ALLAN GRAY PROPERTY TRUST

AUDITED RESULTS

FOR THE YEAR ENDED 30 SEPTEMBER 2006

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 2006. These abridged financial statements have been extracted from the audited financial statements on which KPMG Inc. have issued an unmodified audit opinion and which are available for inspection at the registered office.

INCOME STATEMENT

	2006 R'000	2005 R'000
Income	**539 512**	542 213
Contractual rental income	**545 248**	507 453
Straight-line lease adjustment	**(5 736)**	34 760
Expenses	**(154 665)**	(158 073)
Administrative expenses	**(31 394)**	(24 880)
Property operating expenses	**(123 271)**	(133 193)
Operating profit	**384 847**	384 140
Net finance costs	**(2 126)**	(723)
Interest received	**21 476**	20 035
Interest paid	**(23 602)**	(20 758)
Profit on disposal of investment properties	**15 714**	16 247
Fair value adjustments to investment properties	**1 026 133**	1 144 116
Profit for the year	**1 424 568**	1 543 780
Basic earnings per unit (cents)	**143.0**	155.0
Headline earnings and distribution income reconciliation		
Profit for the year	**1 424 568**	1 543 780
Less: profit on disposal of investment properties	**(15 714)**	(16 247)
Less: fair value adjustments to investment properties	**(1 026 133)**	(1 144 116)
Headline earnings	**382 721**	383 417
Less: straight-line lease adjustment	**5 736**	(34 760)
Less: retained earnings	**–**	(42)
Distribution income	**388 457**	348 615
Headline earnings per unit (cents)	**38.4**	38.5
Distribution per unit (cents)	**39.0**	35.0
Interim distribution per unit (cents)	**19.3**	17.4
Final distribution per unit (cents)	**19.7**	17.6
Units in issue	**996 043 081**	996 043 081

CASH FLOW STATEMENT

	2006 R'000	2005 R'000
Cash effects from operating activities		
Profit for the year	**1 424 568**	1 543 780
Adjustments for:		
Straight-line lease adjustment	**5 736**	(34 760)
Interest received	**(21 476)**	(20 035)
Interest paid	**23 602**	20 758
Profit on disposal of investment properties	**(15 714)**	(16 247)
Fair value adjustments to investment properties	**(1 026 133)**	(1 144 116)
	390 583	349 380
Trade and other receivables reduced	**2 411**	5 200
Trade and other payables raised	**7 596**	17 105
Cash generated from the operations	**400 590**	371 685
Interest received	**21 476**	20 035
Interest paid	**(23 602)**	(20 758)
Income distributions	**(367 541)**	(338 654)
Cash flows from operating activities	**30 923**	32 308
Cash effects from investing activities		
Additions to investment properties	**(160 502)**	(104 140)
Proceeds from disposal of investment properties	**76 523**	61 031
	(83 979)	(43 109)
Cash effects from financing activities		
Long-term loan raised	**123 000**	37 443
Long-term loan repaid	**(53 000)**	(23 000)
	70 000	14 443
Net increase in cash and cash equivalents	**16 944**	3 642
Cash and cash equivalents at 1 October	**237 510**	233 868
Cash and cash equivalents at 30 September	**254 454**	237 510

BALANCE SHEET

	2006 R'000	2005 R'000
ASSETS		
Property assets	**5 491 821**	4 371 731
Investment properties	**5 281 738**	4 153 081
Straight-line lease accrual	**210 083**	218 650
Current assets	**279 015**	264 482
Trade and other receivables	**24 561**	26 972
Cash and cash equivalents	**254 454**	237 510
Total assets	**5 770 836**	4 636 213
UNITHOLDERS' FUNDS AND LIABILITIES		
Unitholders' funds	**5 198 076**	4 161 965
Capital of the fund	**1 933 354**	1 933 354
Capital reserve	**470 243**	421 754
Revaluation reserve	**2 584 336**	1 588 147
Retained earnings	**210 143**	218 710
Non-current liabilities		
Interest-bearing liability	**299 000**	229 000
Current liabilities	**273 760**	245 248
Trade and other payables	**77 540**	69 944
Unitholders for distribution	**196 220**	175 304
Total unitholders' funds and liabilities	**5 770 836**	4 636 213

STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS

(R'000)	Capital of the fund	Capital reserve	Re-valuation reserve	Retained earnings	Total unitholders' funds
Balance as at 1 October 2004	1 933 354	400 265	449 273	183 908	2 966 800
Profit for the year				1 543 780	1 543 780
Transfer to capital reserve		21 489	(5 242)	(16 247)	–
Transfer to revaluation reserve			1 144 116	(1 144 116)	–
Income distributions				(348 615)	(348 615)
Balance at 30 September 2005	1 933 354	421 754	1 588 147	218 710	4 161 965
Profit for the year				**1 424 568**	**1 424 568**
Transfer to capital reserve		**48 489**	**(29 944)**	**(18 545)**	**–**
Transfer to revaluation reserve			**1 026 133**	**(1 026 133)**	**–**
Income distributions				**(388 457)**	**(388 457)**
Balance at 30 September 2006	**1 933 354**	**470 243**	**2 584 336**	**210 143**	**5 198 076**

COMMENTARY

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The annual results have been prepared in accordance with International Financial Reporting Standards (IFRS), its interpretations adopted by the International Accounting Standards Board and the requirements of the Collective Investment Schemes Control Act. This is the first set of financial statements prepared in accordance with IFRS. No adjustments have arisen from the conversion to IFRS. The accounting policies are consistent in all material respects with those applied in prior years.

2. DISTRIBUTION PER UNIT

Allan Gray Property Trust's net distributable income for the financial year amounted to 39 cents per unit, 11.4 percent greater than last year.

3. CHANGES TO PORTFOLIO

During the year, the following sales were concluded:

Property	Net selling price (Rm)	2005 valuation (Rm)	Profit %
Saffer	24 000	17 798	35
Euro Park	11 500	8 456	36
Verona Industrial Park	7 424	6 415	16
Chamdor Factory	6 000	4 849	24
Eastsands Industrial Park	5 563	4 511	23
Prairie Industrial Park	4 534	3 727	22
Saxon Industrial Park	4 500	4 309	4
Westar Place	3 000	2 454	22
Westsands Industrial Park	2 658	2 179	22
Crescent Place	2 500	1 866	34
Thermo House	2 305	1 800	28
Custom Place	1 300	1 237	5
Rally Place	1 239	1 208	3
	76 523	**60 809**	**26**

4. MAJOR CAPITAL PROJECTS

Significant capital projects and planned projects are:

N1 City Mall (58% share)

This project is practically complete at a final cost of R117 million with an initial yield of 10 percent. Sales in September were 30 percent higher than the previous year and 47 percent more people visited the centre.

Centurion Mall (75% share)

Work has commenced on the R268 million extensions and refurbishment of the Mall and the construction of additional parking. The expected completion date is September 2007 and the project is expected to generate an initial return of 9 percent.

The Boulders Shopping Centre

This project has been shelved for the time being while a revised tenant mix is being considered.

The Brightwater Commons

This project is now complete. Letting is progressing on the line shops but disappointingly not with national tenants. Negotiations with various prospective national tenants are however ongoing. The complex was independently valued at R116.4 million and is expected to earn R11.7 million in the new year.

Benmore Gardens Shopping Centre

Alterations have commenced to the centre to improve the retail mix, parking and circulation as well as to provide a new store for Pick 'n Pay, a relocated Dischem and the introduction of a Woolworths Food store, Toyzone and Baby City. The net total cost to Grayprop is R60 million and it is anticipated to have an initial yield of 8.5 percent. Due to the nature of the project, it will take two years to complete, which will have a negative impact on the earnings generated by the centre during that period. Given the central location of this property and the pace of residential developments in the vicinity, we believe the alterations position the Centre for superior earnings growth.

Douglas Roberts Centre

The construction of a parking garage and the refurbishment of the office tower at a total cost of R155 million continues, with completion due in October 2007. Murray and Roberts has entered into a new 10-year lease from completion. The initial rental is based on an 8.5 percent yield on R215 million with 7 percent per annum escalations.

5. CONTRIBUTION TO DISTRIBUTION

	2006 Rm	% of total	2005 Rm	% of total
Retail	**297**	**76**	263	75
Office blocks	**61**	**16**	48	14
Industrial	**45**	**12**	46	13
Specialised	**20**	**5**	19	5
Corporate	**(35)**	**(9)**	(27)	(7)
Total	**388**	**100**	349	100

On a like-for-like basis, earnings in the various sectors grew over the past year as follows (%):

Retail	Office	Industrial	Specialised	Corporate
13	22	5	7	(33)

The increase in corporate expenses stems largely from the higher service fee which is itself dependent upon the higher unit price. Interest paid on the higher level of borrowings in the past year also adds to the increase in this expense.

6. VACANCY LEVELS

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

Sector	2006 %	2005 %
Retail	**8**	5
Office blocks	**5**	9
Industrial	**11**	9
Specialised	**–**	–
Total	**8**	6

By value, the vacancies equated to 7 percent of potential rental income compared with 5 percent at half year.

In the retail sector 97 percent of the vacancies were contained in the following properties:

- The Brightwater Commons, where 14 000 square metres is vacant following the completion of the final phase.
- The Boulders Shopping Centre, where the vacancies are concentrated in the lower level.
- Centurion Mall, where the refurbishment and extensions to the entertainment offering is taking place. The bulk of these are however let with occupation to be taken before the end of 2006.
- Benmore Gardens, where the redevelopment is taking place.

In the office sector, significant vacancies by area and value remain at Grayston Ridge where no improvement is envisaged in the short-term.

In the industrial sector significant vacancies exist in the following buildings:

- Degussa, in Midrand. The office component of 1 519 square metres is vacant. The warehouse has been let on a temporary basis.
- Nashua, in Midrand. This 7 541 square metre property has been vacant since June 2006.
- Metcash, in Epping, Cape Town. This 5 854 square metre building was vacated in August 2006. It has been let on a short-term basis from November 2006.

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 2006, is as follows:

Sector	Value (Rm)	Cents/unit	Forward EY (%)	% of portfolio 2006	2005
Retail	4 169	418	8.3	76	76
Office blocks	631	63	10.0	12	10
Industrial	455	46	10.0	8	9
Specialised	237	24	9.2	4	5
Total property	5 492	551	8.7	100	100
Long-term borrowings	(299)	(30)			
Net current assets	5	1			
	5 198	522			

The net asset value is 24.9 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 9.5 percent to 8.7 percent over the past year.

8. PROSPECTS

The Board anticipates that distributions per unit for the year ending 30 September 2007 will increase between 8 percent and 12 percent compared with the year ended 30 September 2006. 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. 47 of 19.7 cents per unit for the six months ended 30 September 2006.

The last date to trade cum the distribution will be Friday, 17 November 2006. The units of Grayprop will commence trading ex-distribution on Monday, 20 November 2006 and the record date will be Friday, 24 November 2006. The distribution will be paid on Monday, 27 November 2006.

Unit certificates may not be dematerialised or rematerialised between Monday, 20 November 2006 and Friday, 24 November 2006, both dates inclusive.

BY ORDER OF THE BOARD

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

2 November 2006

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Directors: WJC Mitchell (*Chairman*), JD Rainier (*Managing*), GW Fury (*alternate*), DD Govender, WM Kirchmann, SP McCoy, DM Nurek, VA Christian, S Shaw-Taylor

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