CORONATION PROPERTY EQUITY FUND

Fund Information as at 30 June 2025

CORONATION

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WHAT IS THE FUND'S OBJECTIVE?

The Property Equity Fund seeks to maximise long-term growth from investing in South African listed property companies. The fund aims to outperform the JSE All Property Index.

WHAT DOES THE FUND INVEST IN?

The fund primarily invests in companies that earn the main part of their revenue from owning, managing or developing properties.

It only invests in companies listed on the Johannesburg Stock Exchange, which may include foreign property companies that are listed locally.

IMPORTANT PORTFOLIO CHARACTERISTICS AND RISKS

Risk Profile

9/10
Aggressive

Maximum growth/ minimum income exposures

- Growth Assets: 100%
- Income Assets: 0%

The fund's investment returns come from both growth in the share prices of property companies, and income (primarily earned from rentals) paid out by these companies.

Property shares are carefully selected to offer sustainable income and superior capital growth over the long term.

Shares can be volatile investments and there is a risk of capital loss over the short term. The fund's income distributions may also fluctuate due to a number of factors, including changes in the property market and interest rates.

It should typically be viewed as a component of an overall investment portfolio, and not as an investor's only investment.

HOW LONG SHOULD INVESTORS REMAIN INVESTED?

The recommended investment term is three years and longer.

WHO SHOULD CONSIDER INVESTING IN THE FUND?

Investors who are building wealth, and who

- require exposure to property as part of a diversified investment portfolio;
- are comfortable with being fully invested in property companies listed in SA;
- accept the volatility and possible short-term losses associated with an investment in shares;
- seek a regular income.

WHAT COSTS CAN I EXPECT TO PAY?

An annual fee of 1.25% (excl. VAT) is payable.

Fund expenses that are incurred in the fund include trading, custody and audit charges. All performance information is disclosed after deducting all fees and other portfolio costs.

We do not charge fees to access or withdraw from the fund.

More detail is available on www.coronation.com.

WHO ARE THE FUND MANAGERS?

ANTON DE GOEDE
CFA, FRM

MAURO LONGANO
BScEng (Hons), CA(SA)

GENERAL FUND INFORMATION

Launch Date	20 November 2000
Fund Class	A
Benchmark	FTSE/JSE All Property Index
ASISA Fund Category	South African – Real Estate – General
Income Distribution	Quarterly (March, June, September, December)
Investment minimum	R5 000 or R500/m debit order
Bloomberg Code	CORPPEQ
ISIN Code	ZAE000026993
JSE Code	CPEF

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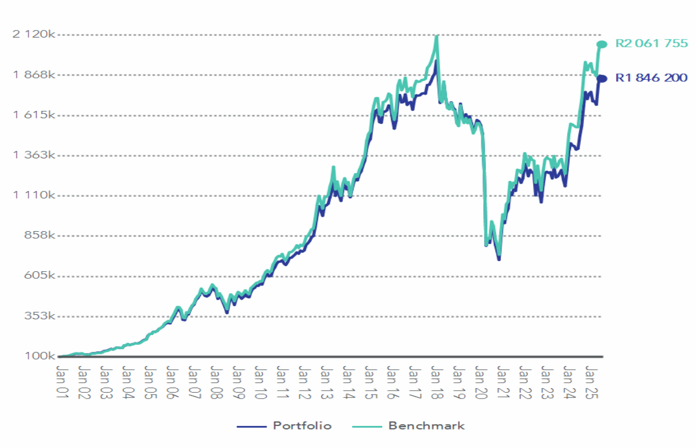
CLASS A as at 30 June 2025

ASISA Fund Category	South African - Real Estate - General
Launch date	20 November 2000
Fund size	R953.03 million
NAV	4244.47 cents
Benchmark	FTSE/JSE All Property Index
Portfolio manager/s	Anton de Goede and Mauro Longano

	1 Year	3 Year
Total Expense Ratio	1.46%	1.45%
Fund management fee	1.24%	1.24%
Fund expenses	0.03%	0.03%
VAT	0.19%	0.19%
Transaction costs (inc. VAT)	0.05%	0.05%
Total Investment Charge	1.51%	1.50%

PERFORMANCE AND RISK STATISTICS

GROWTH OF A R100,000 INVESTMENT (AFTER FEES)



PORTFOLIO DETAIL

EFFECTIVE ASSET ALLOCATION EXPOSURE

Sector	30 Jun 2025
Domestic Assets	100.0%
Real Estate	97.4%
Cash	2.6%

PERFORMANCE FOR VARIOUS PERIODS (AFTER FEES)

	Fund	Benchmark	Active Return
Since Launch (unannualised)	1746.2%	1961.8%	(10.5)%
Since Launch (annualised)	12.6%	13.1%	(0.5)%
Latest 20 years (annualised)	9.9%	10.5%	(0.6)%
Latest 15 years (annualised)	7.7%	8.2%	(0.5)%
Latest 10 years (annualised)	1.6%	2.5%	(0.8)%
Latest 5 years (annualised)	14.9%	16.7%	(1.8)%
Latest 3 years (annualised)	18.3%	20.0%	(1.7)%
Latest 1 year	24.1%	25.9%	(1.8)%
Year to date	4.7%	6.1%	(1.4)%

TOP 10 HOLDINGS

As at 30 Jun 2025	% of Fund
Nepi Rockcastle Plc	16.6%
Growthpoint Properties Ltd	13.0%
Redefine Income Fund	9.7%
Fortress Income Fund Ltd B	9.3%
Resilient Property Income	6.8%
Atterbury Investment Holdings	6.0%
Vukile Property Ltd	5.8%
Hyprop Investments Ltd	4.6%
Equites Property Fund Ltd	4.4%
Fairvest Property Holdings Ltd	4.3%

RISK STATISTICS SINCE LAUNCH

	Fund	Benchmark
Annualised Deviation	17.1%	17.6%
Sharpe Ratio	0.28	0.30
Maximum Gain	54.8%	41.0%
Maximum Drawdown	(63.9)%	(64.9)%
Positive Months	62.7%	61.7%

	Fund	Date Range
Highest annual return	68.5%	Nov 2020 - Oct 2021
Lowest annual return	(55.4%)	Nov 2019 - Oct 2020

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Taxable Income
30 Jun 2025	01 Jul 2025	85.36	7.87	77.50
31 Mar 2025	01 Apr 2025	3.44	3.36	0.08
31 Dec 2024	02 Jan 2025	105.57	15.33	90.25
30 Sep 2024	01 Oct 2024	3.91	0.82	3.09

MONTHLY PERFORMANCE RETURNS (AFTER FEES)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
Fund 2025	(3.4)%	0.1%	(1.3)%	7.4%	3.2%	(1.0)%							**4.7%**
Fund 2024	3.8%	(1.0)%	(0.3)%	(1.5)%	0.4%	5.7%	4.3%	7.9%	5.4%	(2.5)%	2.0%	0.7%	**27.0%**
Fund 2023	(0.6)%	0.4%	(3.1)%	5.7%	(4.9)%	0.6%	1.6%	1.7%	(4.6)%	(3.6)%	8.5%	9.2%	**10.0%**
Fund 2022	(3.0)%	(3.2)%	3.3%	(1.3)%	(0.5)%	(11.0)%	8.9%	(5.9)%	(6.3)%	10.2%	6.3%	0.7%	**(3.9)%**
Fund 2021	(3.1)%	6.6%	2.7%	10.2%	(1.8)%	3.3%	(0.8)%	7.4%	(0.5)%	(2.3)%	2.4%	7.6%	**35.5%**

Issue date: 2025/07/16

Please refer to page 4 of the Comprehensive Fact Sheet for important additional infomation, including change in cost disclosures.

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Please note that the commentary is for the retail class of the Fund.

Performance and fund positioning

The quarter began with the headwind of US President Trump announcing a broad package of import tariffs on most of their trading partners, resulting in a rapid sell-off of most risky assets. However, as the quarter progressed, the majority of asset classes staged a recovery, as either the implementation date of tariffs was delayed or, in some cases, countries and sectors received a reprieve from most of the previously announced tariffs. The local sector followed a very similar pattern to most other local asset classes, with a strong rerating post the initial shock of the tariff announcement, resulting in a quarterly return of 11%, in line with that of local equities, while it rerated relative to bonds. From a relative performance viewpoint, the sector gained ground against the FTSE/JSE All Share Index (ALSI) and FTSE/JSE All Bond Index (ALBI) over most time periods and has outperformed both indices for every meaningful period for the last five years, with the Covid lows of H1-2020 (when uncertainty on rental payment existed) being included in the base period.

Locally, it seems the market has shrugged off the ongoing underlying tension that exists within the GNU. Instead, it is focusing on some of the more positive economic news flow and, although with reservations, the potential impact of an officially lower inflation target, which is part of leading bond and property yields lower. Unit trust-linked capital flows into sector-specific funds remain mostly negative, although the momentum is gradually shifting, with the rolling 12-month flows turning less negative as the year progresses. The FTSE/JSE All Property Index's (ALPI) one-year forward dividend yield is 8.1%, and that of the Fund is 8.2%.

Delivering a return of 9.7% for Q2, the Fund underperformed the ALPI benchmark, but despite this, it gradually closed the underperformance gap over 12 months. Positions that added to the relative performance for the quarter include the overweight positions in UK names Hammerson and Shaftesbury Capital, which had a poor showing in Q1; Fairvest B and Equites; as well as underweight positions in Growthpoint and Hyprop. Unfortunately, some of our relative positioning in NEPI Rockcastle, Burstone and Fortress (overweight) as well as MAS, SA Corporate, Redefine and Vukile (underweight) detracted more value than what was added by the positive relative positioning. During the quarter, the largest increase in exposure occurred in NEPI Rockcastle, as relative price weakness created an opportunity to actively increase the Fund's overweight position. We utilised the opportunity of share price strength, based on potential corporate action and/or change in strategy driven by a proposal by its largest direct and indirect shareholder Prime Kapital, to sell out of MAS. Although we did not capture the full extent of the price run as Prime Kapital altered the proposal on the table three times and Hyprop entered the fray as potential suitor, we believe the proposed change in strategy and/or outcome related to Hyprop becoming a major shareholder present uncertainty to the implementation, which could once again create a shareholder stalemate. Other noticeable disposals include reducing the Fund's exposure to Growthpoint, Equites and Hyprop.

The results season of companies with a February or March reporting period concluded in July. Distributable earnings per share growth for this reporting season came in at 1.3%, while dividend per share growth came in at 1.0%, with an average payout ratio of 86.8%. As has been the case for the last few quarters, offshore-focused companies were once again the laggards. When the offshore names are excluded from these numbers, the SA-centric names delivered distributable earnings and dividend per share growth of 2.8%, with an average payout ratio of 89.5%. Although the growth numbers are lagging behind those of companies that reported with a December reporting period three months earlier, the growth represents an improvement over this subset of companies six months prior, where both distributable earnings and dividend per share growth were still negative.

A key sector trend beyond the reporting season during this past quarter is the more expansionary tendencies of local companies, either through asset acquisitions or potential corporate actions and equity placements in lieu of a transaction or to create balance sheet capacity. Companies that raised capital on the front foot, related to stronger share prices and pending transactions, include Fairvest, Hyprop, Spear REIT, and Lighthouse. Meanwhile, SA Corporate conducted a private placement as prescribed by some of its debt funders. Sector average balance sheet health has improved since the heightened concerns during Covid, but in a few instances reported vs. covenant interest cover ratios are tight, as is the case for SA Corporate, therefore an unexpected placement. With the interest rate cycle now firmly on the descend, any covenant concerns should dissipate.

MSCI released its annual SA property index for 2024, a good barometer of the state of direct commercial property in South Africa, as it covers circa two thirds of the total investable direct commercial market with most listed players contributing. Ungeared direct property delivered the best annual total return since 2015 at 11.5% (split 8.5% income and 3.2% capital return), with industrial once again the stellar outperformer with a 15.1% total return. The strong performance compared to recent years was led by a significantly improved capital return, driven by enhanced income growth. Capital values are now back above pre-Covid levels. On the capital front, landlords have increased their spending into their own portfolios, driving rental growth, while the investment market has gained momentum.

Two other industry bodies released relevant sector data. The SA Property Owners Association (SAPOA) released its Q1-25 office vacancy survey. After more than two years of continuous improvement, office vacancy levels seem to be consolidating around current levels, being 13.6% for Q1-25 and down from the recent post-Covid highs of 16.7% as at Q2-22. At the city level, marginal decreases in vacancies in Cape Town and Johannesburg were offset by marginal increases in Tshwane and a larger one in eThekwini. Cape Town continues to have the lowest vacancy of the major cities at 6.3%. All of Cape Town's office nodes now have vacancy levels below where they were when the national office vacancy rate peaked in Q2-22, signalling consistent demand and effective stock absorption in the region.

The SA Council of Shopping Centres (SACSC) published retail trading data related to Q1-25. The weighted average year-on-year (YoY) growth in trading densities took a step lower in 1Q-25 to 3.3%, from 4.1% in 4Q-24. It was led lower by a decline in growth momentum in convenience and small regional centres, despite these categories still delivering the strongest growth at 4.7% and 3.6% respectively. A slowdown in the growth momentum out of supermarkets, apparel tenants and food services appear to be the likely cause for this overall slowdown.

Outlook

The first half of the year experienced two distinct quarters, but ultimately the 6% return delivered is tracking a normalised through-the-cycle annual return of 10% to 15% that an investor should expect from the sector. This takes the starting yield and normalised dividend growth into account. Operationally, we are not expecting major diversions from the recent trends experienced, which should result in mid to high single-digit net operating income growth. Vacancies have stabilised, underpinned by very low industrial vacancies, while positive rental reversions are more consistently being achieved within the retail sector. In addition, as confirmed by the SAPOA vacancy survey, the office sector, which has been the laggard in recent years, is consolidating with stable vacancies and a positive shift in asking rentals for available space, being 3.5% higher y-o-y vs. 6.2% lower y-o-y one year ago. On the cost side, as per the MSCI 2024 index and confirmed by recent results, operating cost growth has stabilised, led by much lower R&M spend (which captures generator and diesel spend) due to lower loadshedding. As pointed out last quarter, this is supported by the improved cost ratios coming from the benefit of solar as alternative energy source.

As experienced in Q2-25, in the short term, we expect the sector to be at the mercy of global events, either political or economic, as most of the tangible inputs into earnings are on a firm footing while the current interest rate cycle is fairly priced into the market. Global investor sentiment and risk appetite are therefore the key drivers that could move the sector either way in the short term while locally a more recent stronger bond market could provide a solid underpin for the sector, although risk appetite from both local and offshore investors may wane depending on the news flow out the GNU.

Portfolio managers
Anton de Goede and Mauro Longano
as at 30 June 2025

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IMPORTANT INFORMATION THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE CORONATION PROPERTY EQUITY FUND

The Property Equity Fund should be considered a medium- to long-term investment. The value of units may go down as well as up, and therefore Coronation does not make any guarantees with respect to the protection of capital or returns. Past performance is not necessarily an indication of future performance. Asset allocation and top 10 holdings are reflected on a look-through basis. Coronation Management Company (RF) (Pty) Ltd is a Collective Investment Schemes Manager approved by the Financial Sector Conduct Authority in terms of the Collective Investment Schemes Control Act. Portfolio managed by Coronation Asset Management (Pty) Ltd (FSP 548) , an authorised financial services provider. The Management Company reserves the right to close the fund to new investors if we deem it necessary to limit further inflows in order for it to be managed in accordance with its mandate. Unit trusts are allowed to engage in scrip lending and borrowing. Standard Chartered has been appointed as trustees for the fund (www.sc.com/za; 011-2176600). Coronation is a full member of the Association for Savings & Investment SA (ASISA).

HOW ARE UNITS PRICED AND AT WHICH PRICE WILL MY TRANSACTION BE EXECUTED?

Unit trusts are traded at ruling prices set on every trading day. Fund valuations take place at approximately 15h00 each business day, except at month end when the valuation is performed at approximately 17h00 (JSE market close) and forward pricing is used. Instructions must reach the Management Company before 14h00 (12h00 for the Money Market Fund) to ensure same day value. The payment of withdrawals may be delayed in extraordinary circumstances, when the manager with the consent of the fund trustees deem this to be in the interest of all fund investors. These circumstances may include periods when significant underlying markets suspend trading which will prevent accurate valuation of the instruments held in the fund. When the suspension of trading relates to only certain assets held by the fund, these assets may be side-pocketed. This process allows normal liquidity on the assets that can be valued, but will delay liquidity on the affected portion of the fund. If the fund is faced with excessive withdrawals, the affected withdrawals may be ring-fenced, which is the separation and delayed sale of the assets reflecting the interest of the liquidity seeking investors. It ensures that the sale of a large number of units will not force Coronation to sell the underlying investments in a manner that may have a negative impact on remaining investors of the fund.

HOW WAS THE PERFORMANCE INFORMATION INCLUDED IN THIS FACT SHEET CALCULATED?

Performance is calculated by Coronation as at the last day of the month for a lump sum investment using Class A NAV prices with income distributions reinvested. All underlying price and distribution data is sourced from Morningstar. Performance figures are quoted after the deduction of all costs (including manager fees and trading costs) incurred within the fund. Taxable income includes interest income and income earned from REITs. Note that individual investor performance may differ as a result of the actual investment date, the date of reinvestment of distributions and dividend withholding tax, where applicable. Annualised performance figures represent the geometric average return earned by the fund over the given time period. Unannualised performance represents the total return earned by the fund over the given time period, expressed as a percentage.

BENCHMARK DETAILS

The benchmark used for performance purposes is FTSE/JSE All Property Index.

Note that we use the formal SA – Real Estate – General category benchmark as specified in the ASISA Standard on Fund Classification, which is currently the FTSE/JSE SA Listed Property Index, for compliance monitoring purposes.

WHAT IS THE TOTAL EXPENSE RATIO (TER) AND TRANSACTION COSTS (TC)?

TER is calculated as a percentage of the average net asset value of the portfolio incurred as charges, levies and fees in the management of the portfolio over the period referenced. The TER charged by any underlying fund held as part of a fund's portfolio is included in the fund expenses portion of the TER, but trading and implementation costs incurred in managing the underlying fund are excluded. A higher TER does not necessarily imply a poor return, nor does a low TER imply a good return. The current TER may not necessarily be an accurate indication of future TER's. The 1 year TER is for the 12 months to end of the previous financial year (updated annually). The 3 year TER is for a rolling 36-month period to the last available quarter end (December, March, June and September).

Transaction costs are a necessary cost in managing a fund and impacts the fund's return. They should not be considered in isolation as returns may be impacted by many other factors over time including market returns, the type of fund, the investment decisions of the investment manager and the TER.

The Total Investment Charge is the sum of the Total Expense Ratio (TER) and transaction costs.

ADVICE AND PLATFORM COSTS

Coronation does not provide financial advice. If you appoint an adviser, advice fees are contracted directly between you and the adviser. For more information please contact the relevant platform (Linked Investment Service Provider or Life Assurance Provider).

WHERE CAN I FIND ADDITIONAL INFORMATION?

Additional information such as daily fund prices, brochures, application forms and a schedule of fund fees and charges is available on our website, www.coronation.com

IMPORTANT INFORMATION REGARDING TERMS OF USE

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