

Futuregrowth Community Property Fund

Quarterly report September 2025

Eyethu Orange Farm Mall Food Security Project
Source: Capital Land

CAPITAL LAND
Property Asset Management
www.capland.co.za





FUTUREGROWTH

/ ASSET MANAGEMENT

The Futuregrowth Community Property Fund



Diepsloot Mall Food Security
Project: Source: Capital Land

The Futuregrowth Community Property Fund has been investing in township and rural shopping centres for nearly three decades – returning 12.71% since inception. The portfolio's strong net income growth is expected to continue, with our centres in demand and tenants' trading density figures hitting new highs.

Centre developments

The opening of Boxer's 550th store at the Fund's Bridge City Shopping Centre was cause for celebration in September, as can be seen on page 11 of this report.

Community impact

On page 15 and 16 of this report, we provide an update on the Fund's food security initiatives, which have enriched communities surrounding nine of our shopping centres since 2023.

Smital Rambhai
Portfolio Manager

Fund Facts

Servicing the needs of communities in rural areas and townships

Portfolio manager	Smital Rambhai
Asset class	Unlisted shopping centres in townships and rural areas (can include listed properties)
Return target	CPI + 4%
Asset exposure limits	Max 50% per province (market value) Max 25% per single asset (market value)
Liquidity	Min 90% of Fund in property or property related instruments (market value) Max 10% in cash or units in a money market fund
Approval process	Board of Directors and Property Committee

Futuregrowth Asset Management (Pty) Ltd is the Fund Manager. The property management and property asset management component, such as the leasing, marketing, refurbishment and expansion of the properties, is managed by Capital Land Asset Management (Pty) Ltd.

The Fund forms part of Futuregrowth's suite of developmental investments. Current assets under management in the Fund total R8.7 billion.



Bridge City Food Security Project: Source: Capital Land

The objectives of the Fund are both commercial and social



Moutse Mall Food Security Project: Source: Capital Land

The Futuregrowth Community Property Fund specialises in the acquisition of new and existing shopping malls that cater to the needs of underserved communities in rural areas and townships throughout South Africa.

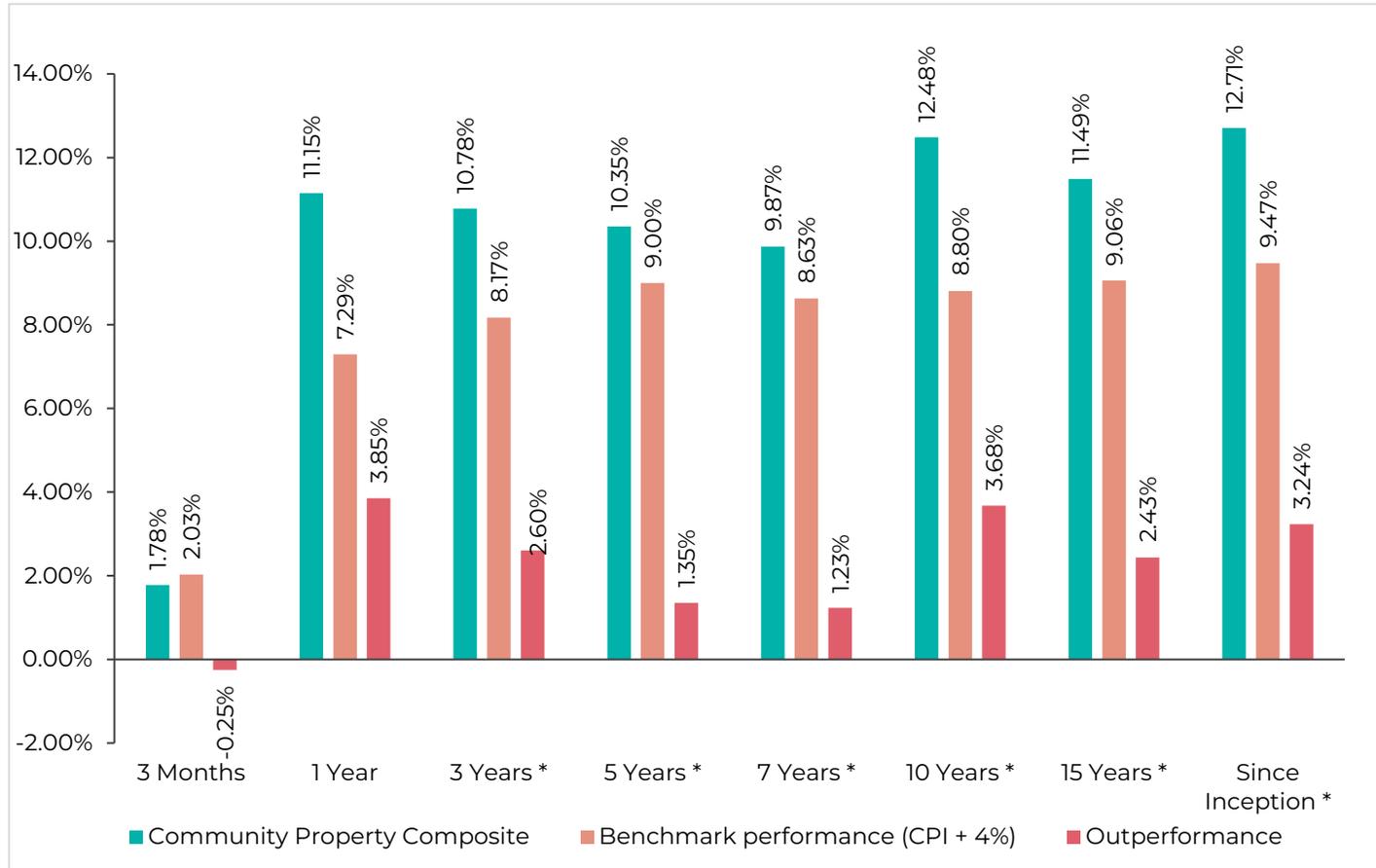
There are currently 25 shopping malls in the portfolio, located in eight of the nine provinces and varying in size between 1 700m² and 40 000m². These malls are typically tenanted by supermarkets, clothing, banking and furniture retailers.

The objectives of the Fund are both commercial and social. Properties are selected for their potential for strong income growth. The communities surrounding the Fund's shopping centres benefit through increased employment opportunities and access to a wide range of quality shopping facilities, as well as other commercial and healthcare services.

Each shopping centre is a catalyst for the development of municipal infrastructure in the area and the enhancement of transport infrastructure. Various community initiatives are also implemented by the centres, to enhance their social impact in the surrounding area.

Fund performance

The impact of section 23M tax results in a slight drag on performance



The Fund delivered a total return of 1.78% for the quarter, which was attributed to net rental income generated from the properties.

The total return for the 12 months ending 30 September 2025 was 11.15%, comprising capital gains of 4.76% and net rental income of 6.39%.

The primary drivers of returns were:

- Lease escalations of 6.4% per annum, which is above inflation;
- Strong positive rent reversions of 2.3% year to date on renewals;
- Solar energy systems, which generated returns ranging from 18% to 25% per annum on capital spent;
- Improved utilities collections with the rollout of more smart meters; and
- Efficient cost management.

This resulted in stronger net income growth. With our centres in demand and tenants' trading density figures hitting new highs, we expect this trend to continue.

The impact of section 23M tax has resulted in a drag on performance, eroding around 1.5% of total return on an annualised basis. The transition of the remaining two largest clients is anticipated to be completed by 31 October 2025, after which section 23M taxation will not apply and income returns are expected to be boosted accordingly.

As at 30 September 2025

Since inception date (GIPS Performance): January 2000; Fund start date: September 1996

Source: Futuregrowth/*Annualised/ It is important to note that these are ungeared direct property returns.

The SA Listed REITs index increased by 6.7% over the quarter. The sector was up 11.4% for the 12 months ending 30 September 2025. The key driver for the rally was the South African Reserve Bank's rate cut. The resultant lower finance costs improved net income and hence distributable income.

The fundamental key metrics of property companies continue to improve. At this year's South African Property Owners Association (SAPOA) conference, one of the main points of discussion was poor service delivery from municipalities. This is resulting in increased costs for landlords, who often have to step in to fix municipal infrastructure in order to ensure the functioning of their properties in terms water, electricity, waste, sewerage and roads. These costs can't be transferred onto tenants and tend to increase the properties' operating costs where applicable.

SAPOA made a concerted effort to acknowledge and reward top performing municipalities at the conference, in collaboration with Ratings Afrika. It was no surprise that the top three best performing municipality awards went to Western Cape-based municipalities, with the City of Cape Town named as the best metro in South Africa. The awards are intended to encourage municipalities towards service delivery excellence.

Market sentiment across all property subsectors is positive; however, dysfunctional municipalities are seen as hinderance towards growth.

The **Futuregrowth Community Property Fund** focuses on essential goods and services that are defensive in nature. The Fund has therefore not felt the same impacts as some of the other property sub-sectors across the country. Since 2012, many of the Fund's rural centres have focused on becoming self-sustainable, as municipal infrastructure in these areas has either been non-existent or has deteriorated to the point that the Fund has had to invest in its own water, sewerage, electricity and refuse systems at its shopping centres to ensure that they are sustainable over the long term.

Sontonga Mall Food Security Project: Source: Capital Land

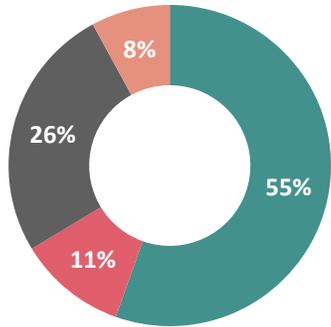


Current properties

The Fund currently has 25 properties situated in 8 provinces.

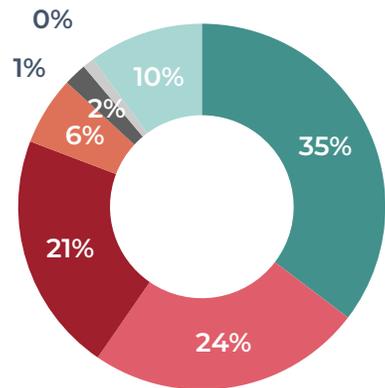
Please visit: www.communitypropertyfund.co.za for further information on all the properties in the portfolio.

Township/rural/urban exposure



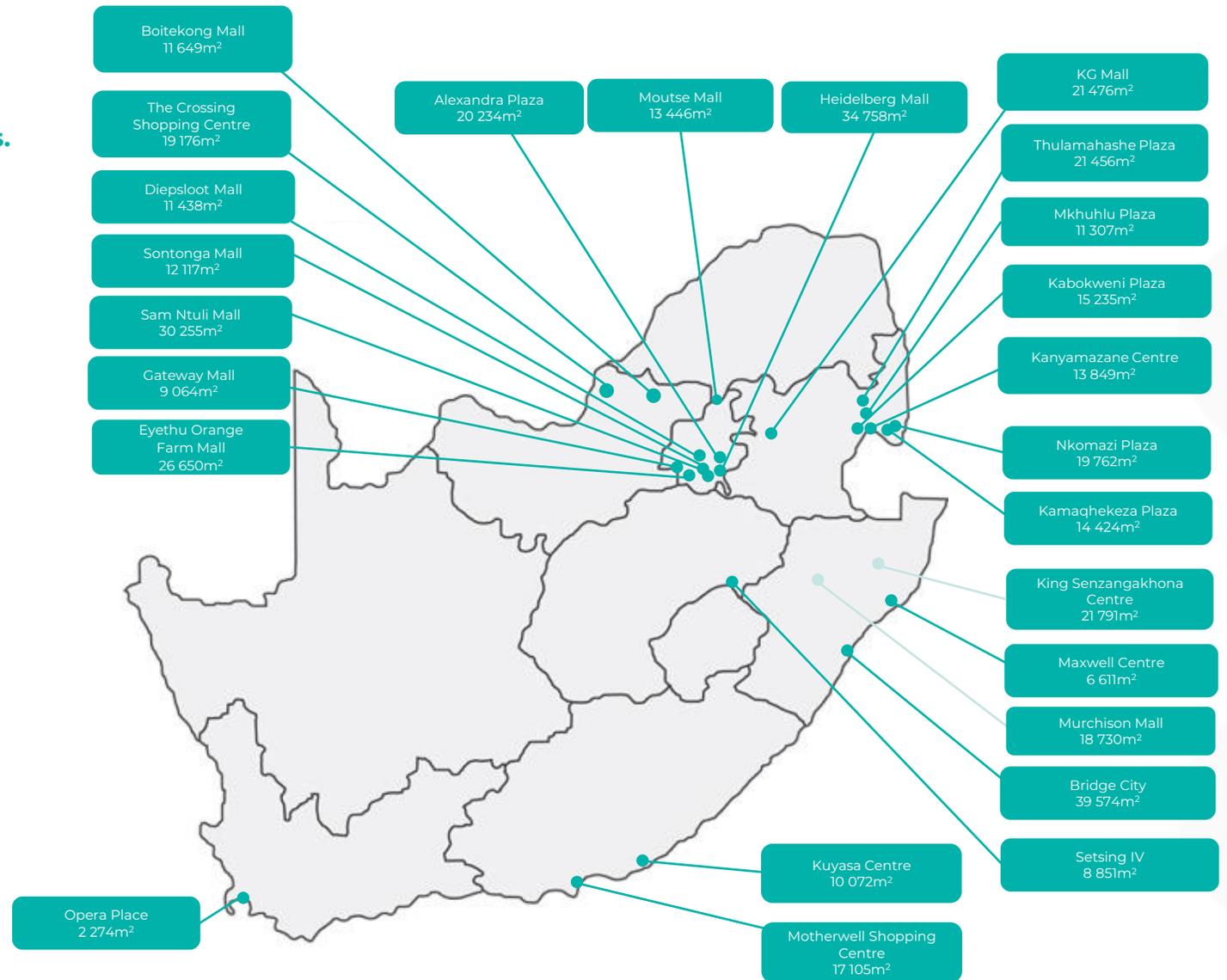
- Urban Township
- Rural Township
- Urban
- Rural

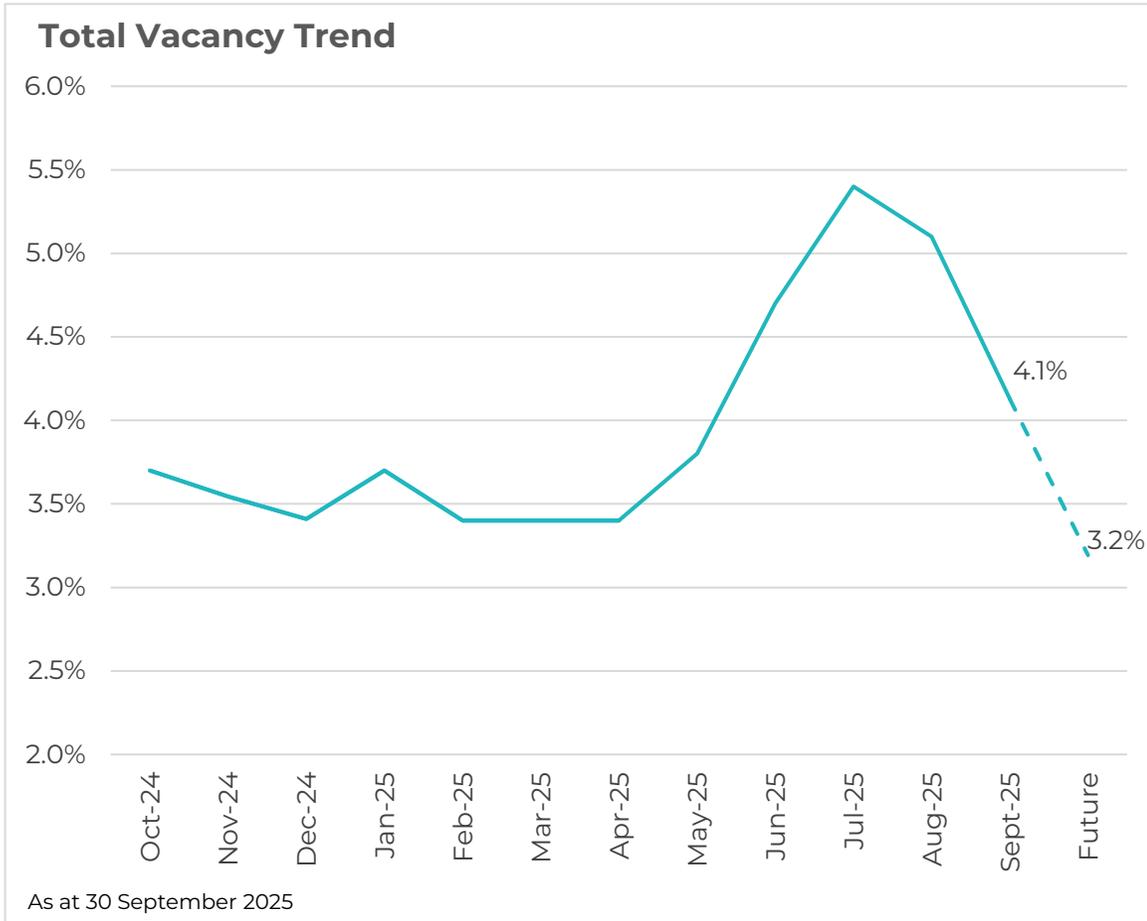
Geographic Exposure by GLA*(m²)



- Gauteng
- Mpumalanga
- KwaZulu-Natal
- Eastern Cape
- Limpopo
- Free State
- Western Cape
- North West

*Gross Lettable Area

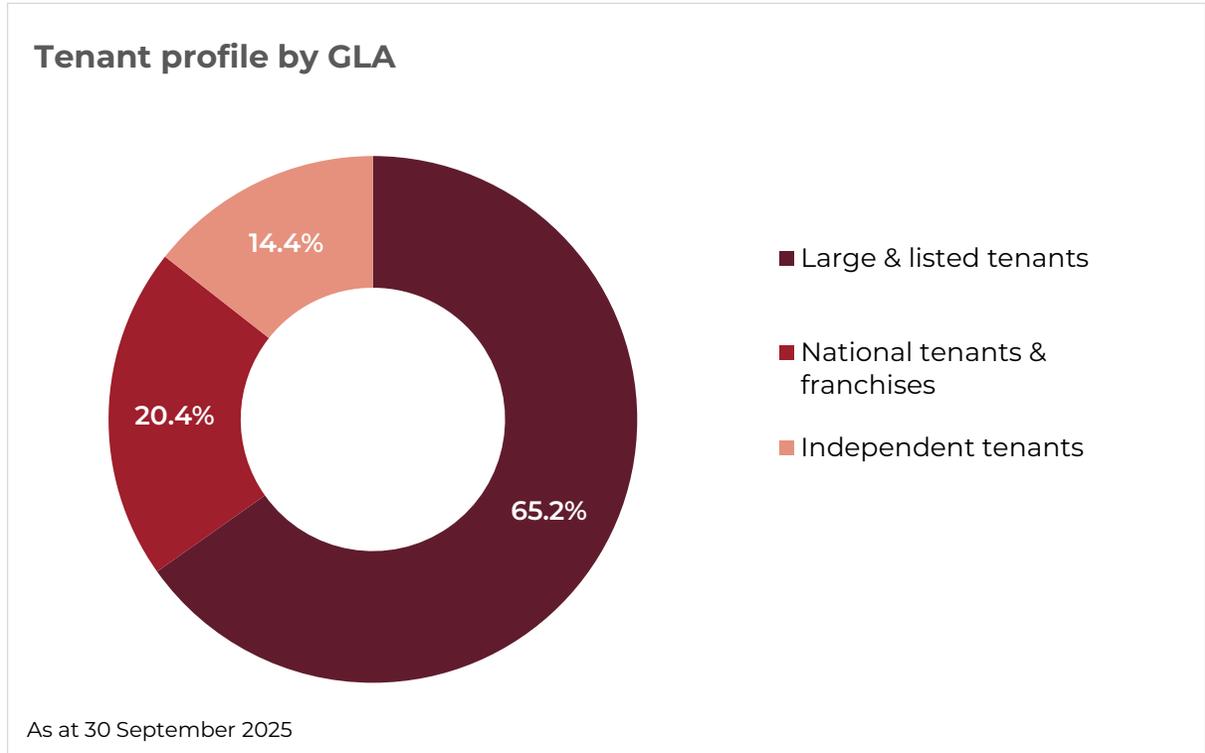




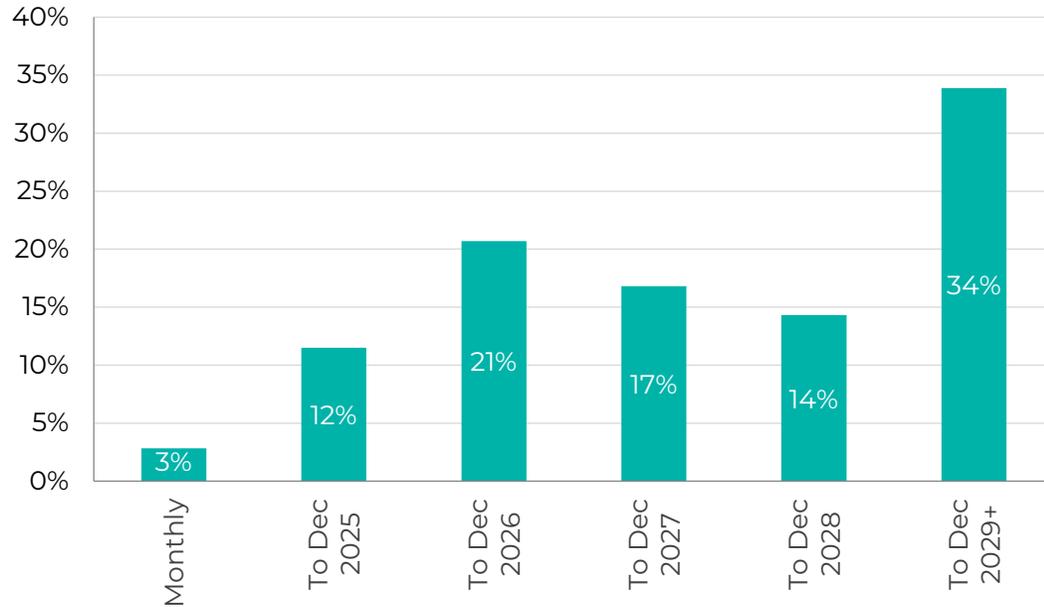
The total portfolio vacancy is currently 4.1% and decreases to 3.2% including future lets.

Large, listed, national and franchise tenants occupy 86% of the gross lettable area (GLA) in the Fund's centres. These are well known tenants such as Shoprite, Pep, Ackermans, Capitec Bank, SuperSpar, Boxer, Pick n Pay and Cashbuild, which have a large number of stores and a footprint across South Africa.

The current tenant profile of the Fund ensures that the income stream is of a high quality.



Lease expiry profile by rental revenue

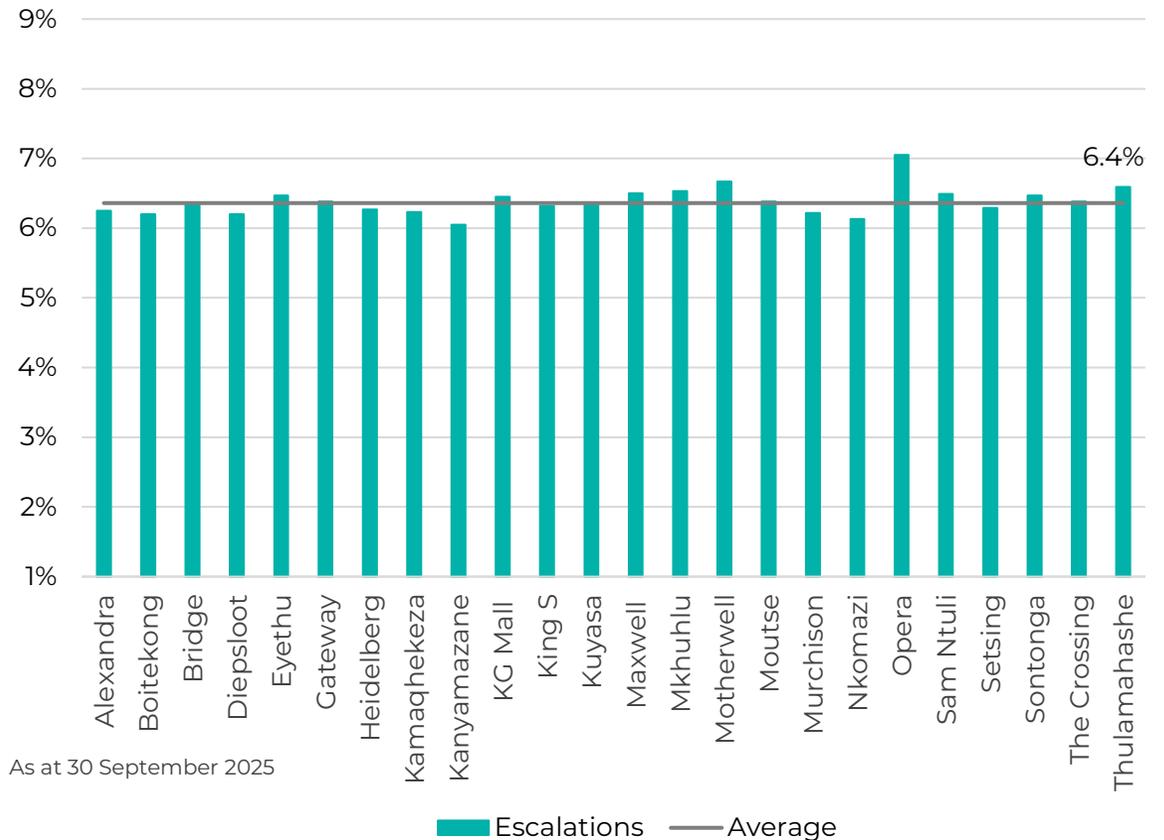


As at 30 September 2025

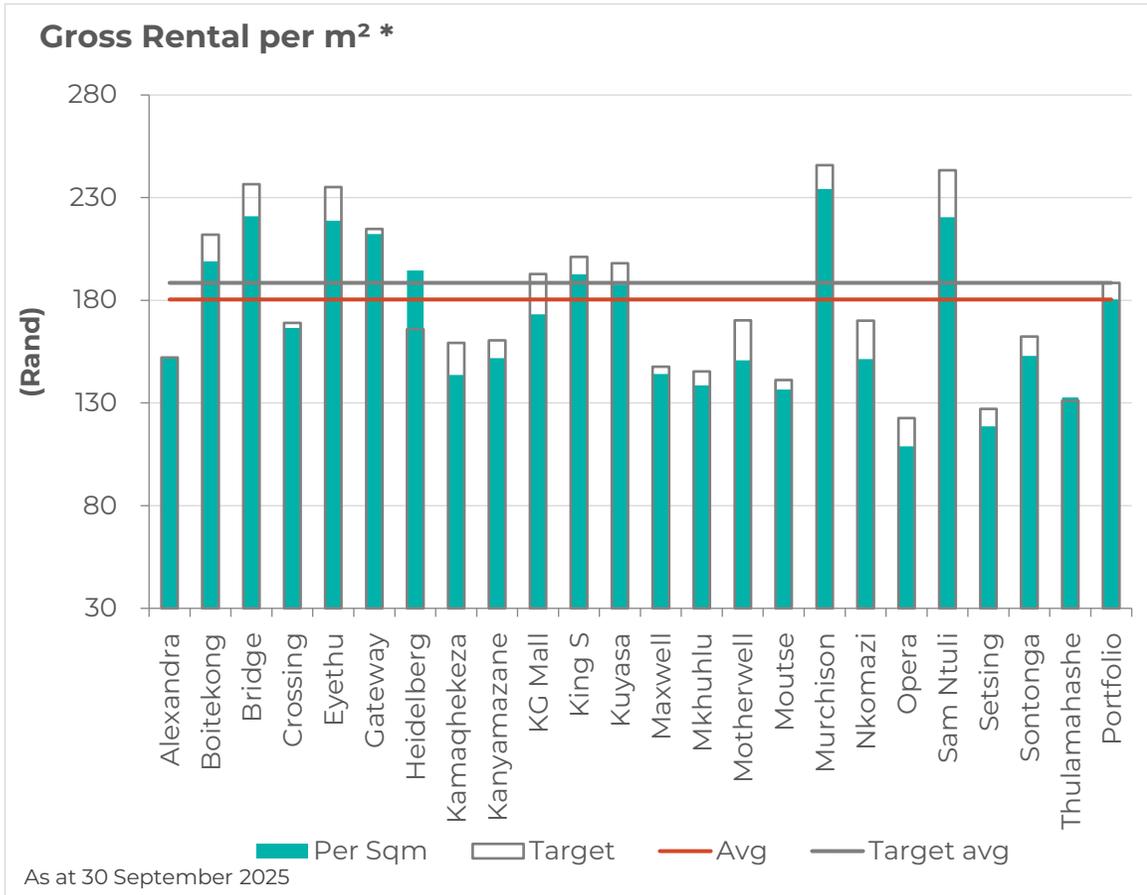
The lease expiry profile is evenly distributed, indicating a relatively low risk to the income stream, with no more than 21% expiring in a given year. We believe that we should retain most of the tenants due to our exposure toward the high quality, large, listed, national and franchise tenants that make up 86% of our total tenant ratio, as indicated on the previous page.

The weighted average annual escalation rate on rentals across the portfolio is 6.4%, which is well above the inflation rate.

Escalations



As at 30 September 2025



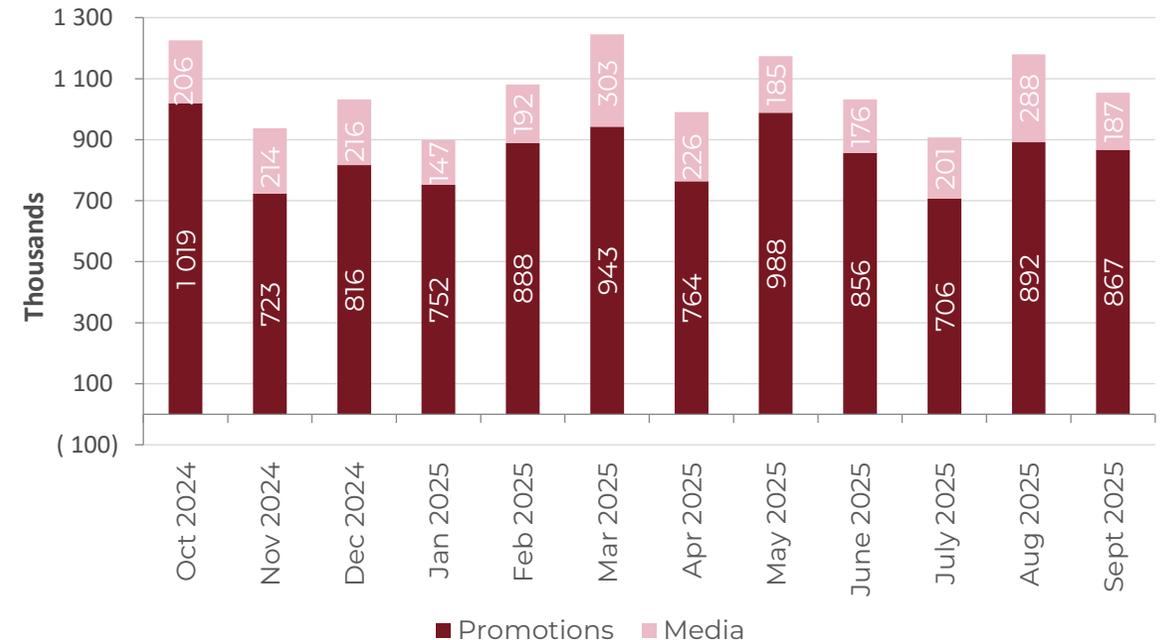
The estimated market rental takes into account comparable market rentals as well as the demand for and availability of space in the centre concerned.

*Based on rental of m² of occupied GLA

Media and promotions income is generated through advertising and promotions at the shopping centres. Media income relates to advertising in the form of hanging banners, escalator branding, billboards and glass door branding. Promotions income relates to income generated through the rental of non-GLA space by local entrepreneurs and businesses.

The combined promotions and media income for the quarter was R3 141 119. This income tends to be seasonal and peaks during holiday periods.

Monthly media and promotions income



Bridge City

Boxer opens 550th store at Bridge City Shopping Centre

Bridge City Shopping Centre proudly celebrated the opening of Boxer's 550th store on 18 September 2025.

The new store not only brings Boxer's promise of affordable prices and quality products to the Inanda, Ntuzuma, and KwaMashu communities, but also creates valuable employment opportunities, ensuring the positive impact extends well beyond the shelves and into the surrounding community.

Situated on the corner of Nogwaja Road and Bhejane Street, Bridge City Shopping Centre is a modern regional retail hub at the heart of the Bridge City Precinct in KwaMashu, on the outskirts of the Durban metropole in KwaZulu-Natal.



Source of photos : Capital Land



Source of photos : Capital Land

Our developmental investment philosophy

Developmental product suite

Futuregrowth has a track record of nearly 30 years of investing in developmental assets. Our funds provide finance to institutions that may not typically receive support from the traditional banking or lending process. In addition to providing finance (credit), we also invest in equity and retail property with a developmental nature.

Our developmental funds are part of our broader responsible investment strategy and reflect the intention of our clients to do good by investing consciously to make a positive impact on society and the broader environment, and thereby to safeguard our collective future.

Our suite of developmental funds consists of:

- **Fixed income:** (Infrastructure & Development Bond Fund, Power Debt Fund, Inflation-Linked Debt Fund);
- **Unlisted equity:** (Development Equity Fund, Agri Funds);
- **Unlisted retail property:** (Community Property Fund); and
- **Fund of funds:** incorporating our suite of development funds as building blocks (Developmental Balanced Fund).

Futuregrowth is dedicated to the development and empowerment of South Africa and its people. We are constantly looking for opportunities that will yield optimal financial returns for investors while making a meaningful difference. As such, we have become a reliable channel for investor savings and promoting national development.

We define developmental investing as financing that: a) provides investors with commercial returns; and b) produces a social and developmental impact. Our primary focus is on the provision of basic services and improvement of infrastructure development.

In order to achieve sustainable, long-term, benchmark-beating performance, we apply a responsible investment filter when screening and analysing new deals for our developmental funds. This is supported by a robust credit process that considers both financial and non-financial risks.

Global contribution

We are aligned with the United Nation's Sustainable Development Goals (SDGs), thus contributing to this global "blueprint to achieve a better and more sustainable future for all". The SDGs are covered in some detail later in this report, where we link the activities of our deal case study to these global targets.

(See: www.un.org/sustainabledevelopment/sustainable-development-goals/)



How we measure and manage impact

Futuregrowth actively measures and manages for impact. Our impact measurement and management approach is aligned with both global and local development frameworks.



National Development Plan (NDP)

This is a long-term development framework for the elimination of poverty and reducing inequality in South Africa by 2030.

UN Sustainable Development Goals (SDGs)

These goals represent the globally agreed 2030 agenda and are a call to action to end poverty, protect the planet and ensure that all people enjoy peace and prosperity.

Principles for Responsible Investing (PRI)

Futuregrowth is a signatory to the Principles for Responsible Investment (PRI), which is an international network of signatories contributing to developing a more sustainable global financial system by incorporating six defined Principles for Responsible Investment into investment practice.

Fund impact across SDGs

The Fund investments contribute to six SDGs



1 NO POVERTY

End to poverty in all its manifestations by 2030. It also aims to ensure social protection for the poor and vulnerable, increase access to basic services and support people harmed by climate-related extreme events and other economic, social and environmental shocks and disasters.



3 GOOD HEALTH AND WELL-BEING

Ensure healthy lives and promote well-being for all at all ages by investing in businesses that improve the availability of healthcare and medical services as well as special medical units.



8 DECENT WORK AND ECONOMIC GROWTH

Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all by investing in underserved markets that unlock and support job creation, growth and improved labour standards and practices for improved livelihoods.



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation by partnering and supporting government in financing infrastructure projects and providing access to finance for businesses that create more inclusive and sustainable communities.



10 REDUCED INEQUALITIES

Reduce inequality within and among countries by investing in businesses that promote financial, social and economic inclusion for all in order to promote inclusive growth and reduce inequalities.



TARGET 11.3

Enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.

Source of photos : Capital Land

Community impact / Food Security Project update

The Food Security Project, launched within the fund portfolio in 2023, has been successfully implemented and expanded to additional communities following the success of the pilot initiatives.

In partnership with Food & Trees for Africa, school and community gardens are identified and assessed through their Footprint Assessment process. This ensures that suitable beneficiaries are selected and that the impact of each intervention is effectively measured.

Since the pilot project at Sibisi Primary School in Dennilton, Limpopo (located approximately 6km from Moutse Mall), the initiative has grown to support 13 school and community food gardens to date. Each three-month intervention provides training, equipment and seedlings, with the aim of increasing the yield and sustainability of the gardens.

In addition, Garden-in-a-Bucket kits are distributed to selected community members. These kits include essential tools, seeds and seedlings, along with training to establish household food gardens, thereby further enhancing food security within the communities surrounding the Fund's shopping centres.



Eyethu Orange Farm Mall Food Security Project above
Source: Capital Land

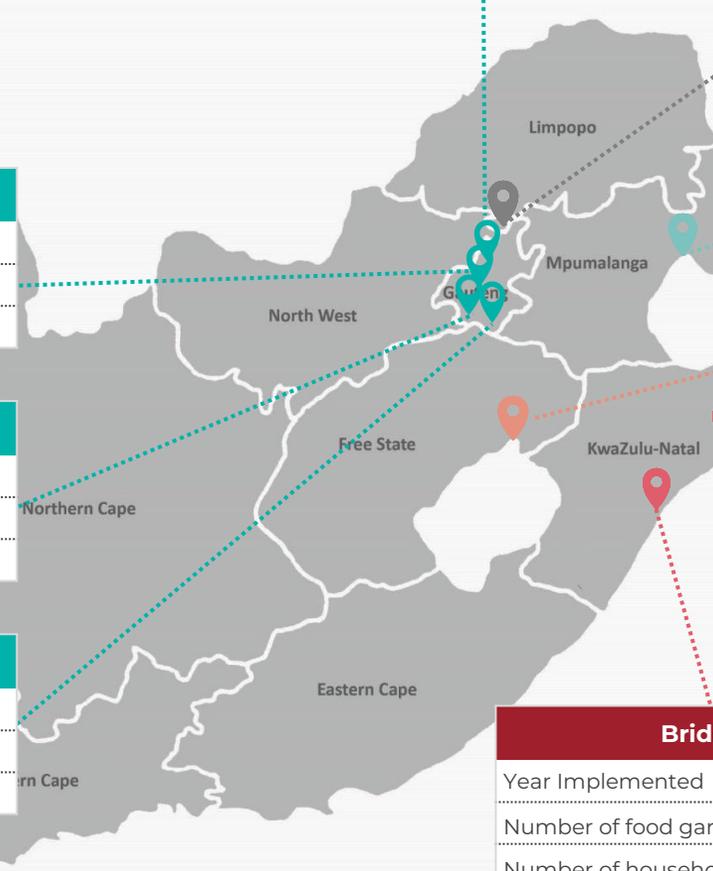
Community Impact

Summary of Food Security Projects

A total of **13** school and community food gardens have been supported and **600** household food gardens established across **9** communities since 2023

Diepsloot Mall, Diepsloot, Gauteng	
Year Implemented	2024
Number of food gardens supported through 3 month projects	2
Number of household gardens established	100

Moutse Mall, Dennilton, Limpopo	
Year Implemented	2023
Number of food gardens supported through 3 month projects	1
Number of household gardens established	50



Moutse Mall, Dennilton, Limpopo	
Year Implemented	2024
Number of food gardens supported through 3 month projects	1
Number of household gardens established	50

Sontonga Mall, Katlehong, Gauteng	
Year Implemented	2024
Number of food gardens supported through 3 month projects	1
Number of household gardens established	50

Setsing IV, Phuthaditjhaba, Free State	
Year Implemented	2025
Number of food gardens supported through 3 month projects	1
Number of household gardens established	50

Eyethu Orange Farm Mall, Orange Farm, Gauteng	
Year Implemented	2023
Number of food gardens supported through 3 month projects	3
Number of household gardens established	150

Maxwell Shopping Centre, Empangeni, KwaZulu-Natal	
Year Implemented	2025
Number of food gardens supported through 3 month projects	1
Number of household gardens established	50

Heidelberg Mall, Heidelberg, Gauteng	
Year Implemented	2025
Number of food gardens supported through 3 month projects	1
Number of household gardens established	-

Bridge City, KwaMashu, KwaZulu-Natal	
Year Implemented	2024
Number of food gardens supported through 3 month projects	2
Number of household gardens established	100

Key features

Futuregrowth Community Property Fund

R8.7bn

Total net asset value
(as at 30 September 2025)

Commercial
risk-adjusted
returns

Investments
in **25** shopping
malls

Active in
8 provinces

Infrastructure and services

- Focused on providing quality retail facilities to previously disadvantaged communities
- Catalyst for the development of local municipal and transport infrastructure

100% township
and rural
exposure

Impact Outcomes

- **15 223** local jobs created as at March 2025
- Local economy value-add (SMME support)
- Economic empowerment of PDIs, especially women
- Community involvement initiatives

Supports **six**
Sustainable
Development
Goals

Fund facts

Fund description	The Futuregrowth Community Property Fund specialises in the acquisition of new and existing shopping malls which cater to the needs of underserved communities throughout South Africa and forms part of Futuregrowth's suite of developmental investments.	Investment objective	The Fund aims to outperform the CPI by 4% per annum before the deduction of taxes and fees and with income reinvested over a rolling 3-year period. It seeks to provide investors with a low cost, high value property investment that focuses on emerging market retail property growth in underserved rural communities and high-density urban centres.
Composition	The Composite currently owns 25 shopping centres located in rural and township areas in eight of the nine provinces. These centres provide retail services and products to a primary target market of approximately 10 million people. Overall, the Fund has purchased, developed or disposed of 37 shopping centres countrywide since inception. The centres deliver retail services to low- to middle-income groups. They vary in size between 1 700m ² and 40 000m ² and are typically tenanted by supermarkets, clothing, banking and furniture retailers.	Key benefits	<ul style="list-style-type: none"> • Specifically focused on providing retail facilities to previously disadvantaged communities, especially in areas characterised by a lack of infrastructure and services. • Targets a niche market of low to middle income groups. • Creates jobs during the construction phase, employing artisans and labourers from the local area. • Creates permanent/long-term jobs during the life cycle of the mall. • Provides access to retail stores and services for local communities which has major health, time and social implications. • Offers a wider range of choice to consumers with higher quality and lower prices than previously available.
Fund manager	Futuregrowth Asset Management	Asset & property manager	Capital Land Asset Management
Return target	CPI + 4%	Risk profile	Moderate (long term returns, predictable cash flows, illiquid)
Number of properties owned currently	25	Number of properties funded to date	37
Current geographic spread	8 provinces	Property type	Retail
Structure	Pooled and Segregated	Market segment	Low to middle income bracket (township & rural)
Inception date	1 September 1996	Total net asset value	R8.7 billion
Minimum investment	Pooled - R25 million (at manager's discretion)	Termination period	1 calendar month up to a maximum of 3 years (size dependent)

Glossary

Annualised return	This is a return over a period of greater than one year that has been converted into an average annual return. This facilitates an easier comparison between returns over different periods.	Liquid holding	Cash in the Fund held in bank accounts, call accounts and money market investments.
Cap rate	Capitalisation rate: is a measure of value and risk of a building and is calculated by dividing the net returns on rental for one year by the purchase price or market value of a building.	LSM	Living Standards Measure: a means of grouping the population according to their living standards from 10 (highest) to 1 (lowest).
CPI	Consumer Price Index - used as a measure of inflation - measures the average change over time in the price of a basket of consumer goods and services purchased by households.	Market rental	Is calculated by taking into account comparable market rentals as well as the demand for and availability of space in the mall concerned.
DCF valuation methodology	Discounted Cash Flow valuation methodology is carried out by estimating the total value of all future cash flows (both inflowing and outflowing), and then discounting them by the cost of capital to find a present value of that cash.	Trading densities	This is a measure of performance in retailing. It is the revenue generated for a given area of sales space and is presented as a monetary value per square metre. The higher the figure, the more efficiently the floor space is being used.
GLA	Gross Leasable Area	Ungearred return	This refers to a return that has been generated without the use of debt funding on the properties.
Headline inflation	This is a measure of the total inflation within an economy, including commodities such as food and energy prices, which tend to be more volatile and prone to inflationary spikes.	Weighted escalations	When tenants enter into a lease, the rate at which their rental increases annually is the escalation rate. The weighted escalation rate is an average of all lease escalation rates across the portfolio weighted by the rental amount.

Contact details

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Currency: ZAR

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Please see

www.communitypropertyfund.co.za

for further information.



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