STANLIB Institutional Property Proposition

As at 31 December 2011

STANLIB
the art and science of investing

Proposition details

GIPS Inception Date:	31 Dec 2004
Asset size:	R 10'236.69 million
Benchmark:	FTSE/JSE SA Listed Property Index (SAPY)
Available as:	Unit Trust, Segregated

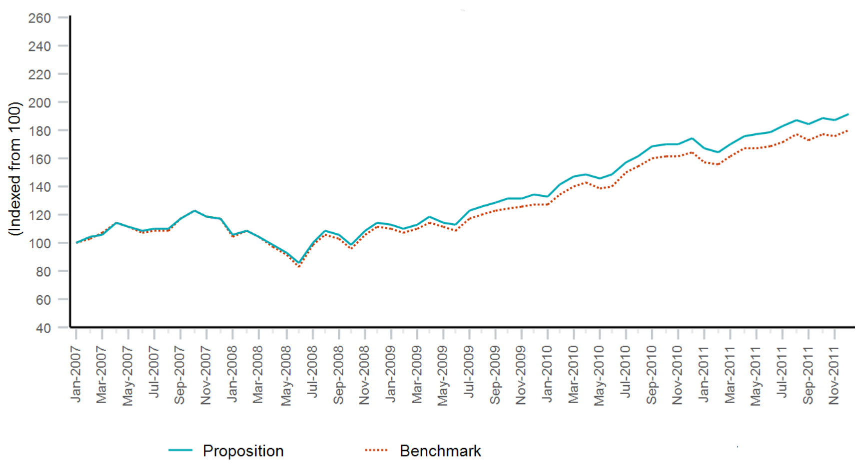
Brief description:

The proposition is exposed almost purely to listed property with cash only being held for liquidity purposes.

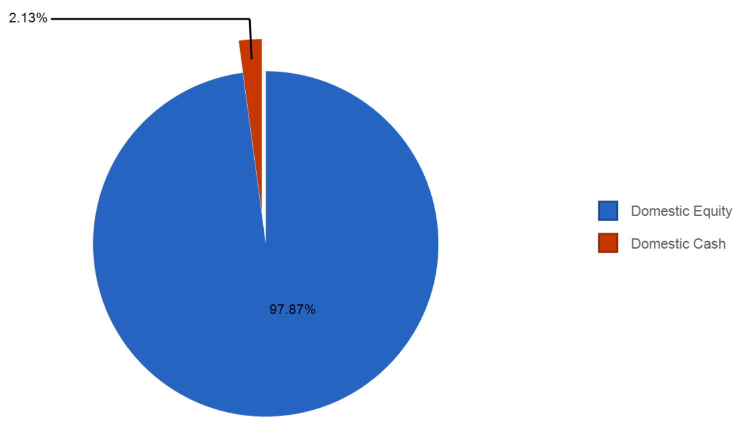
Performance table (annualized, gross of fees in Rands) (%)

	1 year	3 years	5 years	Since GIPS inception
Proposition	9.89	18.72	15.51	21.61
Benchmark	8.93	17.22	14.24	20.77

Cumulative 5 year gross performance vs. benchmark



Asset Allocation (%)



Based on latest month averages

Risk profile

Negligible	Low	Moderate	High	Very High

Risk statistics (3 years, annualised)

Alpha	0.14
Beta	0.97
Benchmark Standard Deviation	9.26
Standard Deviation	9.06
Sharpe Ratio	1.31
Sortino Ratio	0.86
Tracking Error	0.96
Information Ratio	1.57

Combined top Holdings (%)

Based on last month's averages

1. GRWTHPNT PROPS	22.16
2. REDEFINE INCOME	14.89
3. CAPITAL PROP FND	14.00
4. RESILIENT PROP INC	8.81
5. HYPROP	6.69
6. FOUNTAINHEAD PROP	5.31
7. ACUCAP PROPERTY	5.17
8. VUKILE	3.93
9. EMIRA	3.57
10. SA CORP REAL EST FND	3.11
TOTAL	87.63

Big positions relative to benchmark

Based on last month's averages

Counter	Over/Underweight
CAPITAL PROP FND	OW
RESILIENT PROP INC	OW
SA CORP REAL EST FND	UW
GRWTHPNT PROPS	UW

Biggest impact on active returns

Based on last month's averages

Top 5 contributors

1.	Arrowhead Properties (A)	OW
2.	VUKILE	OW
3.	GRWTHPNT PROPS	UW
4.	RESILIENT PROP INC	OW
5.	New Europe Prop Invest	UW

Top 5 detractors

1.	REDEFINE INCOME	UW
2.	SA CORP REAL EST FND	UW
3.	CAPITAL PROP FND	OW
4.	FOUNTAINHEAD PROP	UW
5.	Arrowhead Properties (B)	OW

GIPS ® Disclosure

STANLIB Asset Management is a 100% owned operating entity within STANLIB Ltd. The company comprises all portfolios managed by STANLIB Asset Management. STANLIB Asset Management claims compliance with the Global Investment Performance Standards (GIPS®). To receive a list of composite descriptions of STANLIB Asset Management and/or a presentation that complies with the GIPS® standards, contact STANLIB Performance at 0860 123 003, write to STANLIB Asset Management, PO Box 202, Melrose Arch, 2076 or email stanlib.performance@stanlib.com

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Investment thesis

The STANLIB Institutional Property Proposition is a specialist investment in property securities. This proposition can hold the following investments: property shares, property loan stock, debentures, debenture stock and debenture bonds, unsecured notes, collective investment schemes in property and other securities listed on exchanges, among others.

The STANLIB Institutional Property Proposition will not be permitted to invest its assets in foreign investment markets.

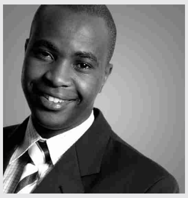
The objective of the proposition is growth of capital and the provision of an income source for investors.

This proposition is managed by:

Keillen Ndlovu

B Com (Hons) CAIB (SA)

Head of Property Franchise



Joined the investment industry in 2004
Joined Stanlib in 2005.

Quarterly Comments - Q4 2011

Fund Review
For the year, the proposition achieved 9.89% versus the benchmark's 8.93% i.e. 96bps outperformance. There were five additions to the portfolio during the quarter – Arrowhead A, Arrowhead B, Synergy A, Octodec and Hospitality A. We also increased our exposure to Sycom, Hyprop and Vukile. This was funded by proceeds from trimming our overweight position in Capital Property Fund (taking a bit of profits) and reducing our exposure to Redefine and Emira.

Market Review
The SA Listed Property sector was the best performing asset class for the year with a total return of 8.93%. Bonds came second with 8.80%, followed by Cash (5.71%) and lastly Equities (2.57%). The listed property performance was largely supported by the strong bond market. Four counters listed during the quarter – Arrowhead A, Arrowhead B, Synergy A and Synergy B. The A units, both Synergy and Arrowhead, are considered less risky. Arrowhead was unbundled out of Redefine and focuses on smaller and secondary properties. Synergy focuses on convenience retail largely anchored by SPAR.

R15.5bn of listed property stock was added to the sector in 2011. This has increased the sector's market capitalisation to R145bn. We view this as positive for the sector – it translates to improved size, choice and liquidity.
Results from the October/November reporting season, again, reflected a diverging trend. The best performer, one of our biggest overweight positions, Vukile, achieved income growth of 8%. Other funds that delivered positive income growth include Acucap, (6%), Sycom (5%), Fountainhead (3%), Redefine 3% (stripping out fee income). Octodec and Premium disappointed with negative income growth of -2% and -5% respectively.

Looking Ahead
We are expecting income growth to slow down to about 5% over the next 12 months (averaged 7% in 2011). This results in a forward yield of 8.0%. Listed property offers growing income whereas cash and bonds do not. We are expecting more equity raisings.. The major risk for the listed property sector is rising bond yields. Listed property has a high correlation to the bond market (82% in 2011). Other risks are rising operating costs and lower economic growth leading to an even weaker office market. On the positive side, bigger shopping centres are still experiencing decent demand for space. Industrial vacancies have fallen below 5%. The number of new building plans passed and completed, across all sectors has come down sharply. This bodes well for existing buildings in the medium term.

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Factsheet Compliance No : x

Statutory Disclosure and General Terms & Conditions

Where Collective investment Schemes in Securities (unit trusts) is included in the proposition, refer to www.stanlib.com for the relevant Collective Investment Scheme Portfolio fact sheet.
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