

The Coronation Property Equity Fund had another good quarter, with a return of 5.90% in an environment where property trust shares returned 2.7% and property loan stocks returned 6.3%.

The overall good return for the sector hides significant volatility during the quarter though, with a very strong performance to mid-March, and a decline of 6% - 7% of this peak to the end of March. This decline was driven mainly by an upward move in bond rates during March, with the government R157 moving from a low of approximately 7.7% to 8.6% at month-end. This move resulted in a negative return from the All Bond Index of -0.3% over the quarter. This move in the bond market was driven by higher global bond rates, a worsening in the global emerging market bond spread, and a subsequent weakening in the local currency.

We have for some time now highlighted our view of overvaluation in the bond market, and the potential risk to the property market, as property and bond yields are highly correlated over the longer term. As a result, the fund was more defensively positioned, and thus the negative effect of the decline in property prices toward month-end was significantly mitigated.

During the quarter, domestic listed property exposure averages around 75%, with the remainder of the assets in cash, preference shares, inflation-linked bonds and Liberty International. These assets softened the impact of declining property prices, and the preference shares and inflation-linked bonds performed well over the quarter.

The benefits of the holding in Liberty International in an environment of rising local bond rates and a weakening currency were clearly highlighted. The company reported good results during the quarter, with strong growth in NAV and further details on an exciting development pipeline in the UK. Further asset-backed debt refinancing has resulted in significant interest savings going forward. The purchase of stakes in two other major regional shopping centres in the UK with Prudential were also announced, and should result in enhancement of shareholder value over the longer term. While we believe this asset to be fully valued in pound terms, it is an attractive and defensive asset, adding currency diversification to the fund.

During the quarter we further increased exposure to quality counters such as Hyprop and Grayprop, and also participated in a placing for South African retail units at an attractive price.

Hyprop surprised the market with excellent results, on the back of very strong consumer spending, and a very strong performance from Canal Walk shopping centre, the largest asset in the company. This performance was achieved through good cost management and changes in tenant mix improving the product offering and resulting in reduced vacancies in the centre, which is now practically fully let.

We continue to see very good fundamentals for property shares, which are expected to result in continued strong distribution growth for the foreseeable future. While we continue to believe that bonds are overvalued, some of this overvaluation has been corrected during the past month. On balance we believe that listed property will continue to deliver a stable real return on a longer term view.

We will however continue to utilise the flexibility in the fund to protect capital, hence enhancing longer term returns.

Edwin Schultz
Portfolio Manager

CORONATION PROPERTY EQUITY FUND

as at 31 March 2005



Fund category	Domestic Asset Allocation Flexible Property
Benchmark	Flexible Property Funds Mean
Launch date	20 November 2000
Portfolio manager	Edwin Schultz
Fund size	R958 million
NAV	1741.88 cents
Annual management fee	1.25% (ex VAT)

Fund description

Invests in quality listed property assets to produce high income yields and long-term capital growth.

ASSET AND SECTOR ALLOCATION

Sector	31 Mar 2005	31 Dec 2004
Domestic Assets	100.00%	100.00%
Equity	2.14%	0.31%
Specialist Securities	2.14%	0.31%
Listed Property	87.64%	83.66%
Fixed Interest	4.28%	4.20%
Cash	5.94%	11.83%
International Assets	0.00%	0.00%

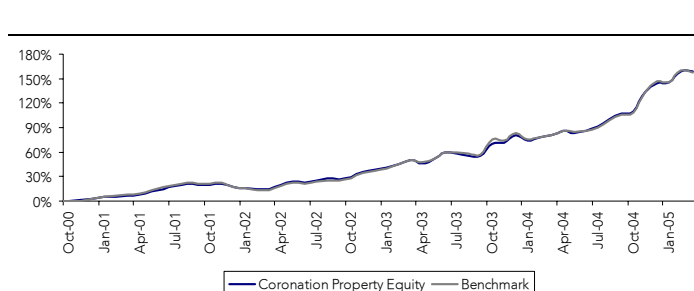
TOP 10 SHARE HOLDINGS

	% of Portfolio
Growthpoint Properties Ltd	19.35%
Allan Gray Property Trust	10.99%
Liberty International plc	10.09%
Hyprop Investments Ltd	7.22%
ApexHi "A"	6.06%
Syfreds and CU Property Fund	5.89%
Martprop Property Fund	5.80%
Acucap Properties Ltd	5.05%
Resilient Property Income Fund Ltd	4.94%
Pangbourne Properties Ltd	3.84%

RISK STATISTICS

	Fund	Benchmark
March 2005	-0.06%	-1.17%
YTD	5.90%	4.24%
Annual return since inception	24.32%	23.98%
Annual deviation since inception	9.63%	10.79%
Sharpe ratio	1.44	1.28
Maximum gain	40.44%	33.80%
Maximum drawdown	-5.57%	-8.21%
Positive months	73.58%	67.92%

PERFORMANCE SINCE INCEPTION



ANNUAL RETURNS SINCE INCEPTION

	Fund	Benchmark	Active Return
2004	35.27%	35.00%	0.27%
2003	30.11%	33.39%	-3.29%
2002	17.91%	16.71%	1.20%
2001	14.99%	14.02%	0.97%
2000	2.20%	2.66%	-0.46%

INCOME DISTRIBUTIONS

Declaration	Payment	Amount	Dividend	Interest
31/03/2005	01/04/2005	31.84	0.01	31.83
31/12/2004	01/01/2005	23.51	0.06	23.45
30/09/2004	01/10/2004	36.89	1.20	35.69
30/06/2004	01/07/2004	28.40	1.19	27.21

MONTHLY PERFORMANCE RETURNS FOR THE LAST THREE YEARS

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Fund 2005	0.68%	5.25%	-0.06%									
B'mark 2005	-0.57%	6.08%	-1.17%									
Fund 2004	-3.64%	2.47%	1.24%	2.88%	-0.76%	0.86%	3.34%	4.81%	2.91%	1.45%	11.49%	4.23%
B'mark 2004	-4.14%	1.66%	1.69%	2.82%	-0.97%	0.63%	2.39%	5.04%	2.91%	1.82%	11.65%	5.67%
Fund 2003	1.35%	3.67%	3.27%	-2.68%	3.95%	4.67%	-0.87%	-1.16%	-0.25%	9.70%	0.59%	5.00%
B'mark 2003	1.48%	3.53%	3.83%	-1.72%	3.30%	5.06%	-0.26%	-1.04%	-0.67%	11.76%	-0.41%	5.05%

CAPE TOWN Tel +27 (21) 680 2000 Fax +27 (21) 680 2500 JOHANNESBURG Tel +27 (11) 775 6400 Fax +27 (11) 775 6486 PRETORIA Tel +27 (12) 460 8334 Website www.coronation.com.

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