

Excelsior Listed Property Portfolio

As at 31 October 2011



Portfolio objective

The Portfolio's primary objective is to provide growth of capital and an income source for investors. The Portfolio will invest in property shares, stock including property loan stock, debenture stock and debenture bonds, unsecured notes, collective investment schemes in property and other securities listed on exchanges which are considered consistent with the Portfolio's primary objective. The Portfolio may also invest in the participatory interests (units) of collective investment schemes, which are consistent with the Portfolio's investment policy, and financial instruments.

Portfolio facts

Portfolio manager	Keillen Ndlovu & Evan Jankelowitz
Management company	STANLIB
Launch date	August 2005
Portfolio type	Single Manager
Portfolio size	R 583,330,300
Benchmark	100% SA Listed Property Index (SAPY)

The performance of the portfolio benchmark over time provides the basis against which the portfolio manager will be measured.

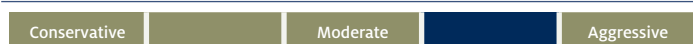
Please consult the current portfolio grid for any current restrictions on the availability of portfolios for new business and switching.

Who should invest in this portfolio

This portfolio is suited to the investor who:

- wants to achieve a real return of 3.5% p.a. over their investment horizon after the deduction of tax but before any Liberty Life charges and fees have been deducted
- has an investment horizon of at least 8 years
- wants growth in capital and a growing income stream over the medium to long term
- is prepared to accept high fluctuations in returns from year to year

Risk profile



No adjustment has been made to the above risk profile for the guaranteed version of the portfolio. If a guarantee is selected on the portfolio, then the risk profile will be lower, provided the investor remains in the guaranteed portfolio for the duration of its guaranteed term.

What return is this portfolio designed to achieve?

Expected return*	CPI + 3.5%
Investment horizon	8 years

The Consumer Price Index (CPI) measures the increase in the price of the basket of goods an average family would buy over a specified period of time.

* Expected return is after the deduction of tax but before any Liberty Life charges and fees have been deducted.

Quarterly commentary (3rd quarter)

Fund Review

Despite a weak start earlier in the year, the fund managed to catch up with competitors to deliver top quartile performance over all the periods ending December 2010. This has been largely driven by three factors – a fully invested portfolio (cash held only for liquidity purposes), aggressive bets (high conviction calls) and long-term calls (minimal trading). Our current biggest overweight positions are Vukile, Capital and Resilient. Our biggest underweight positions are SA Corporate, Growthpoint and Sycom.

Market Review

The South African Listed Property Index (SAPY) delivered a total return of 3.13% (2.06% capital and 1.07% income) for the quarter. The returns for the full year are more pleasing – listed property was the best asset class with a total return of 29.62% (capital 19.62% and income 10.0%). Equities were second at 18.98%, followed by bonds at 14.96% and cash was last at 6.93%.

The strong return for the year has been driven by lower inflation, which led to lower interest rates, lower/stronger bond yields and hence stronger property prices. The listed property sector is highly correlated to the bond market due to its income generating ability. The correlation for the year was over 80%. Bond yields were also supported by strong offshore demand. This boded well for the sector. The great return was also supported by strong institutional and retail demand, better fundamentals particularly in the retail space, steady distribution growth despite the economy coming out of a recession, and improved vacancies, arrears and bad debts.

The listed property sector's market cap, currently R128bn, could increase by about R20bn by June this year. Attfund (R6bn), Rebois (R2.3bn) and Old Mutual's Triangle Core Real Estate Fund (R12bn) are set to join the sector. Hyprop has stated its intention to acquire Attfund. Capital is looking to merge with Pangbourne. This is all positive for the sector as there will be more choice, and bigger funds, resulting improved liquidity.

Looking Ahead

We are forecasting income to grow by 5.7% in 2011. This is in line or better than inflation which is expected to remain within the target range of 3% to 6%. The income growth results a forward yield of 8.2%. This is ahead of the 10-year bond yield (8.0%) and cash (5.9%).

The price catalyst for the sector will be the continued improvement in retail sector fundamentals and letting of vacant space, particularly in the office sector which has been plagued by oversupply.

The downside risk for the sector is increased

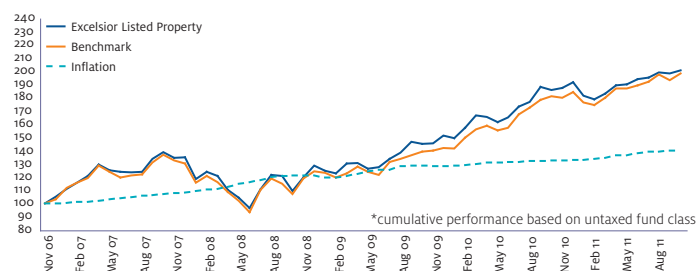
Disclaimer

The information contained in this document does not constitute advice by Liberty Life. Whilst every attempt has been made to ensure the accuracy of the information contained herein, Liberty Life cannot be held responsible for any errors that may occur. Past performance cannot be relied on as an indicator of future performance. Investment performance will depend on the growth in the underlying assets, which will be influenced by inflation levels in the economy and prevailing market conditions. Source: Liberty Life, STANLIB.

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Performance

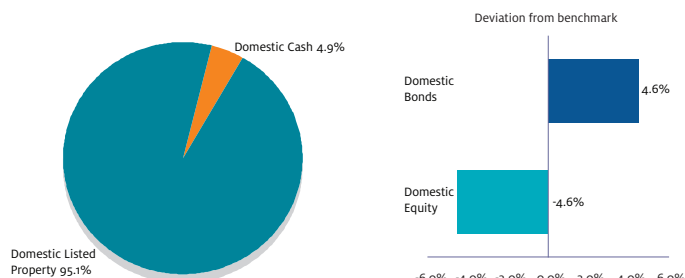


Returns

	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years
Taxed	2.89%	5.93%	7.91%	16.82%	20.43%	14.07%
Retirement Annuity	3.60%	7.08%	10.25%	20.01%	24.09%	17.14%
Untaxed	2.95%	6.09%	8.04%	17.69%	22.49%	16.23%
Company	2.88%	5.84%	7.93%	16.48%	19.87%	13.83%
Benchmark	3.15%	6.14%	9.56%	19.30%	22.73%	15.82%
Inflation	1.45%	2.68%	5.69%	4.33%	4.93%	6.98%

Please Note: The above investment returns are after four-fund tax has been deducted but before any Liberty Life charges have been deducted, with applicable distributions reinvested and are on a sell-to-sell basis. They are applicable to single contributions and are for Excelsior 300 and 500 Series products for the periods above. Investment returns for periods less than one year are not annualised.

Asset allocation



*asset allocation based on untaxed fund class

Top ten equity holdings

Growthpoint Properti	22.0%
Redefine Income Fund	17.3%
Capital Property Fun	15.1%
Resilient Prop Inc F	8.6%
Hyprop Invest.	6.3%
Fountainhead Propert	5.4%
Acucap Property Ltd	5.2%
Emira	3.6%
Sa Corporate Real Es	3.3%
Vukile	2.6%

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