CORONATION FUND MANAGERS

PORTFOLIO MANAGER COMMENTARY

The sector capitalised on the strong momentum of the previous quarter, with the SA Listed Property Index (SAPY) delivering a total return of 4.0%. This was mainly due to a rerating relative to bond yields as, despite bond yields ending the quarter higher, listed property yields drifted lower. Results released during the quarter generally remained fairly intact with distribution growth in line with lease escalation rates. This is defying the trend of a continued increase in vacancies and pressure on rentals.

The fund outperformed SAPY for the quarter as well as the spliced benchmark over one year. However, it marginally underperformed the benchmark over three years. The outperformance for the quarter can be attributed to exposure to Hyprop, Acucap and Pangbourne, while the relative positioning in Redefine and Growthpoint also added to performance. Some relative return retraction occurred through the limited exposure to SA Corporate, Sycom and Emira relative to SAPY.

The cash position in the fund nearly halved over the three months. This decrease can mainly be attributed to the utilisation of favourable share placement opportunities. The first thereof was that of Fortress Income Fund. This new listing emerged from the Resilient stable and listed at a combined market capitalisation of R1.8 billion. The listing structure is that of an A and B unit where the A unit should receive the lower of 5% or CPI distribution growth, while the B unit takes on most of the risk of the volatility of the underlying property earnings stream. Most of the properties in the underlying portfolio have been assembled from Resilient, Pangbourne and Capital. The largest 15 properties are mostly retail in rural and semi-rural areas linked to Shoprite or Pick n Pay leases. The fund participated in a placement of the A unit at listing at low double-digit yield levels, which is favourable taking into account the more secure distribution growth prospects due to the unit structure. The second opportunity was to participate in a placement of Acucap units at a discount to market levels to fund the acquisition of the 50% share in Bayside Shopping Centre which it did not already own. In addition to these trades, the fund decreased exposure to Capital, Fountainhead, Liberty International and Pangbourne in favour of sector heavyweights - Growthpoint and Redefine.

An interesting trend has emerged within the listed property sector. With the recent slump in global real estate the relative attractiveness of international property exposure, either listed or direct, has increased. With limited distressed selling or debt funding issues, local commercial property valuations have kept up well compared to global property prices. This has resulted in higher-yielding acquisition opportunities for local listed property companies available internationally rather than locally. Besides Growthpoint's entry into the Australian property market, Redefine increased its stake in Ciref, the UK-listed property company, to 55%. Subsequently Ciref acquired 13% of Cromwell, an Australian-based listed property company involved in both property ownership and property asset management. In addition, Emira has been investigating potential opportunities in Australia. Despite being in favour of value enhancing acquisitions, an increase in offshore exposure opens companies up to an additional layer of risks. Ironically, going global was one of the major factors impacting the Australian listed property market negatively over the last two years. Local companies just need to be cognisant of the risks involved.

The current challenging market conditions have led to many advocating that commercial property is in for a difficult next few years. The commercial property cycle tends to run in an eight- to ten-year cycle. With the current cycle already two years in the making since the high reached end-2007, it can easily be assumed that the negative momentum should continue. However, commercial property returns are closely correlated with GDP growth. With positive GDP growth already coming through in the third quarter of 2009, and a continued economic recovery in 2010, the current commercial property cycle could be much shorter than in the past. In the past positive economic growth corresponded with an increase in speculative building activity. Into the current cycle the local commercial market escaped much of the speculation as seen in the past due to various factors, from an initial high building cost base, electricity constraints through to the current challenging funding market. This should result in the current cycle being shorter, with commercial property returns picking up from late 2010 into 2011 in line with positive economic growth.

However, the next 6 to 12 months are pivotal for risks in the occupier market from a landlord's point of view. Increased occupancy costs driven by higher electricity tariffs and local government costs may stifle the willingness of tenants to accept high reversion rates and even in the weaker trading environment, be the final catalyst for tenant failures. Although relative value remains the key determinant in deciding which stocks to have exposure to, we remain cognisant of these risks in the current fund composition.

It is with mixed feelings that we also use this opportunity to thank Edwin Schultz for the enormous contribution he has made to this fund. As has been communicated to the market over some time, Edwin and his family have decided to emigrate to Australia. We wish him well in his future career

Portfolio manager
Anton de Goede

CORONATION PROPERTY EQUITY

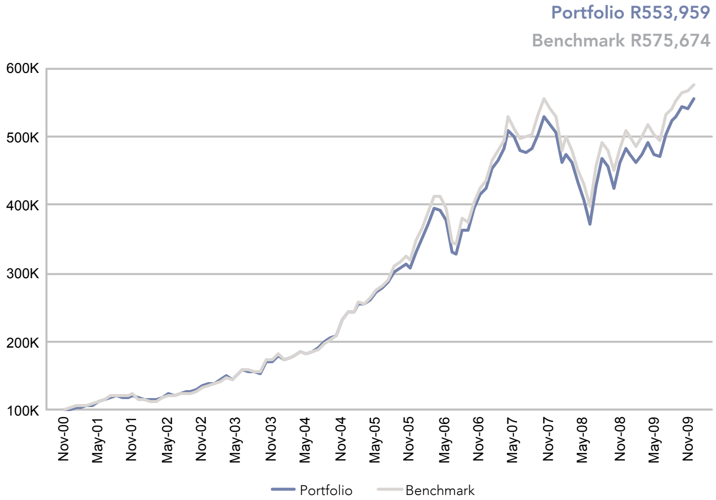
CLASS A as at 31 December 2009

CORONATION FUND MANAGERS

Fund category	Domestic - Real Estate - General	Fund size	R929.85 million
Fund description	Invests in quality listed property assets with the aim to produce high income yields and sustained long-term capital growth.	NAV	2846.85 cents
Launch date	20 November 2000	Benchmark	FTSE/JSE SA Listed Property Index
Portfolio manager/s	Anton de Goede	Risk profile	Cons / Mod / **Aggr**

PERFORMANCE AND RISK STATISTICS[1]

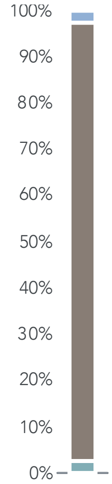
GROWTH OF A R100,000 INVESTMENT



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	31 Dec 2009
Domestic Assets	100.0%
Preference Shares & Other Securities	2.6%
Real Estate	94.7%
Cash	2.7%
International Assets	0.0%
Cash	0.0%



PERFORMANCE FOR VARIOUS PERIODS

	Fund	Benchmark	Outperformance
Since Inception (unannualised)	454.0%	475.7%	(21.7)%
Since Inception (annualised)	20.7%	21.3%	(0.5)%
Latest 5 years (annualised)	18.0%	18.7%	(0.6)%
Latest 3 years (annualised)	9.2%	9.8%	(0.5)%
Latest 1 year (annualised)	14.7%	13.5%	1.2%
Year to date	14.7%	13.5%	1.2%
2008	(4.3)%	(4.3)%	0.0%
2007	18.8%	21.8%	(3.0)%
2006	28.4%	25.2%	3.2%
2005	36.7%	42.1%	(5.4)%

TOP 10 HOLDINGS

As at 31 Dec 2009	% of Fund
Growthpoint Properties Ltd	19.6%
Hyprop Investments Ltd	17.8%
Redefine Income Fund	9.9%
Resilient Property Income Fund	9.6%
Acucap Properties Ltd	9.6%
Pangbourne Properties Ltd	8.8%
Fountainhead Property Trust	7.2%
Liberty International Plc	3.7%
Hospitality Properties Ltd	3.2%
Capital Property Fund	3.2%

RISK STATISTICS SINCE INCEPTION

	Fund	Benchmark
Annualised Deviation	14.6%	14.8%
Sharpe Ratio	0.73	0.76
Maximum Gain	54.8%	41.0%
Maximum Drawdown	(29.7)%	(28.0)%
Positive Months	67.0%	65.1%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31 Dec 2009	04 Jan 2010	15.99	0.00	15.99
30 Sep 2009	01 Oct 2009	71.53	0.00	71.53
30 Jun 2009	01 Jul 2009	20.41	0.00	20.41
31 Mar 2009	01 Apr 2009	62.76	0.00	62.76

MONTHLY PERFORMANCE RETURNS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2009	(1.7)%	(2.8)%	2.5%	4.0%	(3.5)%	(0.9)%	7.2%	3.8%	1.1%	2.9%	(0.5)%	2.3%	14.7%
Fund 2008	(8.7)%	2.6%	(2.2)%	(6.0)%	(6.3)%	(8.7)%	15.3%	9.2%	(2.3)%	(7.6)%	9.6%	4.2%	(4.3)%
Fund 2007	6.8%	2.3%	4.0%	5.3%	(1.7)%	(3.8)%	(0.9)%	1.5%	4.4%	4.8%	(2.4)%	(2.2)%	18.8%

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.

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.

Total Expense Ratio (TER)[2]	1.43% per annum

Unit trusts should be considered a medium- to long-term investment. The value of units may go down as well as up. Past performance is not necessarily an indication of future performance. Unit trusts are traded at ruling prices and can engage in scrip lending and borrowing. Fluctuations or movements in exchange rates may cause the value of underlying investments to go up or down. Instructions must reach the Management Company before 2pm (12pm for the Money Market Fund) to ensure same day value. Fund valuations take place at approximately 15h00 each business day and forward pricing is used. Coronation is a Full member of the Association for Savings & Investment SA (ASISA). [1]Performance is quoted from Morningstar as at 31 December 2009 for a lump sum investment using Class A NAV prices with income distributions reinvested. Performance figures are quoted after the deduction of all costs incurred within the fund. [2]The TER is calculated as a percentage of the average NAV of the portfolio incurred as charges, levies and fees in the management of the portfolio for a rolling 12-month period to end September 2009, as well as the actual performance fee incurred over the 12 months to end September 2009. A higher TER ratio does not necessarily imply a poor return nor does a low TER imply a good return. The current disclosed TER cannot be regarded as an indication of future TER's.