

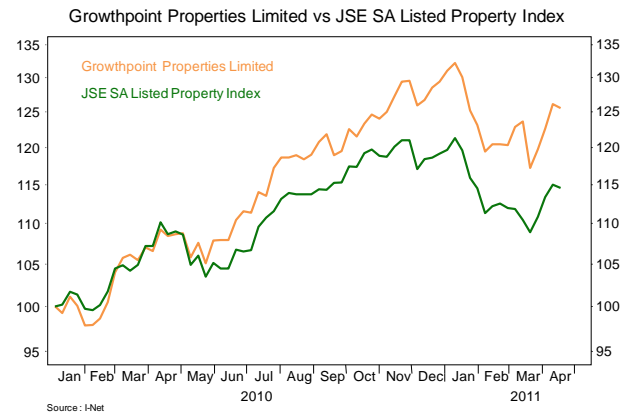
## OMIGSA Comment – Evan Robins, Head: Listed Property

### Bearish outlook for listed property .....but Growthpoint bucks the trend



More than half of the property companies released their results in the first quarter of 2011. On the whole, the results were below market expectations, with significant increases in office and industrial vacancies reported, which is in line with our more

bearish short-term outlook. Bucking the trend were heavyweight Growthpoint's operational results and outlook, which were welcomed. The market modestly revised sector distribution growth expectations lower after the results.



Meanwhile, listed property produced a -2.2% total return in the quarter, with a 3.4% gain in March offsetting some of January's losses. The decline was due to the increase in bond yields, with the All Bond Index (ALBI) falling 1.6%. The FTSE/JSE All Share Index (ALSI) gained 1.1%, and general retailers were down 2.8%. The coming quarter will be active in terms of new listings, capital raisings and opportunities.

#### 08 - 14 April 2011 in a nutshell

**Global:** Global equities were in the red this week, owing to concerns over Japan and a mixed bag of macro-economic news, underscoring weaknesses in the recovery of the global economy. The S&P 500 in the US gave up 1.39%, while its European counterpart shed 1.54% and emerging market shares fell 1.66%.

**South Africa:** In line with its global peers, the local market fell this week, with the FTSE/All Share Index losing 0.47%. Financials led the drag, falling 1.72%.

#### Markets and Economics - Highlights

##### Global

- The US trade deficit shrank in February as imports fell more than exports, according to a government report that suggested a slowdown in global demand. The monthly trade gap totalled \$45.8bn, down from an upwardly revised estimate of \$47bn in January despite another monthly rise in prices for imported oil. Analysts surveyed before the report had expected the deficit to narrow to \$44.5bn, said Business Day.
- Greece faced a new surge in its debt costs after Germany said for the first time that Athens may need to restructure its debt, a move one central banker warned would be a "catastrophe". Growing talk of restructuring by Greece, the first Eurozone member to receive a bailout a year ago, points to a new stage in the debt crisis that has driven Ireland and Portugal to seek aid and forced draconian budget cuts in Spain.
- Japan's Economic and Fiscal Policy Minister Kaoru Yosano said the March 11 earthquake may result in a larger hit to the economy than previously seen, indicating a greater appetite for stimulus one month after the disaster. "The damage to the economy may be bigger than we initially expected," Yosano told reporters in Tokyo. "In addition to disruptions in the supply chain, we have the added seriousness of the situation with the nuclear power plant," he said, referring to the Fukushima Dai-Ichi crisis that officials said has a severity rating matching Chernobyl in 1986.

## South Africa

- Though growth has returned to pre-crisis rates in many African countries, in marked contrast to the robust growth in most of the region, recovery is expected to be weak in South Africa, the International Monetary Fund said. South Africa's economy is too weak to hike rates, says the IMF in its latest World Economic Outlook. It noted that despite an already sizable output gap, South Africa is expected to grow by only 3.5% in 2011 - a rate that is insufficient to reverse the substantial job losses of the past two years - and 3.8% in 2012.
- Stats SA announced that the value of gold sales increased 45% year-on-year in January, the biggest annual advance in more than 30 years, as bullion prices traded near record highs amid investor demand for alternative assets.
- Half of South African consumers plan to maintain spending on discretionary items, a survey showed, which was well above the ratio six months ago and suggested that the economy's main growth engine was still on track. But far fewer South Africans plan to increase their savings in the coming six months, a trend which is worrying for an economy with very sluggish growth in investment.

### Key Indicators:

Market	Index	Movement for the period		Year to Date
		%	Index Value @ 14.04.2011	% Performance Return
United States	S & P 500 (US\$)	-1.39%	1,315	4.53%
Europe	Euro Stoxx 50 (Euro)	-1.54%	2,918	4.48%
Emerging Mkts	MSCI Emerg Mkts (US\$)	-1.66%	1,182	2.69%
South Africa	FTSE/JSE All Share (ZAR)	-0.47%	32,481	1.13%
Global	MSCI (US\$)	-0.59%	1,337	4.45%
ZAR/Dollar	Rand/US \$ (ZAR)	2.55%	6.83	3.33%
ZAR/Pound	Rand/£ (ZAR)	2.67%	11.16	8.24%
ZAR/Euro	Rand/Euro (ZAR)	3.89%	9.89	11.88%
JSE	Industrials	-1.14%	27,803	-8.57%
JSE	Financials	-1.72%	21,522	-0.58%
JSE	Resources 20	-0.02%	58,039	3.09%
JSE	Small Companies	-0.56%	32,217	-4.46%
JSE	Listed Property	0.00%	370	-4.39%
JSE	RAFI@ ALSI	-1.04%	6,782	1.91%
JSE	RAFI@ 40	-0.48%	6,575	1.67%
JSE	SWIX	-1.31%	6,710	-0.50%

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