

## GRINDROD BANK PROPERTY SOLUTIONS

Grindrod Bank Limited is a registered financial services provider, regulated by the South African Reserve Bank.

### Core Property Competencies Include:

#### Emerging Market Property Funds - Fund of Funds - Real Estate and Property Funds

Grindrod Bank is positioned to offer investors exposure to the benefits of real estate, through a portfolio of equity securities. The skills and experience within the team is not limited to the South African publicly-traded real estate market, enabling Bank clients to achieve geographic diversity within their real estate portfolios, whether in developed markets or other emerging markets. Whilst investment objectives are tailored, the primary objective of portfolios is to provide a high level of current income and to grow that in excess of inflation. A portfolio of real estate securities enables investors to diversify beyond "traditional" asset classes of equities and bonds and can be blended with a portfolio of directly held properties to provide an element of liquidity for investors, while continuing to provide real estate-related returns.

#### Offshore Property Funds

Grindrod Global Property Income Fund was launched in June 2009 with considerable success. The fund is a South African domiciled; Rand denominated entity, investing in Real Estate Investment Trusts (REITs) and funds of REITs. The primary attraction is an income & capital growth potential with a high probability of exceeding South Africa's inflation rate, backed by quality global commercial property assets.

#### Real Estate Advisors

Grindrod Bank Corporate Finance is well-equipped to advise on a variety of Real Estate transactions, with numerous years' experience in IPOs; stock exchange advisory roles; capital markets advice; and M&A involvement in real estate-related transactions. As the sole African representative in the global alliance, M&A International Inc. (represented in 37 countries), the team also has the International reach to assist on cross border transactions.

#### Unquoted Property

Through strong intellectual capital invested in the property environment, the Bank is able to assist with all facets of local property advice and development. Sourcing appropriate, strategically-located space on behalf of investors, is core to the team's competencies. Furthermore, historically-built networks in the Property environment of Southern Africa (and further into Africa) ideally places the Bank to source developers, property managers and fund-raising facilitation for investors and end-users with specific property requirements.

#### SA Property Private Equity Fund

Grindrod Financial Services Holdings (GFSH) facilitates property private equity transactions on behalf of Grindrod Bank. The purpose is to partner with property investors who require added equity funding, to enable highly attractive commercial property transactions where pricing and quality indicate significant future capital appreciation. GFSH and the investor will negotiate the amounts each party is to put in and GFSH will, where applicable, also canvas Grindrod Bank Property Lending to provide debt funding to such transactions.

#### Lending

Grindrod Bank has a strategic focus on commercial and industrial property finance, with a history steeped in property expertise. Potential transactions are subject to extensive analysis and approved on individual merits. Of consideration is: Location, Property type, Market value and condition, Acceptable loan-to-value (LTV) ratio and the financial strength of the property owner and its tenants. The Bank is also able to provide mezzanine funding on a selected basis. This facility is a hybrid of debt and equity financing, which is typically used to bridge the gap between the borrower's own equity and the principal loan.

## Listed Property Market in South Africa - *Ian Anderson*

Despite a deteriorating economic backdrop, South Africa's publicly quoted real estate sector has performed well, enjoying limited capital losses, whilst continuing to produce double-digit growth in earnings and dividends. This is because commercial real estate fundamentals have not declined significantly, due in large part to limited supply of new space and a demand build-up after five years of above-average economic growth. Consolidation has meant larger, stronger balance sheets and local listed real estate companies are poised to take advantage of a stabilizing world economy.

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