

The directors of Allan Gray Property Trust Management Limited, the manager of Allan Gray Property Trust ("Grayprop"), submit their report on the unaudited results of Grayprop for the six months ended 31 March 2006.

	Unaudited 6 months to 31 Mar 2006 R'000	Audited 12 months to 30 Sept 2005 R'000	Restated unaudited 6 months to 31 Mar 2005 R'000
INCOME STATEMENT			
Income	280 478	542 213	264 953
Contractual rental income	267 531	507 453	253 304
Straight-line lease accrual	12 947	34 760	11 649
Expenses	(74 608)	(158 073)	(79 747)
Administrative expenses	(15 274)	(24 880)	(11 298)
Property operating expenses	(59 334)	(133 193)	(68 449)
Operating profit	205 870	384 140	185 206
Net finance costs	(686)	(723)	(246)
Interest received	9 693	20 035	9 918
Interest paid	(10 379)	(20 758)	(10 164)
Profit on disposal of investment properties	1 434	16 247	540
Fair value adjustments to investment properties	(12 947)	1 144 116	(11 649)
Unrealised surplus on revaluation of investment properties	-	1 178 876	-
Change in straight-line lease accrual	(12 947)	(34 760)	(11 649)
Net profit for the period	193 671	1 543 780	173 851
Net profit per unit (cents)	19.4	155.0	17.5
Headline earnings per unit (cents)	20.6	38.5	18.6
Distribution per unit (cents)	19.3	35.0	17.4
Interim distribution per unit (cents)	19.3	17.4	17.4
Final distribution per unit (cents)	-	17.6	-
Units in issue	996 043 081	996 043 081	996 043 081
Headline earnings and distribution income reconciliation			
Net profit for the period	193 671	1 543 780	173 851
Adjusted for:			
Profit on disposal of investment properties	(1 434)	(16 247)	(540)
Fair value adjustments to investment properties	12 947	(1 144 116)	11 649
Headline earnings	205 184	383 417	184 960
Less: straight-line lease accrual	(12 947)	(34 760)	(11 649)
Less: retained earnings	-	(42)	-
Distribution income	192 237	348 615	173 311

	Unaudited 6 months to 31 Mar 2006 R'000	Audited 12 months to 30 Sept 2005 R'000	Restated unaudited 6 months to 31 Mar 2005 R'000
STATEMENT OF CHANGES IN UNITHOLDERS' FUNDS			
Capital of the fund	1 933 354	1 933 354	1 933 354
Capital reserve			
Balance at beginning of the period	421 754	400 265	400 265
Realised profit on disposal of investment properties	7 127	21 489	1 226
Balance at end of the period	428 881	421 754	401 491
Revaluation reserve			
Balance at beginning of the period	1 588 147	449 273	449 273
Revaluation reserve realised on sale of investment properties	(5 693)	(5 242)	(686)
Fair value adjustments of investment properties	(12 947)	1 144 116	(11 649)
Balance at end of the period	1 569 507	1 588 147	436 938
Retained earnings			
Balance at beginning of the period	218 710	183 908	183 908
Net profit for the period	193 671	1 543 780	173 851
Profit on disposal of investment properties	(1 434)	(16 247)	(540)
Transfer to revaluation reserve	12 947	(1 144 116)	11 649
Income distributions	(192 237)	(348 615)	(173 311)
Balance at end of the period	231 657	218 710	195 557
Total unitholders' funds	4 163 399	4 161 965	2 967 340

COMMENTARY

1. BASIS OF PREPARATION AND ACCOUNTING POLICIES

The unaudited interim results have been prepared in accordance with International Financial Reporting Standards (IFRS), its interpretations adopted by the International Accounting Standards Board, IAS 34 – Interim Financial Reporting and the requirements of the Collective Investment Schemes Control Act of 2002. IFRS 1 – First-time adoption of International Financial Reporting Standards has been applied in the preparation of the interim results. No adjustments have arisen from the conversion to IFRS affecting the financial position, financial performance and cash flows of the Trust. The accounting policies are consistent with those applied in the prior year. Adjustments were made to the comparative period to comply with IAS 17- Leases which had no impact on opening retained earnings.

2. DISTRIBUTION PER UNIT

Allan Gray Property Trust's net distributable income for the first six months of the financial year amounts to 19.3 cents per unit, 10.9 percent greater than the comparable period last year.

3. CHANGES TO PORTFOLIO

During the period, the following sales were concluded:

Property	Net price (Rm)	2005 valuation (Rm)	Profit %
Saxon Industrial Park	4.5	4.3	5
Custom Place	1.3	1.2	8
Crescent Place	2.5	1.9	32
Westar Place	3.0	2.5	20
	11.3	9.9	14

4. MAJOR CAPITAL PROJECTS

Significant capital projects and planned projects are:

N1 City Mall (58% share)

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

Centurion Mall (75% share)

A further R226 million is to be invested in the complex over the next year. The retail on the Bayside is to be refurbished to improve the entertainment offering. Land adjoining the site is to be acquired for the construction of additional parking. The Munpen Office Tower is to be extensively refurbished both internally and externally. In addition, an office tower adjoining the parking land, called Die Anker, has also been acquired for R48 million. Die Anker will be extensively refurbished and let to a single tenant on a five-year lease. In total the capital expenditure is expected to generate an initial return of 9 percent.

The Boulders Shopping Centre

Plans to reconfigure the largely vacant lower level and introduce fashion and homeware are well advanced. Council approval has been obtained, and final leasing is being concluded before construction commences. The project is expected to cost R48 million.

The Brightwater Commons

Due to slow letting the redevelopment has been put on hold to address the tenant mix of the centre. Meanwhile it is pleasing that foot traffic and trading at the centre continues to improve.

Benmore Gardens Shopping Centre

Town planning continues to delay the planned refurbishment. Plans include extensive alterations to the centre to improve the retail mix, parking and circulation as well as a new store for Pick 'n Pay.

Douglas Roberts Centre

Negotiations are nearing conclusion for the refurbishment of the office tower and construction of the parking garage at a maximum total cost of R155 million. Murray & Roberts will enter a 10-year lease on completion in October 2007, based on a 8.5 percent yield with 7 percent per annum escalations.

BALANCE SHEET

	Unaudited as at 31 Mar 2006 R'000	Audited as at 30 Sept 2005 R'000	Restated unaudited as at 31 Mar 2005 R'000
ASSETS			
Property assets	4 418 839	4 371 731	3 177 662
Investment properties	4 187 242	4 153 081	2 982 123
Straight-line lease accrual	231 597	218 650	195 539
Current assets	269 277	264 482	249 612
Trade and other receivables	23 515	26 972	29 040
Cash and cash equivalents	245 762	237 510	220 572
Total assets	4 688 116	4 636 213	3 427 274
UNITHOLDERS' FUNDS AND LIABILITIES			
Unitholders' funds	4 163 399	4 161 965	2 967 340
Capital of the fund	1 933 354	1 933 354	1 933 354
Capital reserve	428 881	421 754	401 491
Revaluation reserve	1 569 507	1 588 147	436 938
Retained earnings	231 657	218 710	195 557
Non-current liabilities			
Interest-bearing liability	258 000	229 000	214 557
Current liabilities	266 717	245 248	245 377
Trade and other payables	74 481	69 944	72 066
Unitholders for distribution	192 236	175 304	173 311
Total unitholders' funds and liabilities	4 688 116	4 636 213	3 427 274

CASH FLOW STATEMENT

	Unaudited 6 months to 31 Mar 2006 R'000	Audited 12 months to 30 Sept 2005 R'000	Restated unaudited 6 months to 31 Mar 2005 R'000
Cash effects from operating activities			
Profit for the period	193 671	1 543 780	173 851
Adjustments for:			
Straight-line lease accrual	(12 947)	(34 760)	(11 649)
Interest received	(9 693)	(20 035)	(9 918)
Interest paid	10 379	20 758	10 164
Profit on disposal of investment properties	(1 434)	(16 247)	(540)
Fair value adjustments to investment properties	12 947	(1 144 116)	11 649
Operating profit before changes in working capital	192 923	349 380	173 557
Decrease in trade and other receivables	3 457	5 200	3 132
Increase in trade and other payables	4 537	17 105	19 226
Cash generated from the operations	200 917	371 685	195 915
Interest received	9 693	20 035	9 918
Interest paid	(10 379)	(20 758)	(10 164)
Income distributions	(175 304)	(338 654)	(165 343)
Cash flows from operating activities	24 927	32 308	30 326
Cash effects from investing activities			
Additions to investment properties	(56 975)	(104 140)	(46 819)
Proceeds from disposal of investment properties	11 300	61 031	3 197
	(45 675)	(43 109)	(43 622)
Cash effects from financing activities			
Increase in long-term loan	29 000	14 443	-
	29 000	14 443	-
Net increase/(decrease) in cash and cash equivalents	8 252	3 642	(13 296)
Cash and cash equivalents at beginning of period	237 510	233 868	233 868
Cash and cash equivalents at end of the period	245 762	237 510	220 572

5. CONTRIBUTION TO DISTRIBUTION

	Mar 2006		Sept 2005		Mar 2005	
	6 months	% of	12 months	% of	6 months	% of
	Rm	Total	Rm	Total	Rm	Total
Retail	143	74	263	75	127	74
Office blocks	31	16	48	14	26	15
Industrial	24	13	46	13	23	13
Specialised	10	5	19	5	9	5
Corporate	(16)	(8)	(27)	(7)	(12)	(7)
Total	192	100	349	100	173	100

6. VACANCY LEVELS

Vacancy levels in terms of rentable area were as follows:

Sector	Mar 2006 %	Sept 2005 %	Mar 2005 %
Retail	5	5	5
Office blocks	7	9	13
Industrial	8	-	6
Specialised	-	-	-
Total	6	6	7

By value, the vacancies equated to 5 percent of potential rental income, the same as at year-end. In the retail sector 74 percent of the vacancies were in the Boulders and The Brightwater Commons reported upon above.

In the office sector, significant vacancies by area and value remain at Grayston Ridge and 271 Oak Avenue. At Grayston Ridge, with the high tenant turnover, no improvement is envisaged in the short term. Negotiations have been concluded to sell 271 Oak Avenue to an end user at a price in excess of the historic valuation.

In the industrial sector, 23 percent of the vacancy is at Degussa in Midrand, which remains a challenge to let. Two properties comprising a further 16 percent of this sector's vacancies have subsequently been let.

7. DISTRIBUTION ANNOUNCEMENT

Notice is hereby given of distribution no. 46 of 19.3 cents per unit for the six months ended 31 March 2006.

The last date to trade cum the distribution will be Friday, 19 May 2006. The units of Grayprop will commence trading ex-distribution on Monday, 22 May 2006 and the record date will be Friday, 26 May 2006. The distribution will be paid on Monday, 29 May 2006.

Unit certificates may not be dematerialised or rematerialised between Monday, 22 May 2006 and Friday, 26 May 2006, both dates inclusive.

BY ORDER OF THE BOARD

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

3 May 2006

Transfer Secretaries: Computershare Investor Services 2004 (Pty) Ltd, 70 Marshall Street, Johannesburg, 2001, (PO Box 61051, Marshalltown, 2107)

Secretary and registered office: Broll Property Group (Pty) Ltd, Broll House, 27 Fricker Road, Illovo, Johannesburg, 2196, (PO Box 1455, Saxonwold, 2132)

Short Name: GRAYPROP **Share code:** GRY **ISIN:** ZAE000013165

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

Sponsor: Standard Bank

e-mail: info@allangray.co.za

website: www.allangray.co.za