

The directors of Allan Gray Property Trust Management Limited, the manager of Allan Gray Property Trust ("Grayprop"), submit their report on the audited results of Grayprop for the year ended 30 September 2005. These abridged financial statements have been extracted from the audited financial statements on which KPMG Inc. have issued an unqualified audit opinion and which are available for inspection at the registered office.

	2005	2004
	R'000	Restated R'000
Income	542 213	485 183
Contractual rental income	507 453	453 570
Straight-line lease accrual	34 760	31 613
Expenses	(158 073)	(140 338)
Administrative expenses	(24 880)	(17 974)
Property operating expenses	(133 193)	(122 364)
Operating profit	384 140	344 845
Net finance costs	(723)	7 494
Interest received	20 035	30 407
Interest paid	(20 758)	(22 913)
Profit on disposal of investment properties	16 247	6 134
Fair value adjustments to investment properties	1 144 116	393 722
Taxation	–	885
Net profit for the year	1 543 780	753 080
Net profit per unit (cents)	155.0	75.6
Headline earnings per unit (cents)	38.5	35.4
Distribution per unit (cents)	35.0	32.2
Interim distribution per unit (cents)	17.4	15.6
Final distribution per unit (cents)	17.6	16.6
Units in issue	996 043 081	996 043 081
Headline earnings and distribution income reconciliation		
Net profit for the year	1 543 780	753 080
Less: profit on disposal of investment properties	(16 247)	(6 134)
Less: fair value adjustments to investment properties	(1 144 116)	(393 722)
Less: taxation	–	(885)
Headline earnings	383 417	352 339
Less: straight-line lease accrual	(34 760)	(31 613)
Less: retained earnings	(42)	–
Distribution income	348 615	320 726

	2005	2004
	R'000	Restated R'000
Capital of the fund		
Balance at 1 October	1 933 354	1 757 354
Units issued during the year	–	176 000
Balance at 30 September	1 933 354	1 933 354
Capital reserve		
Balance at 1 October	400 265	393 019
Realised profit on disposal of investment properties	21 489	7 246
Balance at 30 September	421 754	400 265
Revaluation reserve		
Restated balance at 1 October	449 273	55 778
– as previously reported	633 163	208 055
– straight-line lease accrual	(183 890)	(152 277)
Revaluation reserve realised on sale of investment properties	(5 242)	(227)
Fair value adjustments of investment properties	1 144 116	393 722
Balance at 30 September	1 588 147	449 273
Retained earnings		
Restated balance at 1 October	183 908	152 295
– as previously reported	18	18
– straight-line lease accrual	183 890	152 277
Net profit for the year	1 543 780	753 080
Profit on disposal of investment properties	(16 247)	(7 019)
Transfer to revaluation reserve	(1 144 116)	(393 722)
Income distributions	(348 615)	(320 726)
Balance at 30 September	218 710	183 908
Total unitholders' funds	4 161 965	2 966 800

COMMENTARY

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The annual results are prepared in accordance with South African Statements of Generally Accepted Accounting Practice and are consistent with those used in the prior year, except as stated below:

Rental income and lease incentives directly attributable to leases have been recognised on the straight-line basis in accordance with the requirements of AC105 (Leases), where they were previously recognised in terms of the contractual rental income inherent in the leases. To avoid an overstatement of assets, the fair value adjustment of investment properties in the income statement has been reduced by the straight-line lease adjustment. Investment properties in the balance sheet have been reduced by the cumulative effect of the straight-line lease adjustment. There is no taxation impact as a result of the change. Income distributions will continue to be based on the contractual income from the leases in accordance with the Trust Deed.

2. DISTRIBUTION PER UNIT

Allan Gray Property Trust's net distributable income for the financial year amounted to 35.0 cents per unit, 8.7 percent greater than last year.

3. CHANGES TO PORTFOLIO

During the year, the following sales were concluded:

Property	Net price (Rm)	2004 valuation (Rm)	Profit %
25 Owl Street	36.5	28.1	30
4 Stan Road	6.5	5.1	27
51 Juta Street	5.3	3.6	47
Rudo House	4.5	2.1	114
Saphire Place	2.9	1.6	81
Eaststar Place	2.2	1.8	22
Shukran House	1.4	1.0	40
Delta Place	1.0	0.9	11
Hazra Industrial Park	0.8	0.6	33
	61.1	44.8	36

4. MAJOR CAPITAL PROJECTS

Significant capital projects and planned projects are:

N1 City Mall (58% share)

Work continues on a R110 million refurbishment and extension to the N1 City Mall. The project includes the refurbishment of the existing mall, the construction of an additional 8 500 m², 250 additional parking bays and is planned for completion in March 2006. The project is expected to generate an initial return of 10.2 percent.

The Boulders Shopping Centre

Plans to reconfigure the largely vacant lower level and introduce fashion and homeware are well advanced. The project is expected to cost R35 million, but timing is dependent on Council approval.

The Brightwater Commons

The redevelopment to transform the centre into a family-friendly venue with increased traditional retail shopping and significantly reduced reliance on restaurants and bars continues. However, the progress has been slower than anticipated with the final phase not yet attracting the targeted tenants. This has necessitated a re-evaluation of that part of the project. The property is budgeted to earn R10 million for the new year and is independently valued at R121 million.

Benmore Gardens Shopping Centre

Approval has finally been granted by the local authority for the submission of a site development plan as a prelude to commencing work for extensive alterations to the centre to improve the retail mix, parking and circulation as well as a new store for Pick 'n Pay. The delays have had the effect of adding significantly to the costs and the optimum design is being reassessed. Due to the nature of the project, it could take two years to complete which will have a negative impact on the earnings generated by the centre during that period.

Douglas Roberts Centre

As negotiations are under way for the tenant to purchase the building, the refurbishment of the office tower and construction of the parking garage are currently on hold.

CONTRIBUTION TO DISTRIBUTION	2005 Rm	% of Total	2004 Rm	% of Total
Retail	263	75	219	67
Office blocks	48	14	54	18
Industrial	46	13	42	13
Specialised	19	5	18	6
Corporate	(27)	(7)	(12)	(4)
Total	349	100	321	100

BALANCE SHEET

	2005	2004
	R'000	Restated R'000
ASSETS		
Property assets	4 371 731	3 133 499
Investment properties	4 153 081	2 949 609
Straight-line lease accrual	218 650	183 890
Current assets	264 482	266 040
Trade and other receivables	26 972	32 172
Cash and cash equivalents	237 510	233 868
Total assets	4 636 213	3 399 539
UNITHOLDERS' FUNDS AND LIABILITIES		
Unitholders' funds	4 161 965	2 966 800
Capital of the fund	1 933 354	1 933 354
Capital reserve	421 754	400 265
Revaluation reserve	1 588 147	449 273
Retained earnings	218 710	183 908
Non-current liabilities		
Interest-bearing liability	229 000	214 557
Current liabilities	245 248	218 182
Trade and other payables	69 944	52 839
Unitholders for distribution	175 304	165 343
Total unitholders' funds and liabilities	4 636 213	3 399 539

CASH FLOW STATEMENT

	2005	2004
	R'000	Restated R'000
Cash effects from operating activities		
Profit for the year	1 543 780	753 080
Adjustments for:		
Straight-line lease accrual	(34 760)	(31 613)
Interest received	(20 035)	(30 407)
Interest paid	20 758	22 913
Profit on disposal of investment properties	(16 247)	(6 134)
Fair value adjustments to investment properties	(1 144 116)	(393 722)
Taxation	–	(885)
Operating profit before changes in working capital	349 380	313 232
Decrease in trade and other receivables	5 200	9 904
Increase in trade and other payables	17 105	8 584
Cash generated from the operations	371 685	331 720
Interest received	20 035	30 407
Interest paid	(20 758)	(22 913)
Taxation paid	–	(3 789)
Income distributions	(338 654)	(303 390)
Cash flows from operating activities	32 308	32 035
Cash effects from investing activities		
Additions to investment properties	(104 140)	(192 844)
Proceeds from disposal of investment properties	61 031	26 666
Decrease in capital debtors	–	89 019
	(43 109)	(77 159)
Cash effects from financing activities		
Increase in long-term loan	14 443	–
	14 443	–
Net increase/(decrease) in cash and cash equivalents	3 642	(45 124)
Cash and cash equivalents at 1 October	233 868	278 992
Cash and cash equivalents at 30 September	237 510	233 868

6. VACANCY LEVELS

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

Sector	2005	2004
	%	%
Retail	5	5
Office blocks	9	11
Industrial	9	5
Specialised	–	–
Total	6	6

By area, vacancies were the same as at half-year. By value, the vacancies equated to 5 percent of potential rental income, an improvement on the 6 percent as at half-year.

In the retail sector 79 percent of the vacancies were contained in the following two properties:

- The Brightwater Commons – see above.
- 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 and Summit Park. At Grayston Ridge no improvement is envisaged in the short term.

In the industrial sector, 21 percent of the vacancy is at Degussa in Midrand, vacated in July, and a further 8 percent due to a recent vacation in Strijdom Park, which has since been relet.

7. PORTFOLIO VALUATIONS

The composition of Allan Gray Property Trust's portfolio, as valued by the independent valuer, Rode and Associates CC, as at 30 September 2005, is as follows:

Sector	Value (Rm)	Cents/ unit	Forward EY (%)	% of portfolio 2005 2004	
Retail	3 310	332	8.9	76	72
Office blocks	450	45	12.3	10	13
Industrial	414	42	11.4	9	10
Specialised	198	20	10.2	5	5
Total property	4 372	439	9.5	100	100
Long-term borrowings	(229)	(23)			
Net current assets	19	2			
	4 162	418			

The net asset value is 40.3 percent higher than that of last year. The market rating of the property portfolio in terms of the anticipated forward earnings yield has improved from 12.2 percent to 9.5 percent over the past year.

8. PROSPECTS

The Board anticipates that distributions per unit for the year ending 30 September 2006 will increase between 10 percent and 12 percent compared with the year ended 30 September 2005. This forecast has not been reviewed or reported on by Allan Gray Property Trust's auditors.

9. DISTRIBUTION ANNOUNCEMENT

Notice is hereby given of distribution no. 45 of 17.6 cents per unit for the six months ended 30 September 2005.

The last date to trade cum the distribution will be Friday, 18 November 2005. The units of Grayprop will commence trading ex-distribution on Monday, 21 November 2005 and the record date will be Friday, 25 November 2005. The distribution will be paid on Monday, 28 November 2005.

Unit certificates may not be dematerialised or rematerialised between Monday, 21 November 2005 and Friday, 25 November 2005, both dates inclusive.

BY ORDER OF THE BOARD

Allan Gray Property Trust Management Limited
(Reg No 1983/003324/06)

2 November 2005

Transfer secretaries	Secretary and registered office
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