

Audited results and distribution declaration for the nine months ended 30 September 1998

Income Statement

	Nine Months ended 30.09.98 R000	Twelve Months ended 31.12.97 R000
Net rental income from properties	82 919	61 153
Interest received from total funds available	<u>15 279</u>	<u>15 765</u>
	98 196	76 918
Service charge and sundry costs	<u>3 106</u>	<u>3 113</u>
Net distributable income	<u>95 090</u>	<u>73 805</u>
Interim Distribution	18 142	38 958
Final distribution	<u>76 948</u>	<u>36 849</u>
	<u>95 090</u>	<u>73 805</u>
Interim distribution (3 months)		
Distributable income per unit (cents)	6 21	12 65
Units in issue (000)	292 140	292 140
Final distribution (6 months)		
Distributable income per unit (cents)	13 07	12 61
Units in issue (000)	<u>588 442</u>	<u>292 140</u>
Total distribution per unit (cents)	<u>19 28</u>	<u>25 26</u>

Balance Sheet

	R000	R000
Capital employed		
Capital and reserves	<u>1 018 835</u>	<u>425 275</u>
Employment of capital		
Investment in property	931 928	377 017
Net current assets	<u>86 907</u>	<u>48 258</u>
	<u>1 018 835</u>	<u>425 275</u>

Comments

1. Change to year end Unitholders are reminded that consequent to the amalgamation of Allan Gray Property Trust ("Grayprop") with Main Street Property Fund ("Mainpro") and the purchase by Grayprop of the Apex Property Fund decentralised office portfolio, the year end of Grayprop was changed to 30 September. In addition a distribution was paid to the unitholders of Grayprop for the three month period to 31

March 1998 to bring the distribution periods of Grayprop and Mainpro in line with each other. The distribution now being made is therefore from the newly combined portfolios for the six month period to 30 September 1998.

2. Net distributable income

Allan Gray Property Trust's net distributable income for the nine month period amounts to 19,28 cents per unit.

3. Occupancy levels

Occupancy levels at the 30 September 1998 were as follows

Sector	%
Office Blocks	89
Retail & Offices	97
Industrial	91
Other	100
Total	<u>94</u>

Vacancies by value are predominantly in the office blocks, where 3 000m² is vacant in Rosebank Corner, 1 300m² at the Ambridge in Sandton and 5 000m² at Melhof in Braamfontein. Leases for approximately half of the vacancy at Rosebank Corner are under firm negotiation. In the industrial sector 80% of the vacancies are in the lower valued properties bordering the Johannesburg CBD which have a commensurate effect on income. In the retail sector the vacancies are concentrated at Northmead Mall in Benoni and Bruma Boardwalk.

4. Changes to the portfolio

The properties acquired in the amalgamation and purchase from Apex were set out in the circular to unitholders regarding that transaction. In line with our strategy of active portfolio management various properties have been identified for sale. During the period the following properties or property owning companies in this category were sold:

Name of Property	Location	Sector	Net Price R000	% of Dec 1997 valuation	Book Value R000	Capital Profit R000
City Lab	Eastgate	Offices	9 680	96	5 255	2 745
Alpret House	Midrand	Offices	8 100	95	7 190	910
Lonehill*	Lonehill	Retail	18 300	100	10 898	7 402
Total			36 080			

*transfer registered subsequent to year end
 Capital commitments at year end were R6,2 million. dd

5. Sectoral spread

After allowing for the post year end disposal of Lonehill Shopping Centre, the portfolio, as valued by Rode and Associates cc, comprises the following:

Sector	R million	cents/units	1996	1997	Forward
Office Blocks	286	49	25%	30%	13,1%
Retail & Offices	612	104	53%	30%	13,2%
Industrial	100	17	9%	20%	18,0%
Other	52	8	4%	10%	13,4%
	1 050	178	91%	90%	13,6%
Cash					
Resources	105	18	9%	10%	
	1 155	196	100%	100%	

6. Year 2000 compliance

Allan Gray Property Trust Management Limited is continuing the process of ensuring that all systems employed at the buildings and by the Trust's property managers and accountants are year 2000 compliant. No material difficulties have occurred or are expected to occur. There is a low risk of the Trust facing liability directly or indirectly arising from the advent of year 2000. At this stage we do not foresee that any associated costs for the account of unitholders will be material. Any costs associated with property management systems will not be for the account of unitholders. Representations are being obtained from agents of the Trust regarding their state of compliance.
 The target date for year 2000 compliance remains 30 June 1999.

Prospects

The sale of a number of further properties is currently under negotiation at prices which compare favourably with the latest valuation. The budgeted distribution for the year to September 1999 shows an 8% increase over the annualised nine months distribution.

8. Distribution announcement

Notice is hereby given of distribution no. 31 of 13,07 cents per unit for the six months ended 30 September 1998. The distribution will be payable to unitholders registered at the close of business on Friday, 13 November 1998. On 27 November, 1998 distributions will, where applicable, be electronically transferred to unitholders' bank account. In the absence of suitable mandates, distribution cheques, post-dated to 27 November 1998 will be posted to unitholders on 20 November 1998.

For further information please contact John Rainier, Managing Director Allan Gray Property Trust, at jr@allangray.co.za.