



THE COUNTRY	
Population	48.8 mn
Top Cities	
Johannesburg	3.9 mn
Cape Town	3.5 mn
Durban	3.5 mn
Pretoria	2.3 mn
Port Elizabeth	1.0 mn
2009 estimate	
GDP	US\$282 bn
GDP per Cap	US\$10,310
GDP Growth	2.00%
CPI Inflation (average)	6.00%
10 yr Bonds (yr end)	8.36%
Unemployment (average)	26.00%
Politics	
ANC (African National Congress) governs with support of other parties.	



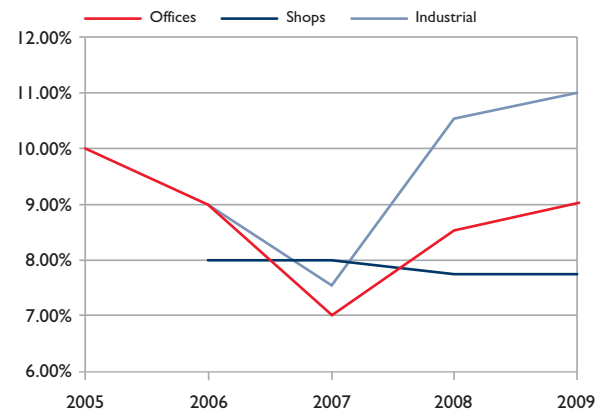
2009 was clearly one of the more difficult years for property, South Africa however appears to have weathered the storm rather well in comparison to some other global economies, due in particular to the introduction of the National Credit Act and relatively conservative bank lending policies with respect to property investment. 2009 investment volumes were boosted by some large transactions, in particular the merger of Redefine Income Fund, ApexHi Properties and Madison Property Fund Managers Holdings that transacted for close to €600mn.

Yields have reached their peak and blanket compression is not anticipated to feature strongly unless bank lending criteria are relaxed. However, with demand exceeding supply for quality property assets select areas may see yield sharpen. Going forward whilst the listed property sector and institutional buyers will feature heavily on the buy side private owners, smaller developers and unlisted property portfolios are expected to feature strongly in the transactional market on the sell side as they look to recoup some of the losses made in 2009. The debt market is stable but still tightly controlled and

PROPERTY MARKET	
Market Size	€53 bn
09 Investment Volume	€1,526 mn
Change from 2008	392.3%
Interest Rate (Dec 09)	7.00%
Currency (Dec 09)	US\$1 = R7.85 €1 = R10.58
Rent Measurement	R/sq.m/mth



HEADLINE PRIME YIELDS



as such sale & leasebacks will feature as some investors will look to gain access to capital via this route.

The 2010 outlook is more positive as business sentiment improves, investment activity picks up and an overall improvement in the occupational market is noted, all against the back drop of the eagerly awaited 2010 World Cup. In short, the market is past the trough, recovery is on its way, but the pace of this is expected to be gradual.

TRADING COSTS	
Total trading costs are typically around 3.00%.	
Transfer Tax	Zero rated
Notary	n/a
Legal	1.00%
Agency	2.00% - 4.00%
Other	n/a

KEY ATTRACTIONS	
■	High levels of domestic market activity
■	Strong scope for growth in listed property sector
■	Opportunity in retail to follow residential growth
■	Stable economic outlook

KEY DRAWBACKS	
■	Risks to political stability
■	High interest rates
■	Competition strong from domestic investors
■	Overhang of office supply