

The domestic listed property index was flat for the quarter, returning 0.3%. This figure hides significant volatility, as the index rose significantly during April, and then experienced a very sharp sell-off towards the end of May and early June. The return for the index year-to-date is still healthy at 16.1%, and for the past year at 51%. The return for the quarter was driven by a continued tightening in the spread of listed property to bond yields, as the All Bond Index declined by 1.7% over the past quarter. Distribution growth from the listed companies also remains very strong.

The fund had a disappointing quarter, declining by 0.4%. This was caused mainly by the investment in Liberty International, which was increased to 5% of fund by the end of the last quarter. The share declined by around 7% over the past three months. The return for the fund over the past year now stands at 45.6%.

The strategy followed remains one of reducing property exposure into a rising market. The fund now has approximately 78% invested in domestic listed property, which is down from 84% at the end of the previous quarter. While we believe there are still three good years of distribution growth in the sector, current prices are discounting too much good news in our opinion. Sales during the quarter include Growthpoint and Sycom where we reduced exposure, and Madison where we have sold out our position. We are extremely disappointed with the proposed transaction announced by Growthpoint where the fund will be buying the management contract from Investec Property Group. While we are strongly in favour of the principle of internal management companies, as this aligns the companies interests with those of shareholders and international best practice, we believe Growthpoint shareholders will be significantly overpaying for this privilege at a price tag of R1.57 billion. The existing contract was not an evergreen one, and had a duration of around five years to run. The price represents around 9% of the current market capitalisation of the company.

In addition the fund will be granting share options to the management team, further diluting existing shareholders in the fund, with no downside risk to the beneficiaries. In our mind this proposed transaction crystallises the risk of conflict of interest represented by an external management company or agreement. To the extent of our shareholding as a company we will be opposing the transaction.

We also made a number of purchases during the quarter. The sell-off provided an opportunity to re-establish a position in Redefine, and also further build our position in Acucap. A portion of the cash holding was deployed into the new Absa preference share issue, which we believe was very attractively priced at 75% of prime. We have also further increased the holding in Liberty International to the current level around 8%. The UK property market is currently very skittish due to rising interest rates and fears of a slowdown in the physical property market. There is indeed evidence of prices falling in secondary shopping centres. We have long maintained though that the Liberty centres are more robust, and that the price differential between secondary and primary centres is too low. To date this has proven to be the case, and we believe that the falling share price is providing an attractive buying opportunity.

Edwin Schultz
Portfolio Manager

CORONATION PROPERTY EQUITY

Class A
as at 30 June 2007

CORONATION
FUND MANAGERS

Fund category	Domestic Asset Allocation Flexible Property
Fund description	Invests in quality listed property assets with the aim to produce high income yields and long-term capital growth.
Launch date	20 November 2000

Portfolio manager	Edwin Schultz
Fund size	R1.2 billion
NAV	2904.15 cents
Benchmark/performance fee hurdle	Flexible Property Funds Mean

PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2007
Domestic Assets	100.00%
Preference Shares & Other Securities	6.58%
Real Estate	85.52%
Cash	7.90%
International Assets	0.00%

TOP 10 HOLDINGS

As at 30 June 2007	% of Fund
Fountainhead Property Trust	14.64%
Hyprop Investments Ltd	13.91%
Growthpoint Properties Ltd	10.80%
Apexhi "A"	8.74%
Liberty International Plc	8.54%
Syfrets and CU Property Fund	8.39%
Resilient Property Income Fund	6.97%
Acucap Properties Ltd	6.97%
Absa Bank Ltd Preference Share	4.53%
Hospitality Property Fund A	3.17%
Total	86.66%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
30/06/2007	01/07/2007	33.27	-	33.27
31/03/2007	01/04/2007	30.11	-	30.11
31/12/2006	01/01/2007	36.97	-	36.97
30/09/2006	01/10/2006	38.62	-	38.62

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fund 2007	6.76%	2.30%	3.97%	5.27%	-1.68%	-3.78%						
Fund 2006	5.73%	5.98%	6.20%	-0.22%	-4.15%	-12.36%	-0.57%	10.64%	0.18%	8.27%	5.16%	2.59%
Fund 2005	0.68%	5.25%	-0.06%	1.45%	5.22%	2.12%	2.66%	4.88%	2.41%	1.32%	-1.44%	7.53%

FEES (excl. VAT)

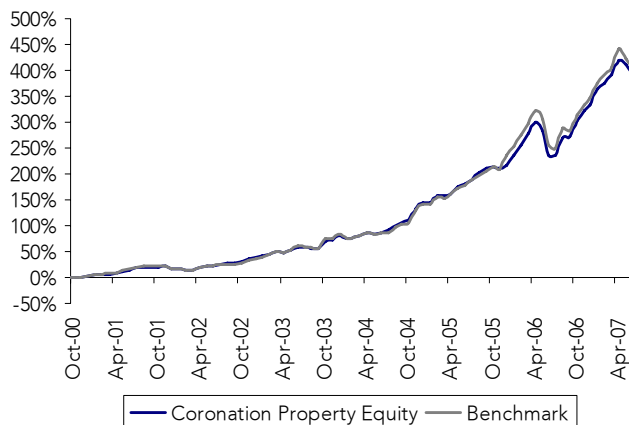
Initial Fee	Coronation: 0.00%
Annual Management Fee**	1.25%
* A portion of Coronation's annual management fee may be paid to administration platforms like LISP's as a payment for administrative and distribution services.	
Total Expense Ratio (TER) ²	1.43% per annum

Advice Costs (excluding VAT)

- Initial and ongoing advice fees may be facilitated on agreement between the Client and Financial Advisor.
- An initial advice fee may be negotiated to a maximum of 3% and is applied to each contribution and deducted before investment is made.
- Ongoing advice fees may be negotiated to a maximum of 1% per annum (if initial advice fee greater than 1.5% is selected, then the maximum annual advice fee is 0.5%), charged by way of unit reduction and paid to the Financial Advisor monthly in arrears. This annual advice fee is not part of the normal annual management fee as disclosed above.
- Where commission and incentives are paid, these are included in the overall costs.

PERFORMANCE AND RISK STATISTICS¹

CUMULATIVE PERFORMANCE SINCE INCEPTION



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Out-performance
Year to date	13.08%	13.92%	-0.84%
Latest 12 months (annualised)	45.57%	42.96%	2.61%
Latest 36 months (annualised)	37.65%	39.14%	-1.50%
Latest 60 months (annualised)	31.62%	32.73%	-1.11%
Since inception (annualised)	26.92%	27.54%	-0.61%
2006	28.40%	25.19%	3.21%
2005	36.69%	42.07%	-5.38%
2004	35.27%	35.00%	0.27%
2003	30.11%	33.39%	-3.29%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised deviation	12.27%	13.22%
Sharpe ratio	1.39	1.34
Maximum gain	54.76%	40.98%
Maximum drawdown	-16.66%	-17.09%
Positive months	73.42%	68.35%