

Supreme Court of Appeal of South Africa

MEDIA STATEMENT

From: The Registrar, Supreme Court of Appeal

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Status: Immediate

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On 5 March 2007 the Supreme Court of Appeal handed down judgment in *BOE Bank v The Grange Timber Farming Company and Others* (Case No 252/06).

The Bank advanced money to the company to finance a forestry operation. During 1998, after seven years, the bank exercised a contractual power of review of its obligations and lawfully terminated its obligations. It sued the company and its sureties for repayment of the indebtedness at the review date. The defendants refused to pay. They contended that the claim was premature because the contract contained an express provision that the repayment date would be 28 February 2007. Their defence was upheld in the magistrate's court and on appeal to the Natal Provincial Division.

The SCA found however that the repayment date fixed by the contract applied when the contract ran its full term. The clear words of the review clause showed that the intention of the parties was that a termination by exercise of the review power resulted in an immediate right to claim repayment of the debt. The bank's appeal was upheld with costs.

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