

Domestic listed property had a fantastic quarter, returning 21.9% and bringing the return for the past year to 73.6%. This return was driven by a significant re-rating of property relative to bond yields, and continued strong distribution growth being reported by the listed counters. Bonds returned a mediocre 1.5% over the quarter, bringing the return for the past year to 12.8%.

The Coronation Property Equity Fund also had a good quarter, returning 19%, and bringing the return over the past year to 53.6%.

The decision to increase the weighting in Liberty International to the maximum allowable amount in the previous quarter proved to be a good one. The company reported good results, with strong dividend and NAV growth in a fairly tough retail environment in the UK. In addition, a REIT environment with favourable conversion conditions was announced at the UK budget. The conditions to convert have proved less onerous than previously expected, especially regarding the conversion tax, which means that Liberty International management will be seriously considering the move to a tax-free REIT environment in the near future. The share increased by 18.5% in pound terms over the quarter, with rand strength against the pound offsetting some of this gain to bring the move to 15.7% in rand terms.

We have increased the level of caution in the fund, with 22% invested outside domestic listed property. During the quarter we reduced holdings in Sycom and Martprop, and sold out the fund holding in Capital Property Fund.

The holding in Foord Compass debentures was increased through a private placing during the quarter at attractive prices. We also participated in the recent Hospitality listing. Though very disappointed with our allocation during the placing, we have managed to build a meaningful stake in the Hospitality A units in the market subsequent to listing. We believe that these units are fundamentally very attractive, with the capital protection provided by the B units distribution being subordinated to the A unit distribution, and 5% distribution growth expected from the A units over the medium term.

We are retaining a more cautious positioning in the fund going forward, reflecting a belief that the good fundamentals expected from domestic listed property companies over the next three years are already fully discounted in share prices. In addition, further short-term interest rate declines are very unlikely, with an increase inevitable at some stage in the future. Distributions have benefited significantly from re-financing of fixes at current interest rate levels, and this benefit will also not be available indefinitely to boost distribution growth rates.

The focus within the fund will remain on the better quality listed companies, with good long-term distributions growth prospects.

Edwin Schultz
Portfolio Manager

| | |
|------------------------------|---------------------------------------------|
| Fund category | Domestic Asset Allocation Flexible Property |
| Launch date | 20 November 2000 |
| Portfolio manager | Edwin Schultz |
| Fund size | R1.2 billion |
| NAV | 2542.07 cents |
| Annual management fee | 1.25% (ex VAT) |

| | |
|-------------------------|--------------------------------------------------------------------------------------------------------------------|
| Benchmark | Flexible Property Funds Mean |
| Fund description | Invests in quality listed property assets with the aim to produce high income yields and long-term capital growth. |

ASSET AND SECTOR ALLOCATION

| Sector | 31 Mar 2006 |
|-------------------------------------------------|----------------|
| Domestic Assets | 100.00% |
| Equity | 1.97% |
| Financials | 1.97% |
| Preference Shares & Other Securities | 2.33% |
| Real Estate | 88.32% |
| Fixed Interest | 2.24% |
| Cash | 5.14% |
| International Assets | 0.00% |

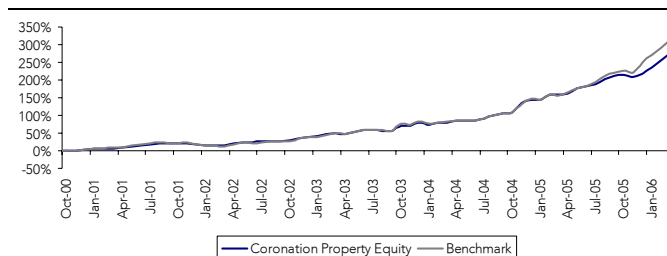
PERFORMANCE AND RISK STATISTICS

| | Fund | Benchmark |
|----------------------------------|--------|-----------|
| Latest 12 months | 53.59% | 61.75% |
| Latest 36 months (annualised) | 38.18% | 39.94% |
| Latest 60 months (annualised) | 30.20% | 29.37% |
| Since inception (annualised) | 28.97% | 28.83% |
| Annual deviation since inception | 9.79% | 10.97% |
| Sharpe ratio | 1.94 | 1.83 |
| Maximum gain | 40.44% | 33.80% |
| Maximum drawdown | -5.57% | -8.21% |
| Positive months | 76.92% | 72.31% |

TOP 10 SHARE HOLDINGS

| As at 31 March 2006 | % of Fund |
|--------------------------------|---------------|
| Allan Gray Property Trust Ltd | 16.09% |
| Hyprop Investments Ltd | 14.96% |
| Apexhi "A" | 10.18% |
| Liberty International plc | 10.12% |
| Syfrets and CU Property Fund | 10.07% |
| Growthpoint Properties Ltd | 8.66% |
| Resilient Property Income Fund | 5.52% |
| Accucap Properties Ltd | 5.18% |
| Foord Compass Debentures | 2.33% |
| Pangebourne Properties | 2.16% |
| Total | 85.27% |

CUMULATIVE PERFORMANCE SINCE INCEPTION



INCOME DISTRIBUTIONS

| Declaration | Payment | Amount | Dividend | Interest |
|-------------|------------|--------|----------|----------|
| 31/03/2006 | 01/04/2006 | 26.93 | 21.81 | 5.12 |
| 31/12/2005 | 01/01/2006 | 24.71 | 0.83 | 23.88 |
| 30/09/2005 | 01/10/2005 | 11.93 | 1.36 | 10.57 |
| 30/06/2005 | 01/07/2005 | 28.42 | 2.04 | 26.38 |

ANNUAL RETURNS SINCE INCEPTION

| | Fund | Benchmark | Active Return |
|------|--------|-----------|---------------|
| 2005 | 36.69% | 42.07% | -5.38% |
| 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% |

PERFORMANCE RETURNS

| | Jan | Feb | Mar | Apr | May | Jun | Jul | Aug | Sept | Oct | Nov | Dec | YTD |
|-------------|--------|-------|--------|-------|-------|-------|-------|-------|-------|-------|--------|-------|--------|
| Fund 2006 | 5.73% | 5.98% | 6.20% | | | | | | | | | | 19.00% |
| B'mark 2006 | 5.51% | 6.07% | 6.10% | | | | | | | | | | 18.75% |
| 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% | 36.69% |
| B'mark 2005 | -0.57% | 6.08% | -1.17% | 2.84% | 4.48% | 2.77% | 3.39% | 6.14% | 2.61% | 2.39% | -1.98% | 9.20% | 42.07% |