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PROPERTY BAROMETER

FNB Estate Agent Survey by Segment suggests that the "Middle Income" market has been the healthiest "suburban" segment through the winter quarters.

The FNB Estate Agent Survey for the 3rd quarter of 2011, broken down into 4 income segments, shows slower demand in 3 of the 4 segments through the 2 winter quarters, with only the Middle Income segment seemingly bucking the trend.

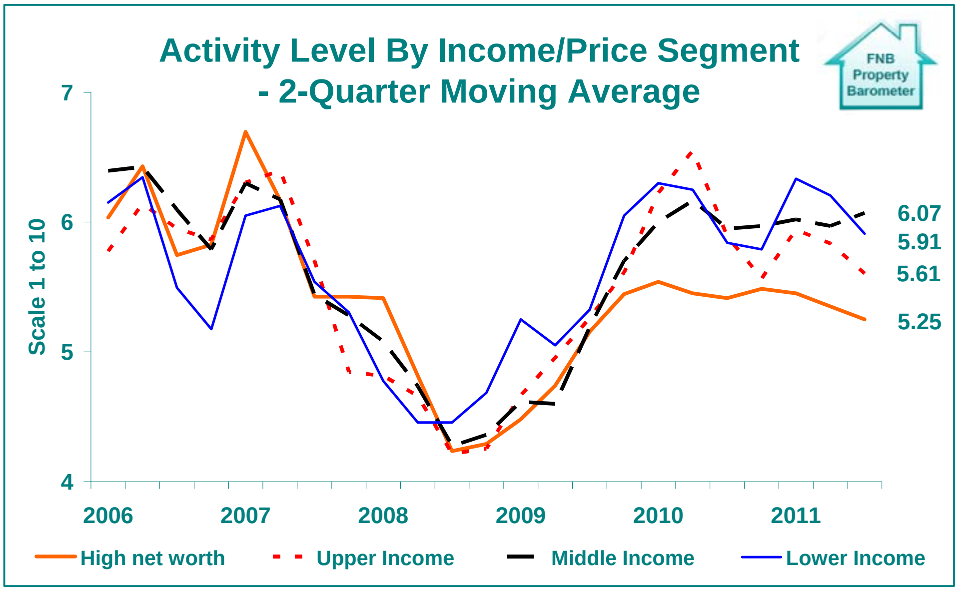
1. FNB ESTATE AGENT SURVEY BY SEGMENT POINTS TO THE "MIDDLE INCOME" SEGMENT EXPERIENCING THE STRONGEST DEMAND

The FNB Estate Agent Survey by income segment focuses largely on the highly-traded "suburban" markets. For the 3RD quarter of 2011, the survey continued to show agents surveyed in "Lower and Middle Income" areas being more optimistic in terms of their perceptions of demand strength in their areas, but it would appear that demand strength in "Middle Income" areas has recently overtaken that of Lower Income areas to achieve the best rating of all 4 segments.

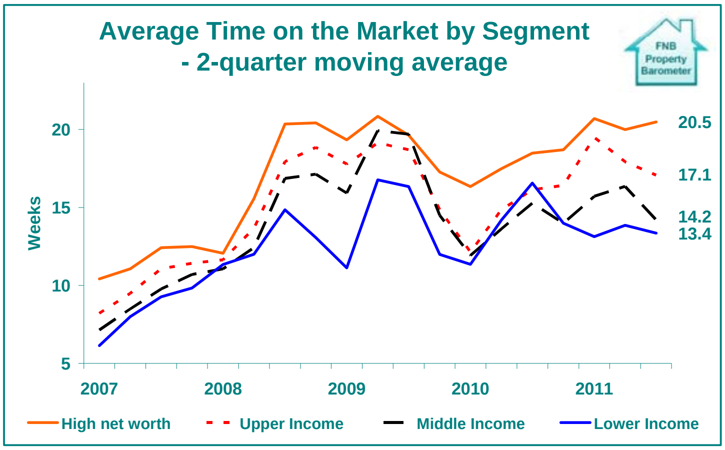
The survey asks agents to place the areas that they serve into one of 4 categories, i.e. High Net Worth areas (average price = R4.8m), Upper Income areas (average price = R2.7m), Middle Income areas (average price = R1m), and Lower Income areas (average price = R720,000). We make use of 2-quarter moving averages when depicting segment results, in order to boost sample size.

As one views the demand levels in the different segments, one sees that the Middle Income segment was the only one to rise mildly in the 2 quarters to Q3 2011, thus becoming the segment with the strongest demand rating of 6.07. The Lower Income segment follows closely with a rating of 5.91, although this represents a weakening on the previous reading, while the Upper Income (5.61) and High Net Worth (5.25) segments are noticeably weaker.

Through 2010 and 2011, the High Net Worth segment's demand rating has been noticeably weaker than the other 3 segments, whose ratings have generally been more closely grouped together.



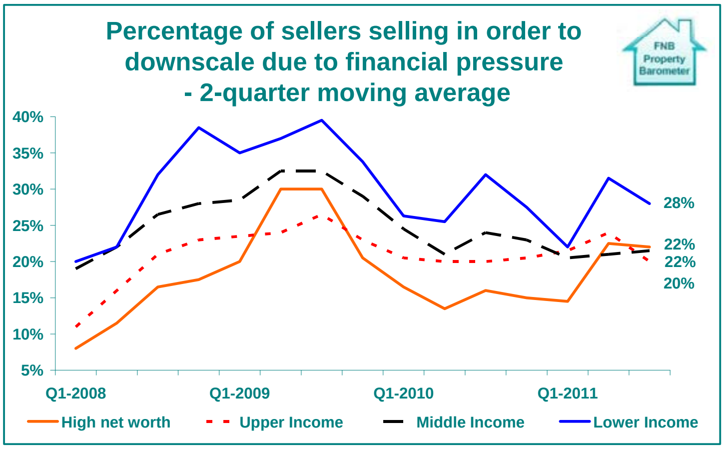
2. DEMAND-SUPPLY BALANCE APPEARS TO HAVE IMPROVED MOST IN THE MIDDLE INCOME SEGMENT.

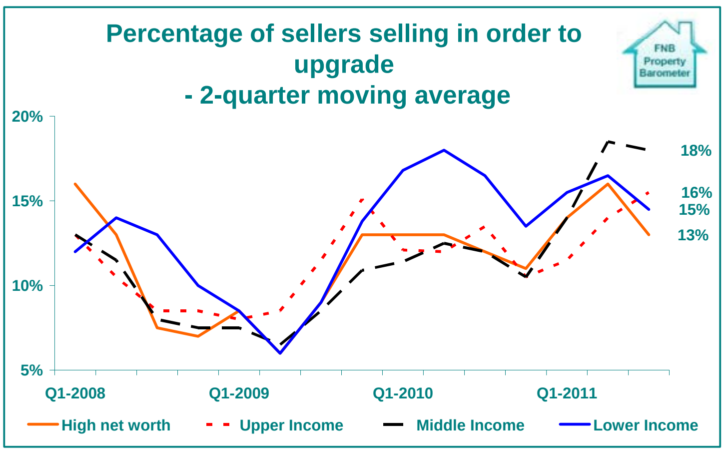


Using the average time of homes on the market prior to sale as a proxy for the balance (or imbalance) between demand and supply, the 2 higher priced segments once again show a weaker situation than the more affordable two. One must interpret this result with caution however, as higher end homes do typically have a longer time on the market even in healthy times. ***However, we did see a noticeable widening in the gap between the High Net Worth segment average time on the market during the winter and the other 3 segments, with average time of the High Net Worth segment being the only one to show an increase (deterioration).***

The Lower Income segment remains at the shorter time end of the spectrum, averaging 13.4 weeks for the 2 quarters to Q3 2011, and the High Net Worth segment remains at the longer time end of the spectrum on 20 .5 weeks, ***But the most noticeable decline (improvement) in average time on the market during the 2 winter quarters took place in the Middle Income segment, which came to average only a very slightly longer time on the market than the Lower Income segment, i.e. 14.2 weeks.***

3. OVERALL FINANCIAL "STRENGTH" APPEARS BEST IN THE MIDDLE INCOME SEGMENT.





The most recent survey also points to some improvement in financial strength of home owners during the winter quarters.

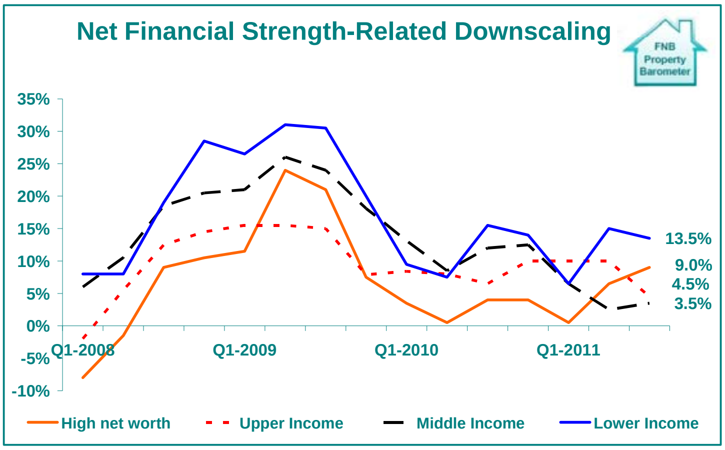
The Middle Income segment saw a slight rise in its 2-quarter moving average percentage of sellers selling in order to downscale due to financial pressure, from 21% previous to 22% for the 2 quarters to Q3 2011.

All 3 of the other segments, however, saw a decline in this percentage, with the Upper Income segment now recording the lowest percentage of sellers selling in order to downscale due to financial pressure, i.e. 20%, and the Lower Income segment recording the highest percentage, i.e. 28%.

However, that is only part of the "financial strength picture", with the other part being the percentage of sellers selling in order to upgrade.

Here, the Middle Income segment comes out significantly higher in the survey, with 18% of sellers believed to be selling in order to upgrade, compared to 16% in the case of the Upper Income segment, 15% for the Lower Income segment and 13% in the High Net Worth segment.

In order to give a rudimentary estimate of the overall financial strength of each segment, we subtract the percentage upgrading from the



percentage downscaling, to get to what we term "net financial strength-related downscaling".

Here, the Middle Income segment has the lowest percentage of "net financial strength-related downscaling" of 3.5% of total selling.

This is followed by the 4.5% of the Upper Income segment, while the High Net Worth (9%) and Lower Income (13.5%) segments now appear to have the weakest financial strength.

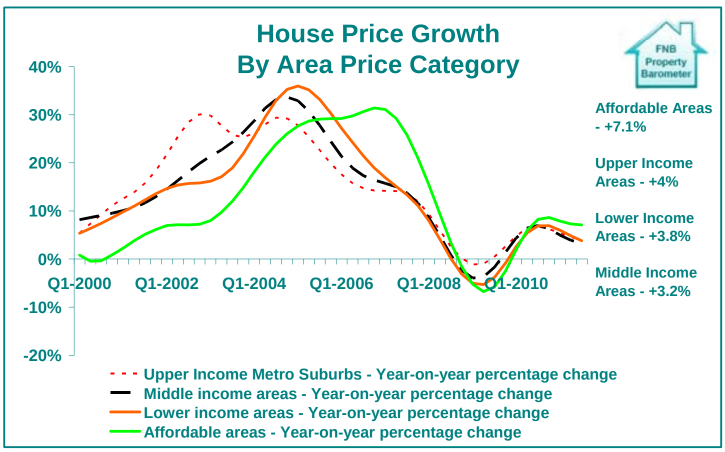
Reasons for selling (As % of Total Sales) - 2-Quarter Moving Average	Total	High Net Worth	Upper income	Middle income	Lower income
Downscaling due to financial pressure	**22%**	**22%**	**20%**	**22%**	**28%**
Downscaling with life stage	22%	23%	24%	21%	19%
Emigrating	**4%**	**6%**	**3%**	**4%**	**3%**
Relocating within SA	7%	7%	6%	8%	9%
Upgrading	**16%**	**13%**	**16%**	**18%**	**15%**
Moving for safety and security reasons	11%	11%	12%	10%	11%
Change in family structure	12%	13%	14%	11%	11%
Moving to be closer to work or amenities	7%	6%	7%	8%	7%

4. PRICE TRENDS BY SEGMENT –AFFORDABLE SEGMENT STILL GROWING THE STRONGEST.

FNB has created its own 4 area value band indices for residential-dominated areas in the 6 major metros, grouped according to average prices of areas, and using Deeds data for transactions by individuals in the 6 major metro regions with which to estimate these.

These 4 indices differ from the 4 estate agent income segment groupings, as they include the entire market, importantly what are known as former Black, Coloured and Indian Township regions.

Since the peak in the "relief rally" (or mini-recovery) that we saw in the 1st half of 2010, estimated house price growth in all four of our Major Metro area value band indices has shown a tapering off.



What we deem to be "Middle Income Areas", with an average price of R1.108m would be fairly comparable with the "Middle Income Areas" as defined by Estate Agents in the survey. *As yet, we have not seen these "Middle Income Areas" rising to the top as the Estate Agent survey suggests that they perhaps should be, and the Middle Income Areas House Price Index has the lowest year-on-year price growth. However, it is important to realize that there is a considerable time lag from when Estate Agents first experience a trend change until when it translates into a house price trend change, so we may have to wait a short while for the house price growth in our "Middle Income Areas Index to start to outperform* *the Upper Income and Lower Income areas as the Estate Agent Survey results implicitly suggest that it should.*

So, what our major metro house price indices show is the top 3 indices, namely Upper Income, Middle Income and Lower Income Areas, closely grouped with low price growth ranging from 4% to 3.2% in the 3rd quarter, while the so-called Affordable Areas continue to show significantly higher house price growth than the rest. These affordable areas include many so-called "township" regions, where supply has typically been more constrained.

On a year-on-year basis, Affordable Areas' (average price = R383,209) average price grew by 7.1%, and Lower Income Areas' (average price = R723,647) average price by 3.8% in the 3rd quarter of 2011.

By comparison, what FNB deems Middle Income Metro Areas (average price = R1.108m) showed 3.2% year-on-year growth and the Upper Income" areas (average price = R1.906m) showed a 4.0% increase.

5. CONCLUSION

The FNB Estate Agent Survey suggests that the metro market segment where house prices average near to R1m showed the strongest "fundamentals" of the 4 "suburban" income segments during the 2 winter quarters. This "Middle Income" segment was the only segment to show a strengthening in its agent demand rating for the 2 quarters to Q3 2011.

As yet, however, we have not seen the Middle Income segment's year-on-year price growth outperforming any of the others as of late, according to the FNB Major Metro Value Band House Price Indices, although this may still come with something of a lag. ***Rather, we see Affordable Segment house price growth still significantly higher than the rest, a segment which includes much of SA's former township regions and where supply has typically been more constrained.***

**Note: In the FNB Estate Agent Survey, we ask a sample of agents to provide a subjective rating of residential demand strength in their areas. The rating is on a scale of 1 to 10, with 10 being the strongest.*