

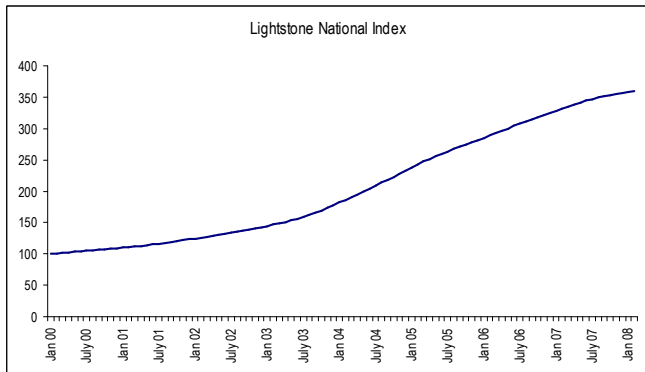
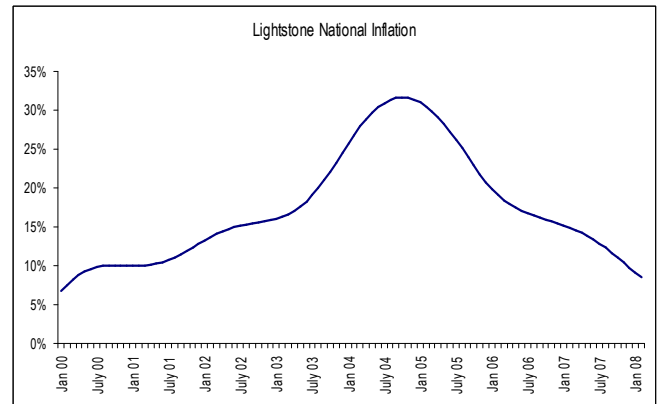
# Residential Property Indices



## NATIONAL HOUSE INFLATION DROPS TO 8.5% IN FEBRUARY WITH DOWNWARD TREND LIKELY TO CONTINUE

### MOST MARKET SEGMENTS SHOWING DOWNWARD TRENDS

This month Lightstone National House Price Index continues to show a slow down in house price appreciation reaching 8.5% in February 2008, a substantial drop of almost 2% from 10.4% in November 2007. The inclusion of more recent data up to February 2008 shows increasing downward acceleration in house price inflation, comparing year-on-year numbers there has been a 6.4% drop from February 2007 when inflation was at 14.9%.



The inclusion of more recent data also shows the impact of the October and December interest rate hikes, and the overall December holiday price pressures.

The Coastal Areas continue to show strong inflation growth, which is up to 11.3% in December 2007, and higher than the 9.8% inflation in Non-Coastal Areas. These properties which all lie within 500m of the coast, are clearly presenting an attractive investment opportunity for investors with resources as they continue to outperform the national index.

Gauteng and Western Cape are showing lowest inflation in December 2007 at 9.3% and 9.5% respectively, substantially lower than some of the smaller provinces like Limpopo and Northern Cape that are showing inflation above 20.0%.

#### DISCLAIMER

The Lightstone Repeat Sales Index system applies advanced statistical methods to a comprehensive property data base - compiled from the Deeds Office, the Surveyor General and other sources - to generate repeat sales inflation data for individual residential properties. Despite the statistical and actuarial rigour applied, Lightstone cannot guarantee the accuracy and reliability of the data. Furthermore, the index is a statistical tool and does not amount to advice and may not be applicable in some cases. Lightstone does not take responsibility for any losses incurred as a result of any person acting or omitting to act as a result of the publication of this index.

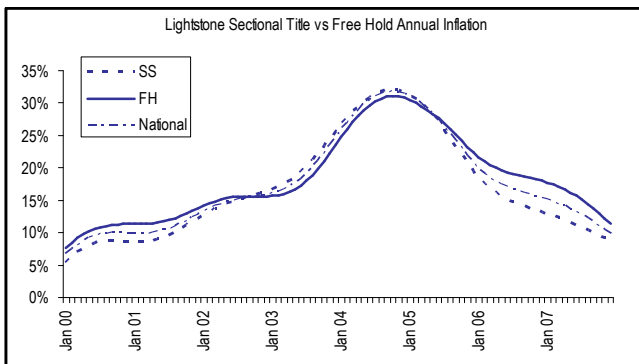
# Residential Property Indices



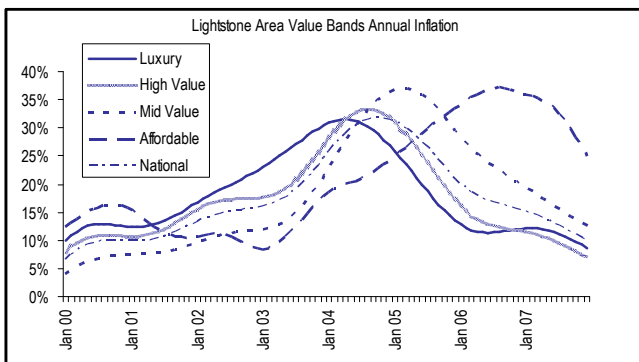
The Affordable Band continues to show highest inflation at 24.7% in December 2007, considerably higher than the lowest performing High Value band which is at 7.0% and well below the National index.

On a municipal level, Johannesburg and Cape Town are showing highest inflation figures at 9.5% and 8.9% respectively, while Nelson Mandela municipality is showing lowest inflation in the country at 5.9%, well below the National Index.

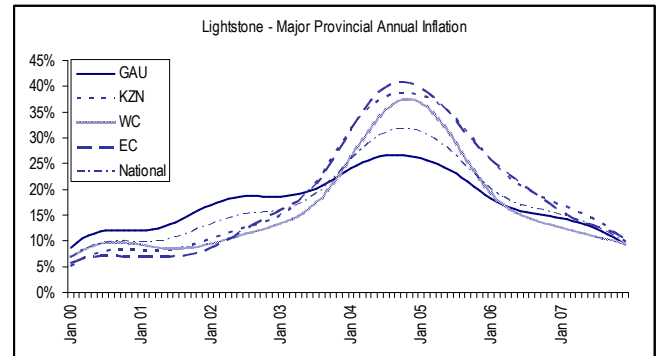
## FREE HOLD VS SECTIONAL TITLE



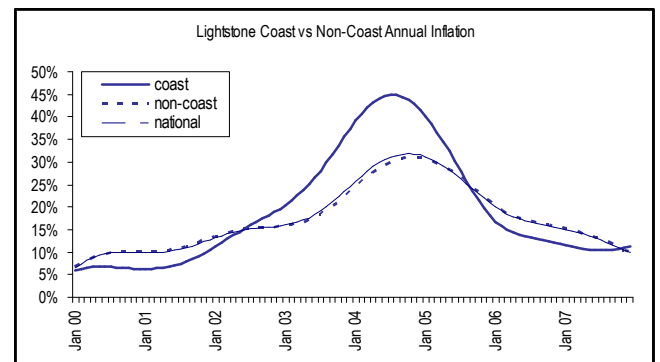
## VALUE BAND INDEX



## PROVINCIAL INDEX



## COASTAL VS NON-COASTAL INDEX



### DISCLAIMER

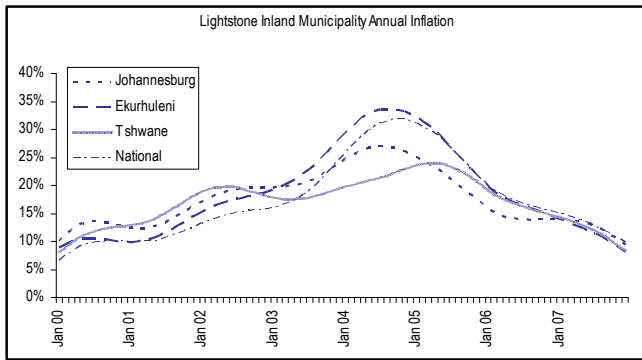
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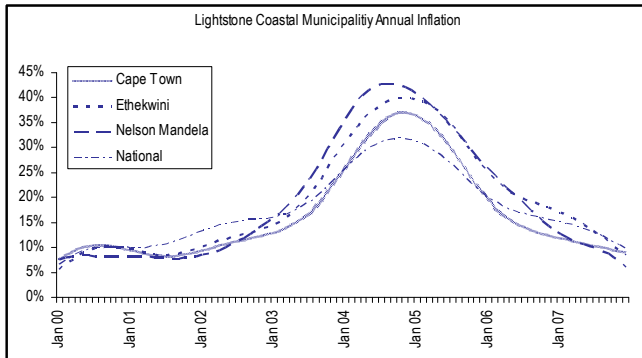


## MUNICIPAL INDEX

### Inland Municipalities Index



### Coastal Municipalities Index



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# Residential Property Indices



									2007					
		2000	2001	2002	2003	2004	2005	2006	Q1	Q2	Q3	Oct	Nov	Dec
PROVINCE	NATIONAL	9.1%	10.9%	14.9%	19.4%	30.0%	26.6%	17.4%	14.8%	13.6%	12.2%	11.1%	10.5%	9.9%
	EASTERN CAPE	6.9%	7.2%	12.1%	21.4%	38.1%	33.6%	21.1%	15.1%	13.5%	12.5%	11.6%	11.0%	10.3%
	GAUTENG	11.3%	13.7%	18.2%	20.4%	26.0%	23.1%	16.2%	14.1%	13.2%	11.8%	10.6%	10.0%	9.3%
	KWAZULU NATAL	7.5%	8.7%	12.6%	21.4%	36.7%	33.4%	21.0%	16.6%	15.2%	13.3%	11.7%	10.8%	9.9%
	WESTERN CAPE	9.1%	8.8%	11.3%	17.8%	33.6%	29.3%	15.4%	12.3%	11.4%	10.5%	10.0%	9.7%	9.5%
MUNICIPALITIES	CITY OF CAPE TOWN	9.7%	8.7%	11.1%	17.5%	33.2%	29.4%	14.9%	11.6%	10.8%	10.0%	9.5%	9.2%	8.9%
	CITY OF JOHANNESBURG	12.7%	13.8%	18.9%	21.1%	26.2%	21.2%	14.5%	13.9%	13.4%	12.1%	10.8%	10.2%	9.5%
	CITY OF TSHWANE	11.2%	15.1%	19.1%	18.1%	21.4%	22.8%	16.6%	14.0%	12.8%	11.2%	9.9%	9.2%	8.4%
	EKHURULENI METROPOLITAN	10.0%	11.8%	17.3%	22.9%	32.4%	26.9%	17.0%	13.6%	12.3%	10.8%	9.6%	8.9%	8.1%
	ETHEKWINI	9.0%	9.0%	12.3%	20.8%	36.9%	34.0%	20.5%	16.5%	14.5%	12.0%	10.2%	9.3%	8.5%
COAST	NELSON MANDELA	8.2%	8.0%	11.3%	23.7%	40.9%	34.0%	19.3%	12.1%	10.6%	9.2%	8.0%	7.0%	5.9%
	NON-COAST	9.3%	11.1%	15.0%	18.8%	29.0%	26.6%	17.6%	15.0%	13.8%	12.3%	11.1%	10.5%	9.8%
ST / FH	COAST	6.6%	7.5%	15.8%	27.9%	43.1%	29.2%	13.8%	11.3%	10.6%	10.4%	10.7%	10.9%	11.2%
	SECTIONAL TITLE	8.0%	9.9%	14.8%	20.4%	30.4%	26.0%	15.3%	12.6%	11.6%	10.4%	9.6%	9.3%	8.9%
AREA VALUE BANDS	FREE HOLD	10.3%	12.1%	15.2%	18.5%	29.2%	27.1%	19.9%	17.4%	16.2%	14.4%	13.0%	12.2%	11.4%
	LUXURY	12.5%	14.0%	20.1%	27.4%	29.7%	11.8%	12.2%	11.8%	10.7%	9.7%	9.2%	8.6%	
	HIGH VALUE	10.2%	12.2%	16.9%	21.3%	31.8%	24.1%	13.2%	11.3%	10.4%	9.1%	8.1%	7.5%	7.0%
	MID VALUE	6.4%	8.1%	11.0%	15.5%	30.7%	34.5%	23.6%	18.7%	16.8%	14.9%	13.5%	13.2%	12.7%
	AFFORDABLE	16.2%	12.0%	11.1%	13.5%	22.3%	30.4%	38.0%	35.6%	34.1%	31.1%	28.3%	26.6%	24.8%

## AUTHOR

Andrew Watt

Business Development Director, Lightstone

## NOTE ON METHODOLOGY AND DATA

In contrast to 'average house price' indices, repeat sales indices provide a measure of the actual price inflation of houses that have transacted twice within a particular period of time. The main benefit of this is that it is less influenced by the mix of transacting properties. The repeat sales methodology is recognised as the premier methodology for indexing house prices and is used by many international residential property price indexers including the Office of Federal Housing Enterprise Oversight (OFHEO) in the United States.

All property transactions in South Africa are registered in the Deeds Office and each record contains the legal details of both the property and the transaction. For the purposes of the Repeat Sales Index for residential properties, the following transactions have been excluded: farms; any transactions which may be of a development, commercial or community services nature; new developments; sales made in execution of a judgement; non-arms-length transactions; transactions where the inflation is extremely different to the norm of the statistical distribution of inflation rates; and township transactions. For more information please contact Lightstone Risk Management.

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