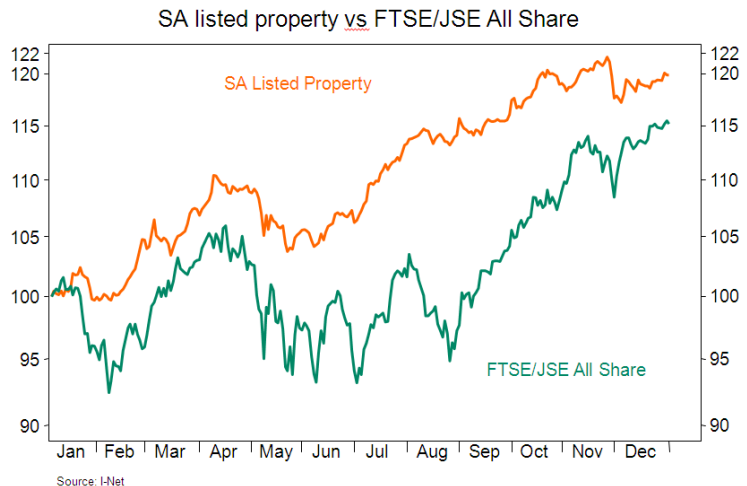


OMIGSA Comment – Evan Robins, Sector Head: Listed Property

Listed Property outperformed in 2010and lower double-digit returns expected in 2011



The total return of the FTSE/JSE SA Listed Property Index (SAPY) Index increased 29.6% in 2010. Remarkably, this is unexceptional as it is around the average return over the index's eight-year history. The return was a consequence of the almost 1% fall in bond yields.



Property yields fell eight basis points (bps) less. For the year, the FTSE/JSE All Share Index (ALSI) provided a 19% return and the All Bond Index (ALBI) 15%.

General Retailers, one of the sectors most similar to property, gained 61.5%. Over the final quarter listed property returned 3.1%, less than the ALSI (9.5%) and general retailers (6.2%), but more than the ALBI (0.7%), as the yield on property was flat while bond yields increased. This was despite disappointing news-flow, with some results or prospects statements below expectations. Potential corporate action announced could see the listed sector enlarge and quality improve.

With less scope for bond yields to decrease and the lagging operating environment still tough, we expect lower double-digit returns from listed property in 2011 (if bond yields are flat). This is still a decent return from a high-yield asset, considering the current low-return, low-inflation environment.

07 - 13 Jan 2011 in a nutshell

Global: After the festive season slowdown, trade activity increased in the second week of the New Year, with most global bourses ending the week in the black, on good news from the Eurozone area. The S&P 500 in the US rose 0.78%, while the European market stocks rallied 2.82% and emerging market shares gained 0.69%.

South Africa: The local market picked up pace, in tandem with its global peers this week, with the FTSE/JSE All Share Index climbing 1.61%. The resources counters led the rally, collecting 3.51%.

Markets and Economics - Highlights

Global

- US jobless claims jumped to their highest level since October, while food and energy costs boosted producer prices, pointing to lingering headwinds for renewed recovery. A surge in exports to their highest level in two years helped narrow the trade deficit. However, despite the positive outlook for growth, the jobs market still appeared to be struggling.
- The European Central Bank (ECB) left its main interest rate unchanged at 1% for the 20th consecutive month despite a rise in inflation as the Euro zone debt crisis simmers. The ECB's decision to leave its refinancing rate where it has stood since May 2009 was widely expected – even though inflation rose to 2.3% last month.
- Emerging nations were overtaking the West to become the world's dominant economies in the biggest redistribution of wealth in 500 years. Harvard University academic Niall Ferguson said. "China's gain is at the expense of the US and the European Union. We are living in a profound global shift," he said.

South Africa

- Uncertainty over economic policies such as nationalization was hampering efforts to raise SA's growth rate, the SA Chamber of Commerce and Industry said, while acknowledging confidence improved slightly last month.
- SA's invitation to join the BRIC (Brazil, Russia, India and China) group of countries affirmed its role in the world economy and would boost trade and investment, the International Marketing Council of SA said.
- The property market can expect another tough year, with economic indicators painting a grim picture. According to First National Bank figures for last month, the bank's valuers anticipate more hard work for the sector, with weak demand for houses relative to supply.
- New vehicle sales ended last year on an exceptionally high note, with aggregate sales of 39 504 units last month – a gain of 29.6% over December 2009 and 24.7% up over the full year, but well below annual aggregate sales increases from 2005 to 2008.

Key Indicators:

Market	Index	Movement for the period		Year to Date
		%	Index Value @ 13.01.2011	% Performance Return
United States	S & P 500 (US\$)	0.78%	1,284	2.07%
Europe	Euro Stoxx 50 (Euro)	2.82%	2,916	4.40%
Emerging Mkts	MSCI Emerg Mkts (US\$)	0.69%	1,163	1.04%
South Africa	FTSE/JSE All Share (ZAR)	1.61%	32,632	1.60%
Global	MSCI (US\$)	1.64%	1,305	1.95%
ZAR/Dollar	Rand/US \$ (ZAR)	0.74%	6.83	3.33%
ZAR/Pound	Rand/£ (ZAR)	3.25%	10.81	4.85%
ZAR/Euro	Rand/Euro (ZAR)	3.41%	9.11	3.05%
JSE	Industrials	-1.58%	30,009	-1.32%
JSE	Financials	0.53%	22,196	2.54%
JSE	Resources 20	3.51%	58,037	3.08%
JSE	Small Companies	0.99%	34,139	1.24%
JSE	Listed Property	-0.56%	389	0.52%
JSE	RAFI® ALSI	1.96%	6,799	2.16%
JSE	RAFI® 40	1.77%	6,604	2.12%
JSE	SWIX	1.07%	6,816	1.07%

 Editor: kbthelezi@omigsa.com

OMIGSA: Tel. 021 509 7622

www.omigsa.com

The information in this document is obtained from OMIGSA, Morningstar and Reuters as at 13 Jan 2011. While every effort has been made to ensure the accuracy of information contained on this document, the Old Mutual, the Old Mutual Investment Group, its associated companies, its Directors or employees provide no representation or warranty, express or implied, regarding the accuracy, completeness or correctness of information contained in this website. Any opinion expressed is intended for general information, and is subject to change at any time without notice. Old Mutual Investment Group (South Africa) (Pty) Limited is a licensed financial services provider, FSP 604, approved by the Registrar of Financial Services Providers (www.fsb.co.za) to provide intermediary services and advice in terms of the Financial Advisory and Intermediary Services Act 37 of 2002. Old Mutual Investment Group is a member of Old Mutual South Africa Limited. Reg No 1993/003023/07.