In the event of a breach by SVG or its representatives of the provisions of the Expression of Interest concluded between the parties on 10 October 2017 or the Confidentiality Agreement concluded between the parties on 7 April 2017, or the Offer is not proceeded with for reasons other than Advini's acts or omissions, SVG shall be liable to pay to Advini liquidated damages in the amount equal to all costs and expenses incurred by Advini (including Advini's internal resources, and external advisors) in the process of the assessment and/or the negotiation of the proposed Acquisition and assessment of whether to make the Offer, subject to the maximum imposed by the Panel in respect hereof

SVG will pay the costs of the Scheme Meeting, the Offeror will contribute up to 50% (taking into account its final shareholding in SVG) of the costs of obtaining TRP approval and the Circular, the Offeror will pay all costs in respect of the voluntary merger filing, and the Offeror and SVG will each bear their own other costs.

10. Documentation

Details of the Scheme will be included in the Circular to be sent to SVG Shareholders, which will contain, *inter alia*, details of the Proposed Transaction, a notice of the Scheme Meeting, a form of proxy, and a form of surrender and transfer. Subject to the fulfilment of the Conditions, it is estimated that the Circular will be posted to SVG Shareholders on or about 14 February 2018. SVG Shareholders are advised to refer to the Circular for the full terms of the Proposed Transaction.

In order to provide certainty to SVG, the SVG Shareholders and other stakeholders as soon as possible, the Circular will be posted and the Scheme Meeting convened as soon as possible taking into account the required timelines for giving of notice of the Scheme Meeting.

11. Withdrawal of cautionary announcement

Following the release of this firm intention announcement, the cautionary announcement published on 13 December 2017 is hereby withdrawn and caution is no longer required to be exercised by SVG Shareholders when dealing in their respective shares.

12. Responsibility statements

The board of directors of the Offeror accepts responsibility for the information contained in this firm intention announcement to the extent that it relates to the Offeror. To the best of their knowledge and belief, the information contained in this firm intention announcement is true and nothing has been omitted which is likely to affect the importance of the information.

The SVG Board and the Independent Board each accept responsibility for the information contained in this firm intention announcement to the extent that it relates to SVG. To the best of their knowledge and belief, the information contained in this firm intention announcement is true and nothing has been omitted which is likely to affect the importance of the information.

13/02/2018

Cape Town

13 February 2018

Corporate Advisor to SVG

Acorn Private Equity

Legal Adviser to SVG

Webber Wentzel

Legal Advisor to the Offeror

Forsman Consulting

Independent Expert

PSG Capital Proprietary Limited