

PRESS RELEASE

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PRIVATE EQUITY THE BEST SOURCE OF CAPITAL FOR DEVELOPERS

With the advent of the global economic downturn, property development across the board came to a halt in South Africa towards the end of 2008. Developers were unable to sell their stock as homebuyers couldn't get bond approvals due to the change in lending criteria by financial institutions, and as such, working capital is very hard to obtain for property developers.

Added to this the scope for development of commercial property such as shopping centres and office parks became saturated, resulting in many listed property funds looking for opportunities into Africa.

However, Dirk Conradie, CEO of Cranbrook Limited, says that there are a number of residential and commercial property development opportunities in some of the country's hotspots, especially in mining towns such as Burgersfort and Lephalale in Limpopo Province. These areas are experiencing unprecedented growth and presenting opportunity for investment. "Due to large scale activity in coal, platinum and PGM mining in these towns - supported by both industry and government - there is an increasing demand for infrastructure development," he says.

While opportunity for development exists, South Africa's financial institutions currently do not have the appetite to provide property developers with finance for their projects.

Added to this, Conradie says the country's financial legislative framework and the gearing towards Basel III compliance, which will come about in the next couple of years, means that banks will need to hold enough capital to survive market turmoil without causing risk to the financial system. "This is just another factor affecting liquidity," he says. "The traditional methods of gaining access to cash for developers are no longer available, which means that privately placed equity is one of the only ways in which property developers can access capital."

In light of this, Cranbrook Limited has issued 2 300 000 shares in an effort to raise R260 million. Conradie explains that this capital will be used to deliver built housing and commercial units to service the high demand these types of property in the booming Limpopo mining towns of Lephalale and Burgersfort. "Savvy investors," he says, "will have the opportunity to take

advantage of the ramp phase of development and participate in the vast potential of these high-growth geographies, through investment in a private share issue or fully proclaimed and serviced properties.”

An issued new share of R113.04 has an underlying property asset value of R155.86 per share on date of issue. The projected average return on the investment is 18.02% per year, consisting of an average dividend of R9.06 per share and capital growth of 10% on the investment amount. For more information regarding the prospectus offering, contact Cranbrook Limited on 012 665 5308.

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