



2010
KICKSTART



LIBERTY

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40 years of positive returns from Liberty Properties

Liberty Properties' unlisted property portfolio has once again delivered good inflation-beating results with a gross return of 11.49% for 2009.

Liberty Properties is pleased with the performance, which is the 40th positive annual return in a row - proving that the fund has the resilience to produce the goods, whether it's tough times or not.

Thanks to a robust investment process and a philosophy of holding quality assets, the fund has outperformed inflation with an average return of 9.29% per annum over the last five years. The portfolio includes a stable of dominant super-regional centres, a well tenanted and located office portfolio and 13 hotels operated by Southern Sun.

The momentum is expected to continue through 2010, with a gross return of at least 9.5% expected, thanks to sound cost management, escalating rentals, low vacancies and a number of new developments coming on stream. Inflation is forecast at around 5% for the coming year, which if correct, will make for robust real returns and comfortably exceeds Liberty Properties benchmark of inflation + 3%, even in difficult times.

With 70% of the portfolio invested in retail, the state of the South African consumer is important to Liberty Properties. STANLIB economist Kevin Lings says that while retail suffered in 2009, going forward salary increases should exceed inflation and this will help to lift consumer spending. Although little job creation is expected, there should only be a moderate increase in credit and interest rates are presumed to be flat this year. In all, it seems 2010 will see South Africa making a steady recovery from the recession, thanks also in part to the added boost the economy will receive from the Soccer World Cup.

The year ahead looks promising for Liberty Properties, which is currently developing on six sites and will spend R1.5 billion on developments during 2010. The Liberty regional head office in Umhlanga Ridge is complete and the refurbishments and extensions at Liberty Promenade, Eastgate and Sandton City are ongoing. The two hotel projects in KZN (StayEasy in Natal Midlands and Garden Court in Umhlanga) valued at R350m will both open in time for the World Cup.



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Liberty Properties is looking forward to a year that provides a general uptick in the economy all round and one in which it will also focus on building an industrial portfolio.

