

PRESS RELEASE

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PROPERTY SPIN OFF FROM MINING BOOM TOWNS

Strong demand for housing developments in mining boom towns of Limpopo province continues

Small towns in the province of Limpopo, once regarded as pit stops by big-city businessmen on their way to larger, more important places have now become part the country's mining revolution. The growing trend of mining companies rushing to develop mineral deposits has meant that towns such as Burgersfort and Lephalale (formerly Ellisras) will need as many as 20 000 new houses within the next 10 to 15 years to accommodate its growing population, says Dirk Conradie, CEO of Cranbrook Limited, a development company specialising in property and investment projects in Limpopo Province, South Africa.

Earlier this year in the February 2012 State of the Nation Address, President Jacob Zuma stated that the government plans to develop and integrate rail, road and water infrastructure, centred around two main areas in Limpopo: the Waterberg in the western part of the province and Steelpoort in the eastern part. "These efforts are intended to unlock the enormous mineral belts of coal, platinum, palladium, chrome, and other minerals, in order to facilitate increased mining as well as stepped-up beneficiation of minerals," he said.

Conradie says that South Africa is no stranger to an economic hub being built on the fortunes of mines, with Johannesburg rising on the back of the gold rush and Kimberley being developed to support diamond mining. With the focus now on the Limpopo province and minerals it has to offer, investment in the development of coal, chrome and platinum mines will make Burgersfort and Lephalale two of the fastest expanding nodes in the country.

Home to the Matimba power station, Lephalale holds approximately 55% of the country's coal reserves and has been described as the future of power generation in South Africa. The region of Burgersfort and Steelpoort has been dubbed as the new platinum mining capital of the world and a property investment paradise.

According to the local economic development strategy report for the Greater Tubatse Municipality, which Burgersfort and Steelpoort fall under, once all expected capital budgets for

projects have been added, the total spend for new mine development will be in the region of R15 billion. The development which started in 2003 is expected to finish in 2015.

Mines mean rising employment figures and improved income. However, they also demand more houses, water, electricity, and more roads. "The vast mining development around Burgersfort will create over 22 000 new job opportunities directly related to mining. In addition to direct employment, mines also employ contractors, which could add as much as 30% to job figures. This means more people moving to the area due to the employment opportunity presented in all income categories. This has led to millions of rand been invested in infrastructure and property development," says Conradie.

According to Census 2001, the population in Tubatse was approximately 305 000 people. By the time development of the mines are complete, the population is expected to be double. With the district experiencing unprecedented growth and a limited amount of middle to high income residential developments available in towns such as Burgersfort, continued substantial expansion in the number of houses built is required. Burgersfort will need between 5 000 and 7 500 new houses over the short- to medium-term, with as many as 20 000 required within the next 10-15 years. Lephalale in turn will require an additional 10 000 houses.

Cranbrook Limited's housing developments in Burgersfort include the Spekboom River Estate and the Motaganeng Lifestyle Estate. The group has also developed the Ledibeng Eco Estate in Lephalale to meet the increasing demand for long-term accommodation in the region.

The mining and development has not just affected employment and the residential property market, it has also offered other opportunities to local companies who are able to provide the town with the goods and services it requires. Shopping malls have been constructed and more businesses have opened, ranging from food and clothing stores to suppliers of infrastructure, IT and communications.

"Burgersfort and Lephalale's expected growth in the short- to medium-term is exponential and both will soon be transformed from small towns to modern African cities," Conradie concludes.

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