

Allan Gray Property Trust
Annual Report
2004

ALLAN GRAY
PROPERTY TRUST

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Profile, Investment Policy & Financial Highlights

Profile

Allan Gray Property Trust (the "Trust") is a property unit trust established in 1983 in terms of the Unit Trusts Control Act, 1981, subsequently, in March 2003, replaced by the Collective Investment Schemes Control Act of 2002. The Trust is a closed end fund and is obliged to distribute all net income earned to its unitholders. As a result of its distribution obligations, the Trust is not taxed on its income. The Registrar of Collective Investment Schemes regulates the Trust insofar as its compliance with the Collective Investment Schemes Control Act is concerned and the JSE Securities Exchange South Africa regulates its trading regulations.

The Trust's portfolio of investments in retail, commercial and industrial properties, at 30 September 2004, was capitalised on the JSE at R3.44 billion.

Objective

The Trust is managed by Allan Gray Property Trust Management Limited whose investment policy is to create wealth for the Trust's unitholders by consistently generating a total rate of return in excess of inflation. This is to be achieved by optimising net rental growth and thereby maximising the appreciation in the value of the underlying properties in the portfolio.

Financial Highlights

	2004	2003
Distributions		
Cents per unit	32.2	30.9
Growth	4.2%	0.7%
Average vacancy factor (based on lettable space)	6%	7%
Property portfolio valuations (Rm)	3 133	2 359
Funding capacity (Rm)		
Maximum borrowings in terms of trust deed	940	708
Approved facility	640	640
Unutilised facility after capital commitments	369	470
Allan Gray Property Trust units (cents per unit)		
Net asset value	298	253
Listed market price at year-end	345	273
Change on previous year	26.4%	21.3%
Premium to net asset value	15.8%	7.9%
FTSE/JSE Property Trust Index at year-end	213.9	178.8
Change on previous year	19.6%	22.5%

Directorate and Administration

Directors of Allan Gray Property Trust Management Limited

W J C Mitchell B Com (Chairman)

Director of Allan Gray Limited. Thirty-four years experience in investment management, the last 17 of which have been with Allan Gray Limited.

J D Rainier B Com LLB (Managing Director) #

Twenty-four years experience in property management, the last 15 of which have been with Allan Gray Limited.

D M Nurek

Western Cape Regional Chairman of the Investec Group and non-executive director of numerous listed companies. Formerly Chairman of attorneys, Sonnenberg Hoffman and Galombik. Extensive experience as legal adviser in property-related matters.

G W Fury LLB MA CFA (Alternate Director to

W J C Mitchell) (appointed 5 May 2004)

Chief Operating Officer of Allan Gray Limited.

W T Fairhead CA (SA) #

Director of Companies.

M Herdman M Com CFA

(resigned 7 November 2003)

W M Kirchmann R.Q.S., M.A.Q.S. #

Managing Director of Northprop (Pty) Ltd. Forty-five years experience in property.

S P McCoy B Com CA (SA)

Eight years experience in property management with Allan Gray Limited.

E Osrin

A businessman with extensive property experience and non-executive director of numerous listed companies.

S Shaw-Taylor CA (SA)

Managing Director of Standard Bank Properties. Nineteen years experience in property.

audit committee

Asset Managers to Manager

Allan Gray Limited
Granger Bay Court
Beach Road
V&A Waterfront
Cape Town
8001

Administrators

Broll Property Group (Proprietary) Limited
2nd Floor, Broll House
27 Fricker Road
Illovo 2196
Johannesburg

Transfer Secretaries

Computershare Investor Services 2004 (Proprietary) Limited
70 Marshall Street
Johannesburg
2001

Trustees

ABSA Bank Limited
2nd Floor, Block E
Flora Office Park
Cnr. Ontdekkers and Conrad Road
Florida
1709

Auditors

KPMG Inc.

Bankers

The Standard Bank of South Africa Limited

Sponsor

The Standard Bank of South Africa Limited

JSE code

GRY

ISIN

ZAE000013165

Website

www.allangray.co.za

E-mail

info@allangray.co.za

Manager's Report

The South African Property Market

Driven largely by demand, general economic activity, on which the property market depends, is looking more positive than for many years. An environment of low interest rates and positive business sentiment contributes greatly to this and the leading indicator is at its highest level for 10 years.

Personal consumption expenditure is strongly positive and real retail sales are growing at the fastest rate since 1990. There is also growing anecdotal evidence of the emergence in South Africa of a new middle class whose consumption expenditure has not been fully captured before in official statistics. Insolvencies and debt summonses are diminishing to levels not seen since the late 1980s.

Added to this, the change in the real value of completed non-residential building plans, while off the historical lows last year, is still well below the long-term average. The only note of caution is that the real value of non-residential building plans passed is approaching the previous peak in 1999, a level that ultimately led to the recent oversupplied office market. Ameliorating this, however, is the improved take-up of office space recently reported. The latest Rode Report (2004:3) states that, in the twelve months to June 2004, a total of 471 000 m² of grades A and B space was taken up nationally in decentralised office nodes of which 58 percent was taken up in the last six months. This equates to 6 percent of existing stock. Compare this with take-up of 295 000 m² for the year to June 2003. At a similar rate, existing vacancies in these nodes would be absorbed in just under two years.

Surveys show that the pricing of direct property, as measured by capitalisation rates, has improved significantly. Pricing softened last year largely because of the prevailing oversupply of non-residential property that led to poor earnings growth prospects. The latest Rode Time Series (2004:3) shows the following percentage decreases in capitalisation rates over the past year to June 2004, which, everything else being equal, implies a comparable increase in price of that amount:

A Grade Multi Offices	Prime Industrial Parks	Regional Shopping Centres
Sandton CBD 3.2	Central Witwatersrand 4.7	Witwatersrand 12.1
Brooklyn/ Waterkloof 0.0	East Rand	3.1 Pretoria 15.7
La Lucia Ridge 5.6	Cape Peninsula	7.9 Durban 8.1
Tyger Valley 6.6	Durban Metro	7.4 Cape Town 17.9
	Pretoria Metro	3.8

While vacancy rates in decentralised office markets continue to be at relatively high levels - for example, Sandton and environs at 13 percent (15 percent last year) - the situation has improved from a year ago. In the industrial market vacancies have remained low, and at similar levels to a year ago. Manufacturing production has recovered from its declines during 2003 and is currently growing at an annual rate of more than 5%. Added to this, while imports are still growing at a faster rate than exports, the aggregate increase in both of these bodes well for a growing demand for warehouse space.

In the retail market, sales in September grew 11.8 percent in real terms over the previous year. Based on historical trends, one would expect the buoyant retail market to continue well into 2005, which again is positive for our portfolio. However, retail rentals in regional shopping centres have not risen much, with the latest Rode Retail Report showing Gauteng and Durban flat and Cape Town up 4% over last year.

Key other market rentals as reported in the Rode Report are*:

Prime decentralised grade-A office rentals	Prime industrial rentals (500m ²)
Sandton CBD -19.4	Central Witwatersrand -4.9
Brooklyn/Waterkloof 3.1	East Rand 3.0
La Lucia Ridge -2.9	Cape Peninsula 1.5
Tyger Valley -2.0	Durban Metro -0.6
	Pretoria Metro -10.2

*Annual percentage change to June, deflated by the BER Building Cost Index that rose 8.7 percent.

Initiatives during 2004

We continued with our programme of selling buildings that have growth prospects lower than our portfolio goals. On the other hand, the redevelopment of certain properties continued and two major properties were purchased. Details can be found in the section titled "Property portfolio" set out on page 4.

All the properties that were sold to the Allan Gray Property Trust with effect from 1 April 2003, due to the reorganisation of the affairs of the Trust, have now been transferred. We remind unitholders that the rationale behind this reorganisation was to order the affairs of Grayprop in such a way as to derive for unitholders benefits available under the new Collective Investment Schemes Control Act together with the changes to Capital Gains Tax legislation on collective investment schemes generally. The major effect of this is that capital gains tax is not payable by the Trust itself on disposal of a building at a profit, and the total proceeds are thus available for reinvestment.

Performance and financial results

Our purpose is to create long-term wealth for our unitholders. Over the last five years to September 2004, the pre-tax annualised total return per annum earned by Allan Gray Property Trust, and compared with inflation, has been as follows:

	2000	2001	2002	2003	2004	5 year compound % pa
Allan Gray Property Trust	41.2	39.3	1.3	36.9	39.9	30.7
Inflation	6.9	4.4	11.2	3.7	1.3	5.4
Real Return	34.3	34.9	-9.9	33.2	28.6	25.3

(Source: I-Net Bridge)

Total distributions for the year to 30 September 2004 were R320.7 million, equivalent to 32.2 cents per unit (2003: 30.9 cents). The total distribution comprised an interim distribution of 15.6 cents (2003: 15.0 cents) and a final distribution of 16.6 cents

Allan Gray Property Trust

Manager's Report

(2003: 15.9 cents) to be paid on 29 November 2004. This was achieved notwithstanding the income foregone by not capitalising loss of interest.

Vacancy levels

Vacancy levels in terms of rentable area at 30 September were as follows (percent):

Sector	2004	2003
Retail	5	5
Offices	11	10
Industrial	5	9
Other	0	0
Overall	6	7

By area, vacancies were 7 percent at half-year. By value, the vacancies equated to 6 percent of potential rental income, the same percentage as at half-year.

In the retail sector 73 percent of the vacancies were contained in the following two properties:

- The Brightwater Commons (ex Randburg Waterfront), where the redevelopment is underway to transform the centre into a family friendly venue with increased traditional retail shopping and significantly reduced reliance on restaurants and bars.
- The Boulders Shopping Centre, where the vacancies are concentrated in the lower level and plans are advanced to reconfigure this space.

In the office sector, significant vacancies by area and value remain at Grayston Ridge, Summit Park and Rosebank Corner. During the past year 11 067 m² of new leases were signed up in the portfolio and 16 717 m² of leases were renewed, a total of 20 percent of the rentable area of the portfolio.

In the industrial sector, demand has improved significantly and some positive lettings have occurred. During the past year 40 360 m² of new leases were signed by the portfolio and 53 923 m² of leases were renewed, a total of 38 percent of the rentable area of the portfolio.

Property portfolio

During the year, the following changes were made to the portfolio:

Sales

Property	Net Price (R000)	2003 Valuation (R000)
1 Stan Road	4 596	3 308
Judd Industrial Park	4 441	4 035
Aerospace Industrial Park	2 465	2 240
Cadbury	3 518	2 175
Col-B-House	2 950	1 835
Sunshine Place	2 299	1 489
Ace House	1 609	1 462
House of Fibre	1 592	1 446
Engine Plan	1 500	1 118
Wade Industrial Park	1 094	909
Ville Industrial Place	602	503
	26 666	20 520

Purchases

Property	Gross Price (Rm)	Effective date	Anticipated initial yield (%)
The Boulders Shopping Centre	140	1 October 2003	15.5
Mifa Industrial Park	36	1 October 2003	16.3
Munpen (75%)	18	30 September 2004	13.3
Remaining 8.62% of Douglas Roberts Centre	3	30 September 2004	16.8
	197		

Capital projects

Significant capital projects with updated expectations are:

Property	Original Viability		Latest Anticipated Status	
	Cost (Rm)	Anticipated initial yield	Cost (Rm)	Anticipated initial yield
Centurion Mall	206	15.0%	190	17.0%
The Brightwater Commons	126	15.0%	130	14.0%
	332		320	

The composition of Allan Gray Property Trust's portfolio, as valued by the independent valuers, Rode and Associates CC*, is as follows:

Sector	Value (Rm)	Cents/ unit	Forward EY (%)	% of portfolio	
				2004	2003
Retail	2 256	227	11.7	72	67
Office blocks	409	41	13.7	13	16
Industrial	305	31	14.4	10	10
Other	163	16	11.7	5	7
Total property	3 133	315	12.2	100	100
Long-term borrowings	(215)	(22)			
Net current assets	48	5			
	2 966	298			

* Southgate and Westgate were valued by Motseng Marriott Property Services (Pty) Ltd on a comparable basis.

The gross value of the property portfolio is 32.8 percent higher than that of last year, largely as a result of the acquisition of The Boulders Shopping Centre and Mifa Industrial Park, the redevelopment of Centurion Mall and improved retail and industrial valuations. The market rating of the property portfolio in terms of the anticipated forward earnings yield has improved marginally from 12.7 percent last year to 12.2 percent.

The net asset value per unit is 17.6 percent higher than last year, reflecting the improved valuations.

Capital commitments at year-end were R101.7 million which leaves capital and existing loan facilities of R369.3 million available for investment.

The portfolio is concentrated significantly in 16 properties making up 80 percent of the portfolio by value (last year 14 and 75 percent respectively). These properties are discussed below.

Retail portfolio

This portfolio consists of 389 056 m² of rentable area, of which 5 percent is vacant, compared with a level of 6 percent last year. It is instructive to note that all our dominant regional centres serve the growing middle-income market and are thus well positioned, we believe, to benefit from the strength and increasing importance of this market segment.

The major components of this portfolio by value are (details for 100 percent of property):

- Centurion Mall (a 75 percent undivided share) totalling 90 373 m² with 79 301 m² of retail space and 11 072 m² of offices, including the newly acquired Munpen office building adjoining the Mall. It is budgeted to contribute 19 percent of property earnings in the new financial year. The major tenants are Pick 'n Pay, Woolworths, Edgars, Game, Dischem, Jet and Furniture City. Alterations and additions to the centre at a cost of R253 million are essentially complete and tenants are reporting satisfactory sales. The final anticipated incremental yield is 17 percent. Further alterations are being investigated to subdivide the space currently occupied by Furniture City to introduce a Hi Fi Corporation store. This is anticipated to cost R5 million at an incremental yield of 15 percent. Many management services are being provided to the adjoining property occupied by Checkers Hyper in an attempt to provide shoppers with a common shopping experience in the greater 105 000 m² node. We continue to negotiate with the local authority to acquire or gain control of further surrounding parking areas to improve control and circulation in the greater node. Sales growth for the year to 30 September was 17 percent, which due to the extensions is not comparable with last year.
- Westgate Shopping Centre (a 41 percent undivided share) with 107 270 m² of retail space. It is budgeted to contribute 11 percent of property earnings in the new financial year. The major tenants are Checkers Hyper, Woolworths, Edgars, Dion, Game, Stuttafords, Toys' R' Us, Ster Kinekor and Hi Fi Corporation. Negotiations are advanced to subdivide Stuttafords to facilitate the introduction of more price-conscious fashion, all pre-let. The anticipated capital cost is R6 million with an initial yield of 12 percent. In addition, non-income producing aesthetic and functional alterations are being investigated which could cost in the order of R25 million. Sales growth for the year to 30 September was 11 percent (9 percent last year).
- Blue Route Mall with 47 379 m² of retail space. It is budgeted to contribute 10 percent of property earnings in the new financial year. The major tenants are Checkers Hyper, Woolworths, Mr Price, Boardmans, Edgars and all the major national fashion chains. We continue to investigate ways to expand the space occupied by existing tenants and to introduce national tenants who require to be in the centre and who cannot be accommodated. This includes the acquisition of 10 000 m² of extra bulk. Sales growth for the year to 30 September was 14 percent (19 percent last year).
- Kenilworth Centre with 42 722 m² of retail space. It is budgeted to contribute 7 percent of property earnings in the new financial year. The major tenants are Pick 'n Pay, Woolworths, Edgars, Virgin Active and Shoprite. Sales growth for the year to 30 September was 4 percent (13 percent last year).
- N1 City Mall (a 58 percent undivided share) with 54 631 m² of retail space. It is budgeted to contribute 7 percent of property earnings in the new financial year. This family centre is anchored by the Checkers Hyper, Pick 'n Pay, Woolworths and Edgars. A tenant driven refurbishment and extension programme is still being assessed. Early indications show a R80 million total cost, giving an incremental return of approximately 11 percent. Sales growth for the year to 30 September was 15 percent (9 percent last year).
- The Boulders with a total of 47 545 m² of space, split into 40 466 m² of mall space, a medical centre and offices of 4 779 m² and a filling station on 2 300 m². It is budgeted to contribute 7 percent of property earnings in the new financial year. The major tenants are Pick 'n Pay, Game and Edgars with all the other national chains having representation. While it is currently 17 percent vacant, this is predominantly on the lower level, which was planned as an entertainment node but which has not worked, and in the medical centre. Plans are advanced to reconfigure the lower level into a fashion and homeware node, let to national tenants, with much improved circulation and accessibility. It is anticipated that this could commence early in 2005. Initial indications are that this may cost about R30 million and generate an incremental yield of around 14 percent. In addition, the medical centre (currently 48 percent vacant) is earmarked for furniture retailers who require representation in the area. Negotiations are at an advanced stage in this regard.
- The Brightwater Commons with 36 752 m² of space. It is budgeted to contribute 3 percent of property earnings in the new financial year. A significant refocusing of the property is underway to reduce the reliance on entertainment through an emphasis on family shopping and activities. It is pleasing that initial indications are that a high proportion of the shoppers visiting the centre are doing so as families. The first phase opened in October 2003 and the second phase began early in 2004. The first phase is complete and substantially let. The remaining vacancies are concentrated in the second phase. The "flea market" has been relocated in the centre of the property and work will begin shortly on conversion of the vacated space into a fashion and homeware node anchored by Woolworths and other national tenants. It is anticipated that the centre will be completed and substantially tenanted by the end of 2005.
- Bryanston Shopping Centre with 11 531 m² of retail space. It is budgeted to contribute 3 percent of property earnings in the new financial year. Major tenants in this neighbourhood centre are Checkers and a Woolworths Food Store. Preliminary investigations are underway to provide certain national tenants with the expansion they require.

Manager's Report

- Benmore Gardens with 18 231 m² of retail and associated office space. It is budgeted to contribute 2 percent of property earnings in the new financial year. Pick 'n Pay anchors this neighbourhood centre, which offers free parking and numerous service tenants. Planning is at an advanced stage for extensive alterations to the centre to improve the retail mix, parking and circulation as well as a new store for Pick 'n Pay. Initial indications are that this may cost R60 million and provide an incremental yield of 10 percent. Due to the nature of the project, it could take two years to complete which will have an impact on the earnings generated by the centre during that period.
- Southgate Mall and Value Market (16 and 19 percent undivided shares respectively) with 69 702 m² and 19 826 m² respectively. They are budgeted to contribute 3 percent of property earnings in the new financial year. The major tenants are Pick 'n Pay, Woolworths, Checkers, Edgars, Jet, Ster Kinekor, Virgin Active, Dion and Sportsman's Warehouse. Southgate is well positioned to take advantage of the growing new middle class in South Africa. Sales growth for the year to 30 September was 30 percent (14 percent last year).
- Northmead Mall with 14 207 m² of retail and associated office space. It is budgeted to contribute 1 percent of property earnings in the new financial year. The major tenants are Pick 'n Pay, Clicks, Jet and Ackermans.

For more comprehensive details of this portfolio see page 12.

Commercial and industrial portfolio

The total area of the commercial and industrial portfolio is 387 785 m² with average vacancy levels of 7 percent (10 percent last year). Of this, the office portfolio is 138 614 m² with an average vacancy of 11 percent (10 percent last year), and the industrial portfolio is 249 171 m² with an average vacancy of 5 percent (9 percent last year).

The largest buildings by value are:

- Grayston Ridge which is a decentralised office complex of three prime buildings totalling 10 037 m² situated on Katherine Street, Sandton. It is budgeted to contribute 2 percent of property earnings in the new financial year. The complex is currently 23 percent vacant (18 percent last year).
- Mifa Industrial Park which is a 34 002 m² industrial park in Midrand, comprising 10 buildings and flexible premises varying between 780 m² and 4 000 m² with offices and ample parking. It is budgeted to contribute 2 percent of property earnings in the new financial year. The complex is currently 19 percent vacant, but 3 leases effective from the new financial year have been signed for 3 661 m², which will reduce the vacancy level to 8 percent. A further unit is currently under negotiation.
- Strijdom Industrial Park in Strijdom Park, Randburg, which is a 25 114 m² complex consisting of 45 units and budgeted to contribute 2 percent of property earnings in the new financial year. The park is fully let, compared with a vacancy of 13 percent at the end of last year.

Buildings with material vacancies or the threat of materially increased vacancies are:

	Rentable area (m ²)	Vacant area (%)	Monthly loss (R000)
OFFICES			
Actual			
Grayston Ridge	10 037	23	114
Summit Park	2 875	76	105
Rosebank Corner	9 206	22	101
Essex Park	4 343	27	70
271 Oak Avenue	3 545	65	64
377 Rivonia Boulevard	4 283	29	55
AMR Office Park	10 072	10	51
			560
Potential*			
25 Owl Street	15 098	18	95
The Ambridge	4 323	14	31
			126
INDUSTRIAL			
Actual			
Mifa Industrial Park	34 002	19	129
Supreme Industrial Park	31 328	16	81
			210
Potential*			
Degussa	4 519	100	136
Mifa Industrial Park	34 002	9	71
			207
			1 103

*Potential is where tenants have indicated that they will not renew their leases.

Other salient details

Nashua, who occupy 7 541 m² in premises in Midrand, and who had given notice to vacate on expiry of their lease in December 2004, have now renewed for a further 16 months.

Negotiations are proceeding with Murray & Roberts, who occupy the entire Douglas Roberts Centre on a lease expiring in September 2007, to refurbish the property at an estimated cost of R30 million in exchange for a new ten-year lease and to construct a parking garage on an adjoining site at an estimated cost of R19.8 million which will be leased to them on a similar basis. The incremental yields anticipated for the parkade are 11.3 percent and the terms of the new office lease are still to be finalised.

For more comprehensive details of this portfolio see pages 12 to 14.

Specialised portfolio

The specialised portfolio comprises two properties:

- Bedford Gardens Private Hospital. The lease with Afrox Healthcare has a further 18 years to run with 11 percent per annum escalations. It is budgeted to contribute 3 percent of property earnings in the new financial year.
- Johannesburg Airport Holiday Inn. The lease over this property has a further seven years to run and escalates at an inflation-linked rate, with a ten-year option to renew. It is budgeted to contribute 3 percent of property earnings in the new financial year.

For more comprehensive details of this portfolio see page 14.

Exposure to major tenants

Exposure to major tenants is as follows (proportionate share where appropriate):

Company	Number	% Total Grayprop area	% Total Grayprop rent
Edcon	37	3.9	5.5
Foschini	66	1.4	4.0
Shoprite	6	4.9	3.6
Pick 'n Pay	9	5.5	3.6
Mr Price	36	1.5	3.1
Standard Bank	13	1.2	2.8
Woolworths	8	3.0	2.8
The Government of SA	4	2.9	2.5
Afrox Healthcare	2	1.7	2.3
Southern Sun	1	1.8	2.1
ABSA	13	0.6	2.0
Massmart	5	2.0	1.8
New Clicks	20	1.1	1.6
First National Bank	10	0.5	1.5
Murray & Roberts	1	2.1	1.3
Truworths	14	0.7	1.3
Ackermans	10	0.6	1.2
Nedbank	12	0.3	1.1
Total		35.7	44.1

Cash funds

Capital commitments at year-end were R101.7 million. This will be funded by the sale of properties or drawing down an additional R56.1 million from the approved loan facility at Standard Bank. After the capital commitments, the fund has a facility of R369.3 million.

Uncommitted projects currently being investigated total a further R197.9 million which, if approved, could be funded similarly from this facility or further property sales.

Units in issue

At year-end the number of units in issue were 996 043 081 (930 857 925 last year).

Trading Statement

Based on the current property portfolio and market conditions it is anticipated that the distribution per unit for the 2005 financial year could grow by approximately 8 percent. The forecast financial information on which this Trading Statement is based has not been reviewed and / or reported on by Grayprop's auditors.

Fees

The service fee payable by the Trust to the Manager for the year was 0.5 percent per annum of the enterprise value of the fund, that is total market capitalisation plus the aggregate amount of borrowings, calculated monthly on the average daily closing prices.

The amount paid was R15.77 million (2003: R14.30 million).

The Trust during 2004 paid the following fees and commissions (excluding VAT):

To Broll Property Group for: (R000)	2004	2003
Administration Fees	14 128	14 888
Letting Fees	4 743	4 646
	18 871	19 534

To Marriott Group for: (R000)	2004	2003
Administration Fees	3 439	1 584
Letting Fees	404	304
	3 843	1 888

To JHI Real Estate for: (R000)	2004	2003
Administration Fees	981	986
Letting Fees	167	264
	1 148	1 250

To McWilliam Murray Realty for: (R000)	2004	2003
Administration Fees	579	298
Letting Fees	219	281
	798	579

To Sasol Pension Fund for: (R000)	2004	2003
Administration Fees	4	16
Letting Fees	-	-
	4	16

Asset management fees of R11.829 million (2003: R10.065 million) and administration fees of R0.798 million (2003: R0.661 million) were paid by the Manager to Allan Gray Limited and Broll Property Group respectively.

Unitholder spread

According to the Trust's transfer secretaries, the unitholder spread of the Trust is as follows:

Type of unitholder	Number of unitholders	% of securities held
Public	6 687	99.95
Non-public	4	0.05

The non-public unitholders are three directors whose interests are disclosed below and Allan Gray Property Trust Management Limited whose holding is disclosed in note 2 to the Annual Financial Statements of the Company.

Allan Gray Property Trust

Manager's Report

To the best of the Directors' knowledge and belief, the following unitholders are registered as being beneficially interested in 5 percent or more of the capital of the Trust:

Registered Name	% Holding
Marriott Property Income Fund	5.1

Directors' interests in Allan Gray Property Trust:

	Beneficial holding	Movement
WJC Mitchell	0	0
JD Rainier	120 000	+40 000*
WT Fairhead	0	0
GW Fury	0	0
WM Kirchmann	64 295	0
SP McCoy	0	0
DM Nurek	0	0
E Osrin	25 000	0
S Shaw-Taylor	0	0

*40 000 units acquired subsequent to year end.

No Directors have any non-beneficial holdings in the Trust.

Corporate Governance

The Directors endorse the Code of Corporate Practices and Conduct as set out in the 2002 report. By supporting the Code, the Directors recognise their responsibility to conduct the affairs of the company with integrity and accountability in accordance with generally accepted corporate practices and recognise that they are ultimately accountable and responsible for the performance and affairs of the Company.

As the Trust is not a legal entity and Allan Gray Property Trust Management Limited manages its affairs in terms of the Collective Investment Schemes Control Act, many of the requirements of the Code are not directly applicable. Neither the Trust nor Allan Gray Property Trust Management Limited has employees or an administrative infrastructure of their own, having contracted out these functions to third parties.

Neither the Trust nor Allan Gray Property Trust Management Limited has a share incentive scheme, as there are no employees.

Board of Directors

The Board of Directors consists of eight members and one alternate.

In terms of the Collective Investment Schemes Control Act, the Registrar of Collective Investment Schemes strictly controls the shareholding in the statutory management company. As such, its current beneficial shareholders are Allan Gray Limited (76 percent) and The Standard Bank of South Africa Limited (24 percent) and it is thus their nominees who are Directors and each Director has one vote. The roles of Chairman and Chief Executive are separated. Mr Mitchell is the Chairman of the Company and Mr Rainier is the Managing Director. Mr Rainier and Mr McCoy are the only executive Directors. Messrs Mitchell and Fury, as salaried employees of the holding company, are not independent non-executive Directors and nor is Mr Shaw-Taylor as a salaried employee of the other shareholder, which in addition has significant business

relationships with the Trust. Messrs Fairhead, Kirchmann, Nurek and Osrin are independent non-executive Directors. It is the policy of the Company to invite any significant unitholders to be represented on the Board, should they so desire. To date, no such request has been received.

The Board meets at least quarterly and retains full and effective control over the Trust. Through a structured approach to reporting and accountability, the Board monitors the activities and performance of management. The Board has responsibility for the Company's overall strategy, acquisitions and divestment policy, approval of development projects and significant matters relating to finance and corporate governance. All Directors have access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that board procedures are followed and that applicable regulations are adhered to. They also have access, at the Company's cost, to independent professional advisors, should they so require.

During the year under review, four meetings were held and Directors who did not attend all the meetings were: Mr Shaw-Taylor and Mr Fury (1 each).

The Company has established a formal policy to regulate private account dealings in the Trust's units. The Managing Director (alternate Chairman) is the compliance officer from whom authority is required for any dealings outside closed periods. This is applicable to all Directors as well as employees of its asset manager who are involved in the management of the Trust as well as those employees of the contracted third party managers. The Company enforces a closed period when no private account dealings are permitted from two months prior to year-end or half-year, as the case may be, until such time as the results are published.

The Company has established an audit committee, which has met four times during the year. It comprises Messrs Fairhead (as Chairman) and Kirchmann, both independent non-executive Directors, and the Managing Director. All the members attended all four meetings. All are financially literate. The Board has considered whether, and found it to be desirable that, the Managing Director should be a member of the audit committee. It is not considered necessary to have the interim published results audited. The audit committee has adopted formal terms of reference and during the year satisfied its responsibilities in compliance with these terms. The mandate of the audit committee is to assist the Board of Directors with discharging its responsibility to safeguard the Company's and Allan Gray Property Trust's assets, maintain adequate accounting records and standards, to review the effectiveness of systems of internal control and, as such, to assist the Board in meeting its statutory and regulatory responsibility as well as the corporate governance and reporting responsibilities. The Company and the Trust have access to the internal audit functions of its contracted third party managers.

The external audit firm performs no non-audit services for the Company or the Trust.

Risk Management is the responsibility of the Board. In the Trust the main assets are its properties. Risk is considered to fall into five categories in these circumstances: 1) the risk that the properties are

destroyed while not covered by insurance is monitored by the audit committee; 2) the risk that the title deeds for its properties are not in the possession of the Trust is controlled by the Trustee and monitored by the audit committee; 3) the risk of the physical deterioration of the properties is monitored by the Trustee and reported to the audit committee; 4) the risk of investment deterioration of the properties is considered on an annual basis by the Board as part of its annual investment review; and 5) the risk of theft or fraud by the contracted third party managers is subject to their own internal audit and internal controls and is reviewed from time to time and reported on to the audit committee.

The following departures from the Code should be noted:

- As the Company has no employees, having contracted out the asset management of the portfolio, the management of the properties and all other aspects of its functions, it has neither worker participation nor affirmative action programmes nor any other employee-targeted programmes. For the same reason it has not formed a remuneration committee. However, it does encourage and support such practices within its contracted third party managers.

Statement in terms of section 3, paragraph 3.4 (b) (v) of the listing requirements of the JSE.

The Trust has adopted net asset value per unit as the financial results measurement for trading statement purposes and this policy is hereby confirmed as required.

While this measure has been adopted as required, it is still felt that the most appropriate measurement is distributions per unit, as property trusts may not distribute capital profits and hence all the other measurements available in terms of the listing requirements are not appropriate. The Association of Property Unit Trust Management Companies is currently negotiating with the JSE to allow the adoption of distributions per unit.

In the interim, should a change in distributions fall within the limits set by the listing requirements, this will also be disclosed as a voluntary disclosure.

Directors' responsibility

The Directors of the Company are responsible for the preparation of the financial statements that fairly present the state of affairs and the results of the Trust and of the Group, conforming with South African Statements of Generally Accepted Accounting Practice. The Trust's external auditors are responsible for independently auditing and reporting on these financial statements in conformity with South African Statements of Generally Accepted Auditing Standards. In preparing the financial statements set out in this report, the Directors have used appropriate accounting policies which have been consistently applied and which are supported by reasonable and prudent judgements and estimates, and have complied with all applicable accounting statements.

The financial statements have been prepared on the going concern basis since the Directors have every reason to believe that the Trust and the Group have adequate resources in place to continue in operation for the foreseeable future. The Directors are of the opinion that adequate accounting records are maintained and that no major deficiencies exist in the system of internal controls, which are subject to ongoing review. The external auditors concur with the above statements by the Directors.



W J C Mitchell
Chairman



J D Rainier
Managing Director

Allan Gray Property Trust Management Limited
26 November 2004

Salient Features

Financial summary

(R000)	12 Months 2004	12 Months 2003	12 Months 2002	12 Months 2001	12 Months 2000	12 Months 1999	9 Months 1998
Net property income	330 564	278 957	303 303	174 228	160 575	146 603	84 275
Interest received	30 407	45 823	25 587	15 183	17 360	29 432	15 279
Interest paid	(22 913)	(31 444)	(30 176)	-	-	-	-
	338 058	293 336	298 714	189 411	177 935	176 035	99 554
Trust audit fees, service charges and taxes	(17 332)	(15 296)	(12 941)	(8 039)	(6 257)	(5 349)	(3 081)
Headline earnings	320 726	278 040	285 773	181 372	171 678	170 686	96 473
Transfer from / (to) maintenance reserve	-	9 597	-	3 144	(1 618)	(5 922)	(1 383)
Income distributions	320 726	287 637	285 773	184 516	170 060	164 764	95 090
Distribution per unit (cents)	32.20	30.90	30.70	30.70	28.90	28.00	19.28
Weighted average number of units in issue during the period ('000)	996 043	930 858	930 858	600 747	588 442	588 442	489 675
Growth in distribution (%) (# annualised)	4.2	0.7	-	6.2	3.2	8.9	1.8#

Sectoral spread

	Gross rent				Rentable area			
	2004 (R000)	%	2003 (R000)	%	2004 m ²	%	2003 m ²	%
Retail	337 473	66	279 789	63	389 056	48	309 899	43
Offices	88 207	17	92 102	21	138 614	17	138 042	19
Industrial	66 144	13	52 111	12	249 171	31	246 658	34
Specialised	18 020	4	17 929	4	26 969	4	26 969	4
	509 844	100	441 931	100	803 810	100	721 568	100

Geographic spread

Greater Johannesburg	321 860	63	264 874	60	558 816	70	503 842	70
Cape Town	119 599	23	111 603	25	128 347	16	127 827	18
Pretoria	53 696	11	51 027	12	80 867	10	51 523	7
Durban	14 689	3	14 427	3	35 780	4	38 376	5
	509 844	100	441 931	100	803 810	100	721 568	100

Analysis of lease expires and reviews as a percentage of rentable area

	Total %	Vacant %	2005 %	2006 %	2007 %	2008 %	2009 %	>2009 %
Retail	100	5	23	12	12	9	12	27
Offices	100	11	15	22	33	14	5	-
Industrial	100	5	43	27	15	5	2	3
Specialised	100	-	-	-	-	-	-	100
Overall	100	6	27	18	16	8	7	18

Analysis of lease expires and reviews as a percentage of gross rental

	Total %	2005 %	2006 %	2007 %	2008 %	2009 %	>2009 %
Retail	100	22	16	16	12	18	16
Offices	100	19	29	28	16	8	-
Industrial	100	47	24	17	6	2	4
Specialised	100	-	-	-	-	-	100
Overall	100	24	19	17	12	13	15

Summary of stock exchange prices

2003/2004	Highest cents	Lowest cents	Last transaction cents	Volumes traded (R000)
October	320	270	315	33 260
November	315	280	284	67 149
December	315	279	301	31 263
January	310	288	300	81 767
February	300	290	297	18 798
March	302	295	301	35 504
April	318	300	318	24 251
May	328	298	300	42 475
June	302	284	300	30 767
July	310	293	310	57 252
August	330	305	322	22 661
September	360	318	345	30 124

Allan Gray Property Trust
Property Portfolio

Name of property	Location	Rentable area (m ²)	Market value (R000)	% of portfolio	Cents/unit
RETAIL					
Gauteng					
Centurion Mall (75 percent)	Heuwel Avenue, Centurion	67 780	573 028	18.3	
Westgate Shopping Centre (41.32 percent)	Ontdekkers Road, Roodepoort	44 321	332 607	10.6	
The Boulders Shopping Centre	Old Pretoria Road, Midrand	47 545	163 864	5.2	
The Brightwater Commons	Republic Road, Randburg	36 752	146 601	4.7	
Bryanston Shopping Centre	Hobart Road, Bryanston	11 531	90 122	2.9	
Southgate Mall (15.97 percent)	Rifle Range Road, Mondeor	11 131	85 456	2.7	
Benmore Gardens Shopping Centre	Benmore Road, Sandton	18 231	80 971	2.6	
Northmead Mall	1st Street, Northmead, Benoni	14 207	39 234	1.3	
Rosebank Mews	173 Oxford Road, Rosebank	7 365	18 706	0.6	
Dekema Mall	Dekema Road, Wadeville, Germiston	4 637	12 366	0.4	
Southgate Value Market (19.01 percent)	Rifle Range Road, Mondeor	3 769	8 937	0.3	
Western Cape					
Blue Route Mall	Tokai Road, Tokai, Cape Town	47 379	307 219	9.8	
Kenilworth Centre	Doncaster Road, Kenilworth	42 722	212 878	6.8	
N1 City Mall (58 percent)	Louwtjie Rothman Street, Goodwood	31 686	184 734	5.9	
Total retail		389 056	2 256 723	72.0	226.6

OFFICES

Gauteng

Grayston Ridge Office Park	144 Katherine Street, Sandown, Sandton	10 037	50 160	1.6	
Douglas Roberts Centre	22 Skeen Boulevard, Bedfordview	16 941	38 585	1.2	
Rosebank Corner	Jan Smuts Avenue, Rosebank	9 206	35 738	1.1	
AMR Office Park	Concorde Road, Bedfordview	10 072	34 190	1.1	
25 Owl Street	Auckland Park	14 978	28 105	0.9	
Kimberley-Clark House	Leicester Road, Bedford Gardens	6 078	25 507	0.8	
Dunkeld Office Park	6 North Road, Dunkeld West	5 490	24 058	0.8	
The Ambridge	Vrede Avenue, Epsom Downs	4 324	18 544	0.6	
240 Walker Street	Sunnyside, Pretoria	7 808	16 793	0.5	
260 Walker Street	Sunnyside, Pretoria	5 279	15 034	0.5	
Sunridge (75 percent)	62 Wierda Road East, Wierda Valley	2 930	12 723	0.4	
Summit Park	439 Summit Road, Morningside	2 875	11 558	0.4	
PSG House	29 Princess of Wales Terrace, Parktown	5 057	11 413	0.4	
377 Rivonia Boulevard	Rivonia	4 283	9 655	0.3	
Lakeside Place	Queen Street, Bruma	3 329	8 949	0.3	
N.M.G House	256 Kent Avenue, Randburg	2 267	5 438	0.2	
22 Wellington Road	Parktown	3 202	5 073	0.2	
4 Stan Road	Morningside, Sandton	1 256	5 065	0.2	
Wierda Mews	41 Wierda Road, Wierda Valley	2 217	4 863	0.2	
271 Oak Avenue	Ferndale, Randburg	3 545	4 690	0.1	
RPA Centre	180 Smit Street, Fairland	1 716	3 717	0.1	
51 Juta Street	Braamfontein	5 095	3 647	0.1	

Name of property	Location	Rentable area (m ²)	Market value (R000)	% of portfolio	Cents/unit
Kwazulu-Natal					
Delmat House	27 Jan Hofmeyr Road, Westville	3 915	16 309	0.5	
Essex Park	46 Essex Terrace, Berea West, Westville	4 343	10 895	0.3	
Kent House	1 Neptune Road, Berea West, Westville	2 371	8 429	0.3	
Total offices		138 614	409 138	13.1	41.1

INDUSTRIAL

Gauteng

Mifa Industrial Park	399 George Street, Cnr 16th Road, Midrand	34 002	47 879	1.5	
Strijdom Industrial Park	Hammer Avenue, Strijdompark, Randburg	25 114	42 045	1.3	
Supreme Industrial Park	Klipriviersberg Road, Steeledale	31 328	21 771	0.7	
Nashua House	Old Pretoria Road, Midrand	7 541	18 745	0.6	
Degussa	142 16th Road, Midrand	4 519	12 914	0.4	
Saffer	2 Keerom Road, Heriotdale Ext. 10	7 097	12 722	0.4	
Pick 'n Pay Warehouse	Nasmith Road, Jupiter Ext. 1, Germiston	10 540	8 867	0.3	
Dismed House	733 / 747 16th Road, Midrand	2 871	7 143	0.2	
Euro Park	Fabriek Street, Strijdom Park	6 557	6 952	0.2	
Delta	Old Pretoria Road, Midrand	1 504	6 075	0.2	
Gateway Industrial Park	Graniet Street, Jet Park	4 805	6 074	0.2	
Fourways Haulage	Ronbex Road, Activia Park, Germiston	11 959	5 966	0.2	
Verona Industrial Park	Cnr Kya Sand Road & Staal Street, Kya Sand	3 825	3 580	0.1	
Canberra Industrial Park	Derick Coetzee Street, Jet Park	2 621	3 447	0.1	
Saxon Industrial Park	Cnr Sterling & Fabriek Streets, Strijdom Park	2 017	3 336	0.1	
Chamdor Factory	6 Jacobs Street, Chamdor, Krugersdorp	8 879	3 316	0.1	
Strike House	Richards Drive, Halfway House	1 880	3 046	0.1	
Mercury Park	Piet Bekker Street, Jet Park	2 105	2 819	0.1	
Cenmag House	Hertz Drive, Meadowdale	2 030	2 854	0.1	
Astro Place	Van Der Bijl Street, Meadowdale	1 876	2 796	0.1	
Monit House	Van Der Bijl Street, Meadowdale	1 985	2 650	0.1	
Staceylee Industrial Park	Derick Coetzee Street, Jet Park	1 876	2 571	0.1	
Eastlands Industrial Park	Vervoer Street, Kya Sand	2 853	2 568	0.1	
Jay Park	Piet Bekker Street, Jet Park	2 264	2 472	0.1	
Humsa House	Graniet Street, Jet Park	2 113	2 368	0.1	
The House Of Rubber	Crusher Road, Crown Extension	2 266	2 308	0.1	
Cyrus House	Innes Road, Jet Park	2 068	2 249	0.1	
Rudo House	Rudo Nel Street, Whitfield	2 232	2 130	0.1	
Lifetime House	Kelly Road, Jet Park	1 801	2 077	0.1	
Prairie Industrial Park	Staal Street, Kya Sand	2 325	2 011	0.1	
Gail Industrial Park	Patrick Road, Jet Park	1 504	1 901	0.1	
Hydra Park	Piet Bekker Street, Jet Park	1 643	1 856	0.1	
Dale House	Cnr Bell & Fleming Streets, Meadowdale	1 308	1 795	0.1	
Ventura Industrial Park	Derick Coetzee Street, Jet Park	1 402	1 780	0.1	
Eaststar Place	Mineral Crescent, Crown Extension	1 832	1 778	0.1	
Orion Place	Piet Bekker Street, Jet Park	1 519	1 777	0.1	
Medsave House	Fabriek Street, Strijdom Park	2 092	1 715	0.1	

Allan Gray Property Trust
Property Portfolio

Name of property	Location	Rentable area (m ²)	Market value (R000)	% of portfolio	Cents/unit
Saphire Place	Arbeid Avenue, Strijdom Park	1 085	1 578	0.1	
Weststar Place	Mineral Crescent, Crown Extension	1 620	1 574	0.1	
Zero Park	Fabriek Street, Strijdom Park	1 180	1 540	0.0	
Westlands Industrial Park	Vervoer Street, Kya Sand	1 365	1 232	0.0	
Crescent Place	Mineral Crescent, Crown Extension	1 170	1 162	0.0	
Thermo House	Derick Coetzee Street, Jet Park	1 050	1 154	0.0	
Shukran House	Patrick Road, Jet Park	748	985	0.0	
Delta Place	Derick Coetzee Street, Jet Park	696	878	0.0	
Custom Place	Derick Coetzee Street, Jet Park	695	794	0.0	
Rally Place	Derick Coetzee Street, Jet Park	632	742	0.0	
Hazra Industrial Park	Derick Coetzee Street, Jet Park	512	579	0.0	
Precision House	Precision Road, Kya Sand	554	482	0.0	
Kwazulu-Natal					
Murrayfield	Prospecton Road, Prospecton	16 909	18 432	0.6	
4 Walter Place	Watervalpark, Mayville	8 242	7 578	0.2	
Western Cape					
Metro Cash and Carry	7 Benbow Avenue, Epping 1	6 560	7 793	0.2	
Total industrial		249 171	304 856	9.7	30.6
SPECIALISED					
Gauteng					
Bedford Gardens Private Hospital	Leicester Road, Bedford Gardens	12 817	90 250	2.9	
Johannesburg Airport Holiday Inn	Kempton Park	14 152	72 532	2.3	
Total specialised		26 969	162 782	5.2	16.3
Total property portfolio of Grayprop		803 810	3 133 499	100	314.6

Balance Sheet

as at 30 September 2004

(R000)	Notes	Group 2004	Group 2003	Trust 2003
Assets				
Non-current assets				
Investment properties	2	3 133 499	2 359 852	2 359 852
Current assets				
Accounts receivable	4	32 172	42 076	42 076
Capital debtors	5	-	89 019	89 019
Cash and cash equivalents	6	233 868	278 992	278 992
Total assets		3 399 539	2 769 939	2 769 939
Unitholders' funds and liabilities				
Unitholders' funds				
Capital of the fund	7	1 933 354	1 757 354	1 757 354
Capital reserve		400 265	393 019	393 019
Revaluation reserve		633 163	208 055	208 055
Distributable reserve		18	18	18
Non-current liabilities				
Interest-bearing liability	8	214 557	214 557	214 557
Current liabilities				
Accounts payable		52 839	44 255	48 929
Taxation payable		-	4 674	-
Unitholders for distribution		165 343	148 007	148 007
Total unitholders' funds and liabilities		3 399 539	2 769 939	2 769 939

Income Statement

for the year ended 30 September 2004

(R000)	Notes	Group 2004	Group 2003	Trust 2003
Income		540 251	487 754	393 811
Rent income		509 844	441 931	221 262
Interest received		30 407	45 823	36 248
Dividends from fixed property companies				136 301
Expenditure		219 525	200 117	106 174
Property expenses	9	178 638	153 157	75 413
Audit fees		642	411	191
Interest paid		22 913	31 444	15 465
Administrative charges		1 559	802	802
Service charge	9	15 773	14 303	14 303
Distributable earnings		320 726	287 637	287 637
Accelerated maintenance expense	10	-	(9 597)	(9 597)
Capital items		432 354	199 482	199 482
Net realised surplus / (deficit) on disposal of investment properties	11	6 134	5 281	(8 573)
Net unrealised surplus on revaluation of investment properties		425 335	194 890	208 055
Taxation	12	885	(689)	-
Net profit		753 080	477 522	477 522
Net profit per unit (cents)	13	75.6	51.3	
Headline earnings per unit (cents)	13	32.2	29.9	
Income distribution per unit (cents)	13	32.2	30.9	
Interim distribution per unit (cents)		15.6	15.0	
Final distribution per unit (cents)		16.6	15.9	

Statement of Changes in Unitholders' Funds

for the year ended 30 September 2004

(R000)	Capital of the fund	Capital reserve	Revaluation reserve	Maintenance reserve	Distributable reserve	Total unitholders' funds
Group						
Balance at 1 October 2002	1 757 354	208 257	193 335	9 597	16	2 168 559
Net profit for the year					477 522	477 522
Transfer to capital reserve		184 762	(180 170)		(4 592)	-
Transfer to revaluation reserve			194 890		(194 890)	-
Transfer from maintenance reserve				(9 597)	9 597	-
Income distributions					(287 635)	(287 635)
Balance at 30 September 2003	1 757 354	393 019	208 055	-	18	2 358 446
Units issued during the year	176 000					176 000
Net profit for the year					753 080	753 080
Transfer to capital reserve		7 246	(227)		(7 019)	-
Transfer to revaluation reserve			425 335		(425 335)	-
Income distributions					(320 726)	(320 726)
Balance at 30 September 2004	1 933 354	400 265	633 163	-	18	2 966 800
Trust						
Balance at 1 October 2002	1 757 354	108 273	302 916	-	16	2 168 559
Net profit for the year					477 522	477 522
Transfer to capital reserve		284 746	(302 916)		18 170	-
Transfer from revaluation reserve			208 055		(208 055)	-
Income distributions					(287 635)	(287 635)
Balance at 30 September 2003	1 757 354	393 019	208 055	-	18	2 358 446

Cash Flow Statement

for the year ended 30 September 2004

(R000)	Notes	Group 2004	Group 2003	Trust 2003
Cash effects from operating activities				
Cash generated from operations	1	313 232	263 661	257 257
Change in working capital	2	18 488	(14 607)	150 434
Cash available from operating activities		331 720	249 054	407 691
Interest received		30 407	45 823	36 248
Interest paid		(22 913)	(31 444)	(15 465)
Taxation paid	3	(3 789)	-	-
Income distributions	4	(303 390)	(285 773)	(285 773)
		32 035	(22 340)	142 701
Cash effects of investing activities				
Additions to investment properties		(192 844)	(123 110)	(2 242 065)
Net proceeds from disposal of investment properties		26 666	144 226	89 877
Net decrease in investment in fixed property companies		-	-	1 913 708
Decrease / (increase) in capital debtors		89 019	(89 019)	(89 019)
		(77 159)	(67 903)	(327 499)
Cash effects of financing activities				
Increase in long-term loan		-	-	214 557
		-	-	214 557
Net (decrease) / increase in cash and cash equivalents				
		(45 124)	(90 243)	29 759
Cash and cash equivalents at beginning of the year		278 992	369 235	249 233
Cash and cash equivalents at end of the year		233 868	278 992	278 992

Notes to the Cash Flow Statement

for the year ended 30 September 2004

(R000)	Group 2004	Group 2003	Trust 2003
1. Cash generated from operations			
Net profit	753 080	477 522	477 522
Interest received	(30 407)	(45 823)	(36 248)
Interest paid	22 913	31 444	15 465
Taxation	(885)	689	-
Unrealised surplus on revaluation of investment properties	(425 335)	(194 890)	(208 055)
Net realised (surplus) / deficit on disposal of investment properties	(6 134)	(5 281)	8 573
	313 232	263 661	257 257
2. Change in working capital			
Decrease / (increase) in accounts receivable	9 904	(18 893)	(40 900)
Increase in dividends receivable	-	-	145 373
Increase in accounts payable	8 584	4 286	45 961
	18 488	(14 607)	150 434
3. Taxation paid			
Amounts unpaid at beginning of the year	(4 674)	(3 985)	-
Amounts released / (charged) to income statement	885	(689)	-
Amounts unpaid at end of the year	-	4 674	-
	(3 789)	-	-
4. Income distributions			
Amounts unpaid at beginning of the year	(148 007)	(146 145)	(146 145)
Amounts declared during the year	(320 726)	(287 635)	(287 635)
Amounts unpaid at end of the year	165 343	148 007	148 007
	(303 390)	(285 773)	(285 773)

Notes to the Annual Financial Statements

as at 30 September 2004

1. Accounting policies

The financial statements are prepared on the historical cost basis, adjusted by the valuation of investment properties as detailed in notes 1.3 & 2 and 3 below, remeasurement of certain financial instruments to fair value and incorporate the following accounting policies which are, in all material respects, consistent with those applied in previous years. The financial statements are prepared on a going concern basis.

1.1 Statement of compliance

The financial statements and group financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Collective Investment Schemes Control Act of 2002.

1.2 Basis of consolidation

The consolidated annual financial statements incorporate the annual financial statements of the Trust and all the fixed property companies. The operating results of the fixed property companies are consolidated from the effective date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Jointly controlled assets are those properties over which the Group exercises joint control in terms of a contractual agreement. Interests in jointly controlled assets are accounted for by including the Group's share of the assets it controls and its share of the liabilities, expenses it incurs, income it earns and cash flows related to the jointly controlled assets.

1.3 Investment properties

Investment properties are properties which are held for the purpose of earning rental income and for capital appreciation.

The cost of investment properties comprises the purchase price and directly attributable expenditure. Subsequent expenditure relating to investment properties is capitalised when it is probable that future economic benefits from the use of the asset will be increased. All other subsequent expenditure is expensed in the period in which it is incurred.

After initial recognition investment properties are measured at fair value. Fair values are determined annually by an independent valuer in terms of AC135: Investment Properties.

Any gain or loss arising from a change in the fair value of the investment properties is included in net income for the year in which it arises. The net gain or loss is transferred to the revaluation reserve.

Realised gains and losses on the disposal of investment properties are recognised in net income for the year and are calculated as the difference between the sale price and the carrying amount of the property. The net gain or loss on the sale of investment properties is transferred to the capital reserve. The balance relating to the sold properties which were previously included in the revaluation reserve is also transferred to the capital reserve.

1.4 Impairment

The carrying amounts of the Group's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount.

1.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held on call with banks, negotiable certificates of deposit and surplus funds deposited in The Standard Bank of South Africa Limited's access bond facility, all of which are available for use by the Group.

1.6 Financial instruments

A financial asset or financial liability is recognised on the balance sheet for as long as the Group is party to the contractual provisions of the instrument. Gains or losses on derecognition of financial assets or liabilities are included in net profit.

Measurement

Financial instruments are initially measured at cost, including directly attributable transaction costs. Subsequent to the initial recognition these instruments are measured as set out below.

- Accounts receivable
Trade and other receivables are classified as originated by the Group and are reflected at amortised cost, using the effective interest rate method after deducting accumulated impairment losses.
- Other investments in debt and equity
The Group classified its investments in debt and equity securities into the following categories:
 - trading;
 - held-to-maturity; and
 - available-for-sale.

Held-to-maturity investments are those that the Group has the positive intent and ability to hold to maturity and these are held at amortised cost using the effective interest rate method, after deducting accumulated impairment losses.

Held-for-trading and available-for-sale financial assets are held at fair value which is the market price at the reporting date.

- Financial liabilities

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Financial liabilities are measured at amortised cost using the effective interest rate method. Liabilities that are designated as held-for-trading are measured at fair value.

Gains or losses on subsequent measurement

Gains or losses on subsequent measurement of financial instruments that are carried at fair value are accounted for as follows:

- Held-for-trading financial assets are recognised in net profit for the year.
- Available-for-sale financial assets are recognised in net profit for the year.

Set off

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet when the Group has an enforceable right to set off the recognised amounts, and intends to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.7 Capital reserve

All surpluses / deficits arising on the disposal of investment properties and fixed property companies are transferred to the capital reserve and are not available for distribution.

1.8 Revaluation reserve

All unrealised gains and losses arising on the revaluation of investment properties from cost to fair value, are transferred to the revaluation reserve and are not available for distribution.

1.9 Maintenance reserve

A maintenance reserve was held at the discretion of the Directors of the management company to provide funds for major repairs and maintenance of investment properties.

1.10 Revenue recognition

Revenue comprises gross rental and related income and is recognised in the income statement on a straight line basis over the

period of the lease. Interest is recognised on a time proportion basis which takes into account the effective yield on the asset over the period it is expected to be held. Dividend income is recognised when the right to receive payment is established.

1.11 Segmental information

The Group consists of investment properties owned by the Trust. The Group earns revenue in the form of rentals from tenants of these investment properties. On a primary basis, the Group is organised into five major operating segments:

- Retail segment comprising mainly of shopping centres
- Office segment comprising mainly of office parks and office buildings
- Industrial segment comprising mainly of industrial buildings such as warehouses and factories
- Specialised segment comprising of a hospital and a hotel
- Corporate segment comprising of all assets and expenses not directly attributable to the other segments. These include certain Group expenses, interest paid on borrowings, receivables, prepayments, current liabilities and cash and cash equivalents.

On a secondary basis, the geographical location of the properties has been identified.

The basis of segment reporting is representative of the internal structure used for management reporting.

Segment results include revenue and property expenses that are directly attributable to a segment and the relevant portion of enterprise revenue and expenses that can be allocated on a reasonable basis to that segment, whether from external transactions or from transactions with other group segments.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to a segment on a reasonable basis. Segment assets are reported after deducting related allowances that are reported as direct offsets in the Group's balance sheet. Segment assets and liabilities do not include deferred income tax items.

Capital expenditure represents the total costs incurred during the period to acquire segment assets that are expected to be used during more than one period.

Notes to the Annual Financial Statements

as at 30 September 2004

(R000)	Group 2004	Group 2003	Trust 2003
2. Investment properties			
Cost of investment properties	2 500 336	2 164 962	2 151 797
Write-up on revaluation of investment properties	633 163	194 890	208 055
	3 133 499	2 359 852	2 359 852
Movement for the year			
Balance at beginning of the year	2 359 852	2 180 797	-
Additions to investment properties	368 844	123 110	2 242 065
Carrying amount of investment properties disposed of	(20 532)	(138 945)	(90 268)
Unrealised surplus on revaluation of investment properties	425 335	194 890	208 055
Balance at end of the year	3 133 499	2 359 852	2 359 852
Investment properties are reflected at independent external valuation at year-end. It is the policy of the group to obtain independent valuations of the investment properties annually.			
The investment properties were independently valued on 30 September 2004. Westgate Shopping Centre, Southgate Mall and Southgate Value Market were valued by T. Moulder and C. Everatt, registered valuers with Motseng Marriott Property Services (Pty) Ltd. The balance of the portfolio was valued by E.G. Rode and K. Scott, registered valuers with Rode & Associates CC. E.G. Rode, K. Scott, T. Moulder and C. Everatt are members of the South African Institute of Valuers.			
The market valuation methodology is based on capitalising the first year's market related, normalised net operating income (before tax) at a market derived capitalisation rate. Appropriate adjustments are made to this value to reflect the effects of leases which are above or below market rentals. Two specialised properties are valued on a discounted cash flow basis.			
3. Investment in fixed property companies			
Cost of shares			5 917
Loans from fixed property companies			(5 917)
			-
During the previous financial year, other than properties sold to third parties, all the properties, together with all the assets and liabilities, were transferred to the Trust. The fixed property companies were deregistered after the transfer was registered in the deeds office.			
4. Accounts receivable			
Rent debtors	15 674	15 458	15 458
Prepayments	4 125	14 460	14 460
Other debtors	12 373	12 158	12 158
	32 172	42 076	42 076
5. Capital debtors			
Sale of an undivided 25% share in Centurion Centre and subsequent additions	-	77 019	77 019
Sale of an undivided 45% share in the Northgate Dome	-	12 000	12 000
	-	89 019	89 019
6. Cash and cash equivalents			
Deposits at banks	9 219	114 435	114 435
Negotiable certificates of deposit	10 092	-	-
Deposits in access bond (refer to note 8)	214 557	164 557	164 557
	233 868	278 992	278 992

(R000)	Group 2004	Group 2003	Trust 2003
7. Capital of the fund			
Balance at beginning of the year	1 757 354	1 757 354	1 757 354
Issued during the year	176 000	-	-
Balance at end of the year	1 933 354	1 757 354	1 757 354

During the year the following units were issued:

- On 31 March 2004, 51 851 852 units for the acquisition of The Boulders Shopping Centre at 270 cents per unit.
- On 31 March 2004, 13 333 334 units for the acquisition of Mifa Industrial Park at 270 cents per unit.

Both transactions were with effect from 1 October 2003.

Units in issue at 30 September 2004 - 996 043 081 (2003: 930 857 895)

The capital of the fund is governed by the Trust Deed which can be viewed upon request at the registered office.

8. Interest-bearing liability

The Standard Bank of South Africa Limited	214 557	214 557	214 557
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This is an access bond facility and funds are deposited into this account when they become available. The amount deposited in this facility is reflected in note 6 above.

Only interest is payable until 31 August 2009. Thereafter the capital of the loan is repayable in two installments of R130 000 000 on 31/08/2009 and R84 557 422 on 31/08/2010. The loan is unsecured.

The loan bears interest at prime less 1.5 percent, or B.A. plus reserving costs plus 1.5 percent or fixed at the Group's election, payable monthly in arrears.

9. Income and expenditure

9.1 Property expenses include:

Administration fees	19 131	17 770	9 003
Letting fees	3 657	4 740	2 468

9.2 Service charge

Paid to Allan Gray Property Trust Management Limited	15 773	14 303	14 303
--	--------	--------	--------

The service charge is equal to 0.5 percent per annum of the Group's enterprise value. The enterprise value is the sum of the market capitalisation and the long-term borrowings of the Group. The market capitalisation is based on the average daily closing price of the units as quoted on the JSE.

10. Maintenance reserve

Balance at beginning of the year	-	9 597	-
Utilised during the year	-	(9 597)	-
Balance at end of the year	-	-	-

Notes to the Annual Financial Statements

as at 30 September 2004

(R000)	Group 2004	Group 2003	Trust 2003
11. Net realised surplus / (deficit) on disposal of investment properties			
Capital distributions received on restructuring / deregistration	-	-	671 597
Recovery of pre-acquisition reserves on restructuring	-	-	(281 096)
Waiver of loans on restructuring	-	-	(105 364)
Release of prior year post-acquisition revaluation reserves on restructuring	-	-	(302 916)
Maintenance reserve distributed from property companies	-	-	9 597
Net realised surplus / (deficit) on disposal of investment properties	6 134	5 281	(391)
	6 134	5 281	(8 573)

The following fixed properties were disposed of by the Group during the year:

(R000)	Carrying amount	Net proceeds	Surplus / (deficit) on disposal
2004			
- 1 Stan Road	3 308	4 596	1 288
- Judd Industrial Park	4 035	4 441	406
- Aerospace Industrial Park	2 240	2 465	225
- Cadbury	2 175	3 518	1 343
- Col-B-House	1 835	2 950	1 115
- Sunshine Place	1 489	2 299	810
- Ace House	1 462	1 609	147
- House of Fibre	1 446	1 592	146
- Engine Plan	1 122	1 500	378
- Wade Industrial Park	913	1 094	181
- Ville Industrial Park	507	602	95
	20 532	26 666	6 134
2003			
Allan Gray Property Trust			
- Wynberg Mews	16 231	14 590	(1 641)
- 25% undivided share in Centurion Centre	67 676	63 287	(4 389)
Allan Gray Property Investments Limited			
- Riverside Shopping Centre	10 071	13 800	3 729
- Robertsons Spice	1 508	2 800	1 292
- Stone Stamcor	2 005	2 400	395
- 45% undivided share in the Northgate Dome	10 750	12 000	1 250
Car Fair Properties (Proprietary) Limited - Game, Bruma	19 652	22 000	2 348
Fishermans Village (Proprietary) Limited - Bruma Boardwalk	5 273	7 840	2 567
Jet Park Industrial Investments (Proprietary) Limited			
- Erf 188 Jet Park	558	780	222
- Erf 383 Jet Park	517	898	381
N.S.J. (Proprietary) Limited - Melhof	1 049	1 457	408
Stand 1087 Ferndale (Proprietary) Limited - Vacant land, La Lucia Ridge, Umhlanga	3 655	2 374	(1 281)
	138 945	144 226	5 281

(R000)	Group 2004	Group 2003	Trust 2003
12. Taxation			
South African normal taxation	-	-	-
Secondary tax on companies	(885)	4 253	-
Current capital gains tax	-	421	-
Deferred capital gains tax	-	(3 985)	-
	(885)	689	-

The Trust is not liable for income tax or capital gains tax as the income and capital gains vest in the unitholders' hands. The Trust therefore does not provide for current taxation or deferred taxation.

Previously, when the properties were owned by the fixed property companies, the companies were liable for capital gains tax and secondary tax on companies, hence the provision was made.

13. Net profit, headline earnings and income distribution per unit

Net profit per unit is calculated based on earnings of R753.1 million for the year ended 30 September 2004 (2003: R477.5 million) and on a weighted average number of units in issue of 996 043 081 (2003: 930 857 895).

Headline earnings per unit is calculated based on earnings of R320.7 million for the year ended 30 September 2004 (2003: R278.0 million) and on a weighted average number of units in issue of 996 043 081 (2003: 930 857 895).

Headline earnings reconciliation

Net profit	753 080	477 522	477 522
Net realised (surplus) / deficit on disposal of investment properties	(6 134)	(5 281)	8 573
Net unrealised surplus on revaluation of investment properties	(425 335)	(194 890)	(208 055)
Taxation	(885)	689	-
Headline earnings	320 726	278 040	278 040

Income distribution per unit is calculated based on earnings of R320.7 million for the year ended 30 September 2004 (2003: R287.6 million) and on a weighted average number of units in issue of 996 043 081 (2003: 930 857 895).

The units issued for The Boulders Shopping Centre and Mifa Industrial Park had rights to income from 1 October 2003.

Income available for distribution

Interim distribution paid	155 383	139 628
Final distribution declared	165 343	148 007
	320 726	287 635

14. Capital commitments

As at 30 September 2004 the capital contractual commitments were R101.7 million (2003: R167.0 million). Funds to meet these commitments can be provided by Allan Gray Property Trust out of existing approved loan facilities.

15. Management company

The management company, Allan Gray Property Trust Management Limited, is owned by Allan Gray Limited and The Standard Bank of South Africa Limited in the ratio 76 percent and 24 percent respectively.

Notes to the Annual Financial Statements

as at 30 September 2004

16. Borrowing powers

In terms of its Trust Deed, the Trust may borrow up to 30 percent of the value of the underlying assets comprising the portfolio, effectively the value of the investment properties.

The borrowings of the Group at 30 September 2004 were R214.6 million (2003: R214.6 million) which is 6.8 percent (2003: 9.1 percent) of the value of the property portfolio.

17. Contingent liabilities

Guarantees

The Group has issued bank guarantees in lieu of deposits for municipal services and electricity to the value of R2.1 million (2003: R1.2 million).

18. Subsequent events

The Directors are not aware of any events subsequent to 30 September 2004, not arising in the normal course of business, which are likely to have a material effect on the financial information contained in this report.

19. Defined contribution plan

As the Group has no employees there are no obligations arising from a defined contribution plan.

20. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, loans from banks, accounts receivable, accounts payable and loans from subsidiaries.

In respect of all financial instruments listed above, book value approximates fair value.

Exposure to interest rate, credit and liquidity risk arises in the normal course of business.

Credit risk management

Potential areas of credit risk consist mainly of trade receivables. Trade receivables consist of a large widespread tenant base. The financial position of these tenants is monitored on an ongoing basis. Reputable financial institutions are used for investing and cash handling purposes.

At balance sheet date there were no significant concentrations of credit risk.

Impairments are raised for all specific doubtful debts and at year-end management did not consider there to be any material credit risk exposure.

Interest rate risk management

At 30 September 2004 the Group had an unsecured loan of R214.6 million from The Standard Bank of South Africa Limited.

Floating 1.5 percent point below prime

(R000)

Interest rate

214 557

9.50%

214 557

Liquidity risk management

Cash flows are monitored on a weekly basis to ensure that cash resources are adequate to meet funding requirements.

Fair values

The fair values of all financial instruments are substantially identical to carrying amounts reflected in the balance sheet.

(R000)	Group 2004	Group 2003	Trust 2003
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21. Related parties

Related parties with whom the Group transacted during the year:

Allan Gray Property Trust Management Limited

Relationship: Manager of the Trust in terms of the Collective Investment Schemes Control Act of 2002

Related parties transactions for the year:

- Service charge paid to Allan Gray Property Trust Management Limited

15 773

14 303

14 303

The Standard Bank of South Africa Limited

Relationship: Shareholder in Allan Gray Property Trust Management Limited

Related parties transactions for the year:

- Loan
- Interest on loan

214 557

214 557

214 557

22 913

31 444

15 465

Fixed Property Companies

Relationship: Subsidiaries of the Trust

Related parties transactions for the year:

- Dividends from fixed property companies
- Loans from fixed property companies
- Capital distributions received on restructuring / deregistration
- Recovery of pre-acquisition reserves on restructuring
- Waiver of loans on restructuring
- Special distribution from property companies

136 301

(5 917)

671 597

(281 096)

(105 364)

9 597

For additional information on the restructuring that took place during the prior financial year refer to note 3 above.

Notes to the Annual Financial Statements

as at 30 September 2004

(R000)	Retail	Office	Industrial	Specialised	Corporate	Total
22. Segmental information						
22.1 Business segment						
2004						
Revenue						
External rentals	337 473	88 207	66 144	18 020	-	509 844
Total revenue	337 473	88 207	66 144	18 020	-	509 844
Segment result						
Operating profit / (loss)	218 337	53 982	41 471	17 872	(18 430)	313 232
Interest received	1 003	73	157	-	29 174	30 407
Interest paid	-	-	-	-	(22 913)	(22 913)
Realised surplus on disposal of investment properties	-	1 288	4 846	-	-	6 134
Revaluation of investment properties	332 700	27 690	57 958	6 987	-	425 335
Taxation	587	95	19	184	-	885
	552 627	83 128	104 451	25 043	(12 169)	753 080
Other information						
Investment properties	2 256 722	409 139	304 855	162 783	-	3 133 499
Accounts receivable	22 504	4 227	3 751	-	1 690	32 172
Cash and cash equivalents	4 792	-	-	-	229 076	233 868
Total assets	2 284 018	413 366	308 606	162 783	230 766	3 399 539
Accounts payable	29 282	11 798	7 482	227	4 050	52 839
Interest-bearing liabilities	-	-	-	-	214 557	214 557
Unitholders for distribution	-	-	-	-	165 343	165 343
Total liabilities	29 282	11 798	7 482	227	383 950	432 739
Capital expenditure	329 250	2 983	36 603	8	-	368 844
2003						
Revenue						
External rentals	279 789	92 102	52 111	17 929	-	441 931
Total revenue	279 789	92 102	52 111	17 929	-	441 931
Segment result						
Operating profit / (loss)	175 861	51 256	33 978	17 682	(15 116)	263 661
Interest received	1 296	48	187	36	44 256	45 823
Interest paid	-	-	-	-	(31 444)	(31 444)
Realised surplus / (deficit) on disposal of investment properties	4 255	(2 514)	2 290	1 250	-	5 281
Revaluation of investment properties	156 147	7 384	9 036	22 323	-	194 890
Taxation	303	(134)	(184)	(674)	-	(689)
	337 862	56 040	45 307	40 617	(2 304)	477 522
Other information						
Investment properties	1 594 771	381 775	227 518	155 788	-	2 359 852
Accounts receivable	28 102	5 624	5 010	1 017	91 342	131 095
Cash and cash equivalents	5 062	-	-	-	273 930	278 992
Total assets	1 627 935	387 399	232 528	156 805	365 272	2 769 939
Accounts payable	22 916	12 530	5 308	236	3 265	44 255
Interest-bearing liabilities	-	-	-	-	214 557	214 557
Taxation payable	3 242	244	184	1 004	-	4 674
Unitholders for distribution	-	-	-	-	148 007	148 007
Total liabilities	26 158	12 774	5 492	1 240	365 829	411 493
Capital expenditure	120 800	906	858	546	-	123 110

(R000)

2004

2003

22.2 Geographical segments

Revenue by location

The following table shows the distribution of the Group's consolidated rentals by geographical location:

Gauteng	375 556	315 901
Western Cape	119 599	111 603
Kwazulu-Natal	14 689	14 427
	509 844	441 931

Analysis of assets by location

The following table shows the carrying amount of segment assets by the geographical area in which the assets are located:

Gauteng	2 388 453	1 822 989
Western Cape	718 483	615 271
Kwazulu-Natal	61 837	55 427
Corporate	230 766	276 252
	3 399 539	2 769 939

Capital expenditure by location

The following table shows the capital expenditure by the geographical area in which the assets are located:

Gauteng	366 698	102 373
Western Cape	2 126	19 202
Kwazulu-Natal	20	1 535
	368 844	123 110

Segment revenue and expenses

Revenue and expenses that are directly attributable to properties in a segment are allocated to those segments. Expenses not directly attributable to a segment, are allocated to the corporate segment.

Segment assets and liabilities

Segment assets include all operating assets used by a segment and consists principally of investment properties, receivables and cash. Assets not directly attributable to a particular segment are allocated to the corporate segment. Segment liabilities include all operating liabilities of a segment and consist principally of outstanding accounts. Segment assets and liabilities do not include deferred income taxes.

Balance Sheet

as at 30 September 2004

(R000)	Notes	2004	2003
Assets			
Non-current assets			
Investment in Grayprop	2	862	682
Current assets			
Accounts receivable		4 015	2 985
Cash and bank		1 749	1 337
		2 266	1 648
Total assets		4 877	3 667
Equity and liabilities			
Equity			
Share capital	3	3 166	2 353
Revaluation reserve		1 000	1 000
Distributable reserve		362	182
		1 804	1 171
Current liabilities			
Accounts payable		1 711	1 314
Provision for taxation		1 377	1 079
		334	235
Total equity and liabilities		4 877	3 667

Income Statement

for the year ended 30 September 2004

(R000)	Notes	2004	2003
Income			
Service charge		15 980	13 612
Interest received		15 773	13 419
Distributions received		128	116
		79	77
Expenditure			
Administration expenses		13 290	12 081
Audit fees		1 174	1 623
Directors' fees	6	47	37
Management and consultancy fees		240	165
Trustees' remuneration		11 829	10 065
		-	191
Fair value adjustment of investment in Grayprop		180	120
Net income before taxation		2 870	1 651
Taxation			
South African normal tax	4	957	450
Secondary tax on companies		819	450
		138	-
Net income after taxation		1 913	1 201

Statement of Changes in Equity

for the year ended 30 September 2004

(R000)	2004	2003
Share capital		
Balance at beginning of the year	1 000	1 000
Balance at end of the year	1 000	1 000
Revaluation reserve		
Balance at beginning of the year	182	62
Revaluation of investment in Grayprop	180	120
Balance at end of the year	362	182
Distributable reserve		
Balance at beginning of the year	1 171	90
Net income for the year	1 913	1 201
Transfer to revaluation reserve	(180)	(120)
Dividends paid	(1 100)	-
Balance at end of the year	1 804	1 171

Cash Flow Statement

for the year ended 30 September 2004

(R000)	Notes	2004	2003
Cash flows from operating activities			
Net income before taxation		2 870	1 651
Adjustments for:			
Interest received		(128)	(116)
Fair value adjustment of investment in Grayprop		(180)	(120)
Operating net income before working capital changes		2 562	1 415
Working capital changes		(114)	(186)
Increase in accounts receivable		(412)	(180)
Increase / (decrease) in accounts payable		298	(6)
Cash generated from operations		2 448	1 229
Interest received		128	116
Taxation paid	7.1	(858)	(198)
Dividends paid	7.2	(1 100)	-
Net cash inflow from operating activities		618	1 147
Cash at beginning of the year		1 648	501
Cash at end of the year		2 266	1 648

Notes to the Annual Financial Statements

as at 30 September 2004

1. Accounting policies

The financial statements are prepared on the historical cost basis, adjusted by the valuation of the investment in Allan Gray Property Trust as detailed in notes 1.5 & 2 below and incorporate the following accounting policies which, in all material respects, are consistent with those applied in previous years. The financial statements are prepared on a going concern basis.

1.1 Statement of compliance

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and the requirements of the Companies Act of South Africa of 1973 and the Collective Investment Schemes Control Act of 2002.

1.2 Service charge

Service charge represents management fees received for the asset management of Allan Gray Property Trust net of value added tax.

1.3 Distributions received

Distributions on investments are taken into account on the registration date.

1.4 Revaluation reserve

All unrealised surpluses / deficits arising on the revaluation of the investment in Allan Gray Property Trust to market value are transferred to the revaluation reserve.

1.5 Investment in Allan Gray Property Trust

The investment is stated at market value (note 2). Any gain or loss arising from a change in market value is included in net income for the year in which it arises.

1.6 Financial instruments

A financial asset or financial liability is recognised on the balance sheet for as long as the Company is party to the contractual provisions of the instrument. Gains / losses on derecognition of financial assets or liabilities are included in net profit.

Measurement

Financial instruments are initially measured at cost, including directly attributable transaction costs. Subsequent to the initial recognition these instruments are measured as set out below.

- Accounts receivable

Trade and other receivables are classified as originated by the Company and are reflected at amortised cost, using the effective interest rate method after deducting accumulated impairment losses.

- Other investments in debt and equity

The Company classified its investments in debt and equity securities into the following categories:

- trading;
- held-to-maturity; and
- available-for-sale.

Held-to-maturity investments are those that the Company has the positive intent and ability to hold to maturity and these are held at amortised cost using the effective interest rate method, after deducting accumulated impairment losses. Held-for-trading and available-for-sale financial assets are held at fair value which is the market price at the reporting date.

- Financial liabilities

Interest-bearing borrowings are recognised initially at fair value, less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis. Financial liabilities are measured at amortised cost using the effective interest rate method. Liabilities that are designated as held-for-trading are measured at fair value.

(R000)

2004

2003

1. Accounting policies (continued)

1.6 Financial instruments (continued)

Gains or losses on subsequent measurement

Gains or losses on subsequent measurement of financial instruments that are carried at fair value are accounted for as follows:

- Held-for-trading financial assets are recognised in net profit for the year.
- Available-for-sale financial assets are recognised in net profit for the year.

2. Investment in Grayprop

249 904 (2003: 249 904) units in Allan Gray Property Trust

862

682

The investment in Allan Gray Property Trust is stated at market value.

3. Share capital

Authorised and issued

1 000 000 ordinary shares of R1 each

1 000

1 000

4. Taxation

South African normal taxation

- current

806

459

- prior year

13

(9)

Total normal taxation

819

450

Secondary tax on companies

138

-

957

450

The taxation charge is reconciled as follows:

Profit before taxation

2 870

1 651

Tax calculated at a tax rate of 30% (2003: 30%)

861

495

Prepaid expenditure

(1)

(9)

Fair value adjustment

(54)

(36)

Prior year under provision

13

-

Secondary tax on companies

138

-

Taxation per the income statement

957

450

The taxation rate is reconciled as follows:

%

%

Statutory taxation rate

30

30

Prepaid expenditure

-

(1)

Fair value adjustment

(2)

(2)

Prior year under provision

-

-

Secondary tax on companies

5

-

Effective tax charge

33

27

5. Management and administration fees

The following management and administration fees were paid during the year:

- Allan Gray Limited

11 829

10 065

- Broll Property Group (Proprietary) Limited

798

661

12 627

10 726

Notes to the Annual Financial Statements

as at 30 September 2004

(R000)	2004	2003
6. Directors' remuneration		
Directors' emoluments		
For services as Directors of the Company		
- J D Rainier	-	-
- W J C Mitchell	-	-
- W T Fairhead	60	42
- M Herdman	-	-
- W M Kirchmann	60	42
- S P McCoy	-	-
- D M Nurek	40	27
- E Osrin	40	27
- S Shaw-Taylor	40	27
Total Directors' remuneration	240	165

Directors' service contracts

No Directors have service contracts with the Trust or the fixed property companies.

7. Notes to the cash flow statement**7.1 Taxation paid**

Amounts unpaid / (overpaid) at beginning of the year	235	(17)
Amounts charged to income statement	957	450
Amounts unpaid at end of the year	(334)	(235)
	858	198

7.2 Dividends paid

Amounts unpaid at beginning of the year	-	-
Amounts declared during the year	1 100	-
Amounts unpaid at end of the year	-	-
	1 100	-

8. Additional information required in terms of the Collective Investment Schemes Control Act of 2002

In terms of the Collective Investment Schemes Control Act, 2002, the company is required to have a minimum capital of R815 542. At 30 September 2004 the capital balance was R3 166 066.

The cost of the investment in the unit portfolio of Grayprop at 30 September 2004 was R499 808 (2003: R499 808).

9. Related parties**Holding companies**

The holding companies of Allan Gray Property Trust Management Limited are Allan Gray Limited (76 percent) and The Standard Bank of South Africa Limited (24 percent).

Identity of the related parties with whom material transactions have occurred

Allan Gray Property Trust Management Limited is the Manager of Allan Gray Property Trust in terms of the Collective Investment Schemes Control Act of 2002. Allan Gray Limited is the asset manager of the Company.

Type of related party transactions

A service charge has been received from Allan Gray Property Trust. The management company has paid administration fees to Allan Gray Limited.

Material related party transactions

Service charge	- refer Income statement
Management and administration fees	- refer note 5
Directors' emoluments	- refer note 6

Directors' Report

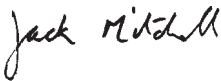
for the year ended 30 September 2004

NATURE OF BUSINESS:	The Company continued with its business as the Manager for Allan Gray Property Trust in terms of the Collective Investment Schemes Control Act of 2002.
GENERAL REVIEW:	The results for the year under review are reflected in the accompanying annual financial statements.
SHARE CAPITAL:	Details of the authorised and issued share capital of the company appear in note 3 to the financial statements.
DIVIDENDS:	A dividend of R1.1 million (2003 - Nil) was declared during the year.
DIRECTORS:	The Directors of the Company are as follows: J D Rainier (Managing Director) W J C Mitchell (Chairman) W T Fairhead M Herdman (resigned 7 November 2003) G W Fury (alternate to WJC Mitchell - appointed 5 May 2004) W M Kirchmann S P McCoy D M Nurek E Osrin S Shaw-Taylor
MANAGERS AND SECRETARIES:	Broll Property Group (Proprietary) Limited
Business address:	2nd Floor Broll House 27 Fricker Road Illovo 2196 Johannesburg
Postal address:	P O Box 1455 Saxonwold 2132
AUDITORS:	KPMG Inc. are re-appointed in terms of S270 of the Companies Act.
REGISTRATION NO:	1983/003324/06

Approval of Annual Financial Statements

for the year ended 30 September 2004

The annual financial statements of Allan Gray Property Trust and Allan Gray Property Trust Management Limited, set out on pages 15 to 35 were approved on behalf of the Board of Directors of Allan Gray Property Trust Management Limited on 27 October 2004 and signed on their behalf by:



W J C Mitchell
Chairman

27 October 2004



J D Rainier
Managing Director

Certificate by Company Secretary

for the year ended 30 September 2004

We hereby certify that for the year ended 30 September 2004, the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of Section 268 G(d) of the Companies Act 1973, as amended, and all such returns are true, correct and up to date.

Broll Property Group (Proprietary) Limited
Secretaries

27 October 2004

Report of the Independent Auditors

for the year ended 30 September 2004

To the unitholders of Allan Gray Property Trust and the members of Allan Gray Property Trust Management Limited

We have audited the annual financial statements set out on pages 15 to 35 for the year ended 30 September 2004. These financial statements are the responsibility of the management company's Directors. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

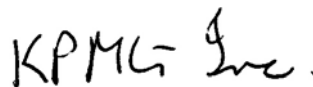
We conducted our audit in accordance with statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

We believe that our audit provides a reasonable basis for our opinion.

Audit Opinion

In our opinion, these financial statements fairly present, in all material respects, the financial position of the Allan Gray Property Trust and Allan Gray Property Trust Management Limited at 30 September 2004 and the results of their operations and cash flows for the year then ended in accordance with South African Statements of Generally Accepted Accounting Practice, and in the manner required by the Collective Investment Schemes Control Act and the Companies Act in South Africa.



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KPMG Inc.
Registered Accountants and Auditors
Chartered Accountants (SA)

Johannesburg
27 October 2004

Report of the Trustee

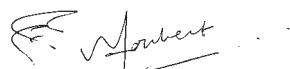
for the year ended 30 September 2004

in terms of Section 70(1)(f) of the Collective Investment Schemes Control Act of 2002

To the unitholders of Allan Gray Property Trust

During the period as set out above during which the Collective Investment Schemes Control Act of 2002 has been in effect the Trust has been administered in accordance with

- (i) the limitations imposed on the investment and borrowing powers of the Manager by the Act; and
- (ii) the provisions of the Act and the deed.



ABSA Bank Limited
Trustee
Johannesburg
1 October 2004

Unitholders' Diary

Financial year-end	30 September
Interim results announcement	May
Interim distribution paid	May
Final results announcement	November
Final distribution paid	November
Annual financial statements	December