

ACUCAP PROPERTIES LIMITED

Registration number 2001/021725/06 (Incorporated in the Republic of South Africa)
("Acucap" or "the company")

AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2004



ABRIDGED BALANCE SHEET AT 31 MARCH 2004

	31 March 2004 R'000	31 March 2003 R'000
Assets		
Non current assets		
Investment properties	1 067 900	912 650
Current assets	132 073	32 568
Accounts receivable	14 114	5 427
Cash and cash equivalents	117 959	27 141
Total assets	1 199 973	945 218
Equity and liabilities		
Shareholders' interest	82 137	22 497
Non current liabilities	1 044 606	889 956
Debentures	501 206	395 953
Loans	503 500	478 000
Deferred tax	39 900	16 003
Current liabilities	73 230	32 765
Accounts payable	5 940	4 132
Vendors	30 741	-
Debt interest payable	36 549	28 633
Total equity and liabilities	1 199 973	945 218

ABRIDGED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	Year ended 31 March 2004 R'000	13 months ended 31 March 2003 R'000
Operating income before interest paid	205 580	177 425
Revenue	137 988	129 973
Interest received	3 553	558
Net operating expenses	(11 124)	(9 843)
Asset management fees paid to Acucap Property Management (Proprietary) Limited	(5 047)	-
Loss on disposal of investment properties	(400)	-
Revaluation of investment properties	80 610	56 737
Interest paid and payable	125 047	122 314
- Debenture holders – post listing - interim	33 858	25 796
- Debenture holders – post listing - final	36 549	28 633
- Debenture holders – pre listing	-	1 035
- Total interest paid to debenture holders	70 407	55 464
- Interest paid to banks and vendors	54 640	66 850
Profit before exceptional items and taxation	80 533	55 111
Exceptional items		
Listing costs and costs of raising finance	-	9 392
Profit before tax	80 533	45 719
Deferred tax	(23 897)	(16 512)
Net profit for the year	56 636	29 207

Reconciliation of Headline profit / (loss) to net profit

	Cents	Cents
Net profit for the year	56 636	29 207
Listing costs	-	7 393
Revaluation of investment properties	(80 610)	(56 737)
Loss on disposal of investment properties	400	-
Deferred tax on revaluation	23 897	16 512
Headline profit / (loss)	323	(3 625)
Interest paid to debenture holders	70 407	55 464
Headline linked unit earnings	70 730	51 839

	Cents	Cents
Earnings per share	119.17	76.20
Headline profit / (loss) per share	0.68	(9.46)
Headline earnings per linked unit	148.83	139.67
Interest Distribution per linked unit – post listing	140.45	137.32
- Interim	67.60	65.08
- Final	72.85	72.24
Interest Distribution per linked unit – pre listing	-	5.67
Interest Distribution per linked unit for the year (2003: 13 months)	140.45	142.99

ABRIDGED CASHFLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	Year ended 31 March 2004 R'000	13 months ended 31 March 2003 R'000
Cash flows from operating activities		
Cash generated by operations	153 595	135 003
Interest received	3 553	558
Interest paid	(125 047)	(122 314)
Net cash inflow from operating activities	32 101	13 247
Cash outflows from investing activities	(75 040)	(535 463)
Cash inflows from financing activities	133 757	548 985
Net cash inflow for the year	90 818	26 769
Cash and cash equivalents at beginning of year	27 141	372
Cash and cash equivalents at end of year	117 959	27 141

ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

	Shares issued Number	Share capital R'000	Share premium R'000	Non-distributable reserve R'000	Accumulated loss R'000	Total R'000
Balance at 1 March 2002	9 707 132	10	87	-	(7 106)	(7 009)
Issue on 14 March 2002	19 221 732	19	173	-	-	192
Issue on 26 March 2002	10 706 049	11	96	-	-	107
Net profit for the period	-	-	-	-	29 207	29 207
Transfer to non-distributable reserve	-	-	-	37 339	(37 339)	-
Balance at 31 March 2003	39 634 913	40	356	37 339	(15 238)	22 497
Issue on 30 June 2003	10 449 369	10	2 768	-	-	2 778
Issue on 16 February 2004	86 500	-	226	-	-	226
Net profit for the year	-	-	-	-	56 636	56 636
Transfer to non-distributable reserve	-	-	-	56 314	(56 314)	-
Balance at 31 March 2004	50 170 782	50	3 350	93 653	(14 916)	82 137

COMMENTS

1. REVIEW OF RESULTS AND OPERATIONS

The financial statements are prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP), applied consistently with the prior period, and the requirements of the Companies Act in South Africa. KPMG Inc. has audited the financial information set out in this report. Their unqualified audit report is available for inspection at the company's registered office.

Over the last year, there has been a sustained improvement in property fundamentals, led by a good performance from retail property, where the outlook remains positive. The performance of the office market, whilst more subdued, was nevertheless encouraging as vacancy rates recorded their first annual decline in almost ten years, and evidence of firming rentals in certain nodes started to emerge. In the industrial sector, there was a marked decline in vacancy rates and a corresponding growth in rental levels, providing the strongest indication in several years of a real turnaround in the performance of this sector, with improved prospects for the year ahead.

The Acucap portfolio has benefited not only from this general improvement in property fundamentals, but also from the intensive management activities of the group's executive. Whilst these efforts have been consistently applied to the entire portfolio, specific mention is made of four of the group's properties. In Key West, the regional shopping centre in the West Rand, building work is presently under way to provide a new 3,500m² Edgars store which will complete the centre's fashion offering. At the Sunward Centre in Boksburg, re-tenanting activities have brought Clicks, Spar and Nedbank to the centre and increased its gross lettable area (GLA) by 11%, strengthening its position as the community's dominant convenience centre. The refurbishment of the 6,000m² Atterbury Office Park was completed and a new long-term lease signed with a national government tenant for the whole office park. Lastly, management completed negotiations for the renewal of the Goldfields lease over their Parktown head office, extending the lease by five years to the end of March 2010.

Acucap acquired three properties during the year and two others subsequent to the year end. Details of two of these transactions were included in the results announcement of 27 May 2003, and details of the remaining three transactions are set out in paragraph 8 of this results announcement. All of the acquisitions were enhancing to both distributions and net asset value (NAV) per linked unit. One property was sold during the year, the Bruma BMW motor dealership, as the property no longer fitted the company's investment strategy. Certain other properties in the portfolio have also been identified for possible sale as part of the Board's on-going commitment to refreshing the portfolio and ensuring that all properties contribute to the company's central objective of producing sustainable growth in distributions per unit.

Lower interest rates added to the impetus of intensive asset management and improved property fundamentals, and contributed to the company's positive results for the year under review, with average borrowing costs declining from 13.63% in 2003 to 12.67% in the current year. Net income from the property portfolio increased by 6% over the previous 12 months, and headline earnings per linked unit increased by 6.8% over the same period, although asset management fees became payable to the management company for the first time in the current financial year in terms of the asset management contract. These fees accounted for almost 4% of the net income from the property portfolio, but nevertheless the distribution per linked unit increased by 2.3% over the previous 12 months.

The company therefore achieved a total distribution of 140.45 cents per linked unit (2003 : 137.32 cents per linked unit), comprising an interim distribution of 67.60 cents (2003 : 65.08 cents) declared on 30 November 2003, and a final distribution of 72.85 cents (2003 : 72.24 cents) approved on 17 May 2004.

2. DISTRIBUTION

The Board has approved a final distribution of 72.85 cents per linked unit for the period from 1 October 2003 to 31 March 2004.

3. BORROWINGS

The company has fixed the interest rate on 76% (2003 : 91%) of its borrowings with unexpired terms varying between 1 and 8 years as follows:

Amount (R million)	% of total borrowings	Rate (naom)	Expiry of fixed rates
60.0	11.9%	12.21%	3 January 2005
120.0	23.9%	12.84%	2 January 2007
100.0	19.9%	13.34%	15 May 2008
50.0	9.9%	14.43%	8 October 2009
50.0	9.9%	14.06%	31 March 2012
123.5	24.5%	Prime less 1.5%	
503.5	100.00%		

The company's weighted average total borrowing cost was 12.76% for the year, down from the prior year's 13.63%. The estimate for the year to 31 March 2005 is 12.27%. The company's policy is to maintain fixed interest rates on not less than 70% of borrowings, and for the year ahead, it is estimated that between 75% and 80% of borrowings will remain subject to fixed rates.

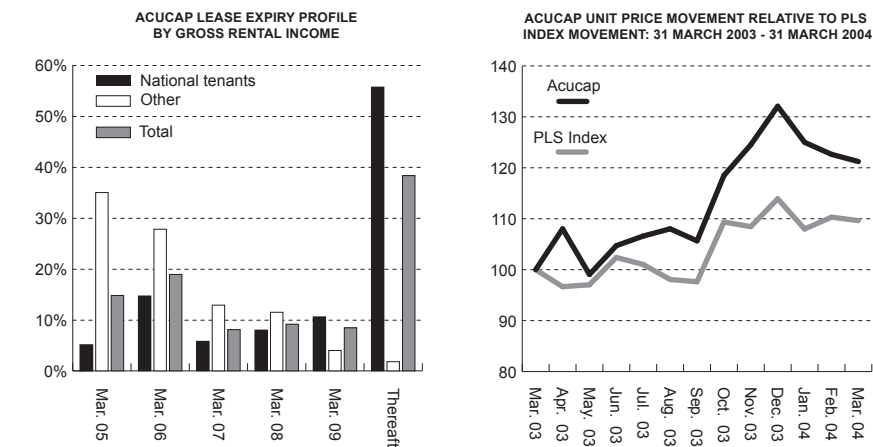
4. VACANCIES

Vacancies amount to 2.25% of the portfolio by gross rental income, and 1.89% by GLA. The company has successfully maintained low vacancy levels since listing, and management will continue to focus on maximising the potential income from each property in the portfolio through the aggressive management of vacancies.

5. LEASE EXPIRY PROFILE

The lease expiry profile is reflected below left, which includes the effects of the acquisitions referred to in paragraph 8 of this results announcement.

The lease expiry profile has improved over the last 12 months. At the end of March 2003, 54% of leases were due to expire within 3 years, and 31% of leases had expiry dates beyond 5 years. At the current year end, only 42% of leases are due to expire within 3 years, while just over 38% have expiry dates beyond 5 years.



6. LIQUIDITY

In the year to 31 March 2004, trade in Acucap linked units has amounted to 47% of the weighted average number of units in issue. The performance of the Acucap unit price relative to the PLS index is shown above right.

Details of the company's unit holder spread are shown below:

	31 March 2004	31 March 2003
Total number of unit holders	996	790
Number of unit holders owning > 5% of units in issue	4	7
Number of institutions controlling 10% to 15% of units in issue	4	1
Number of institutions controlling > 15% of units in issue	1	3
Percentage of units controlled by largest institution	21.7%	27.7%
Percentage of units held by public unitholders	69.0%	66.9%

During the year, the company successfully completed a private placement of 7,030,944 linked units at an average price of R10.48 per linked unit ex-distribution.

7. PROPERTY PORTFOLIO REVALUATION

The property portfolio was revalued by the company's independent valuers at 31 March 2004. The portfolio increased in value from R913 million at the end of March 2003 to R1068 million at the end of the current year. Excluding the effects of acquisitions and disposals, this represents a robust growth of 9% in the capital value of the portfolio during the year. The increase in the portfolio value, together with the effects of acquisitions made during the year, resulted in a pleasing growth in the NAV per linked unit from R10.56 at 31 March 2003 to R11.63 at 31 March 2004.

8. ACQUISITIONS

In January 2004, the group acquired the Colliers head office building in Fricker Road, Illovo on the following terms:

8.1 Colliers Building, Fricker Road, Illovo Boulevard		
8.1.1 Vendors	Colliers RMS Share Block Company No.1 (Pty) Ltd Colliers RMS Share Block Company No.2 (Pty) Ltd Colliers Building, erven 68 and 69, Illovo, measuring 7,436m ² in extent and situated at 34 Fricker Road, Illovo, Johannesburg	
8.1.2 Description	Office	
8.1.3 Sector	Office	
8.1.4 Consideration	R29,995,000 (twenty nine million nine hundred and ninety five thousand rand) payable in cash	
8.1.5 Effective date	1 January 2004	
8.1.6 Effect on NAV	Historic NAV per linked unit pre-acquisition	R11.62
	Pro-forma historic NAV per linked unit post-acquisition	R11.63
8.1.7 Effect on earnings	Historic distribution per linked unit pre-acquisition	140.45c
	Pro-forma historic distribution per linked unit post-acquisition	141.04c
8.1.8 Lease expiry	31 December 2008	
Subsequent to the year end, the company concluded agreements for the acquisition of two additional properties. Board approval for the acquisitions was given on 30 April 2004, and details of the transactions are set out below:		
8.2 South African Weather Service Building, Pretoria		
8.2.1 Vendor	NIB 90 Share Block (Pty) Ltd	
8.2.2 Description	South African Weather Service building, remaining extent of erf 291 Erasmusrand, Pretoria, measuring 12,184m ² in extent and situated at 442 Rigel Avenue, Erasmusrand, Pretoria	
8.2.3 Sector	Office	
8.2.4 Consideration	R35,500,000 (thirty five million five hundred thousand rand) payable in cash	
8.2.5 Effective date	1 June 2004	
8.2.6 Effect on NAV	Historic NAV per linked unit pre-acquisition	R11.63
	Pro-forma historic NAV per linked unit post-acquisition	R11.63
8.2.7 Effect on earnings	Historic distribution per linked unit pre-acquisition	140.45c
	Pro-forma historic distribution per linked unit post-acquisition	140.67c
8.2.8 Lease expiry	30 April 2013	
8.3 Tellumat Building, Retreat, Cape Town		
8.3.1 Vendor	JLP Properties (Pty) Ltd	
8.3.2 Description	Tellumat Building, erf 127260, Cape Town at Retreat, situated in the South Peninsula Municipality, Cape Division, Western Cape Province	
8.3.3 Sector	Industrial	
8.3.4 Consideration	R46,000,000 (forty six million rand) payable in cash	
8.3.5 Effective date	1 June 2004	
8.3.6 Effect on NAV	Historic NAV per linked unit pre-acquisition	R11.63
	Pro-forma historic NAV per linked unit post-acquisition	R11.64
8.3.7 Effect on earnings	Historic distribution per linked unit pre-acquisition	140.45c
	Pro-forma historic distribution per linked unit post-acquisition	142.15c
8.3.8 Lease expiry	30 September 2009	

9. SEGMENTAL RESULTS

	Year ended 31 March 2004	13 months ended 31 March 2003
Retail	Revenue	87 378
	Net operating expenses	(9 017)
	Operating profit	80 467
Offices	Revenue	29 949
	Net operating expenses	(1 349)
	Operating profit	28 600
Commercial	Revenue	12 203
	Net operating expenses	(4 78)
	Operating profit	11 725
Industrial	Revenue	6 707
	Net operating income	1 206
	Operating profit	7 913

	Year ended 31 March 2004	13 months ended 31 March 2003
Reconciliation to operating profit		
Revenue	137 988	129 973
Allocated operating expenses	(9 638)	(9 312)
Unallocated operating expenses	(6 533)	(5 31)
Operating profit for the year	121 817	120 130

Capital expenditure on investment properties

	Year ended 31 March 2004	13 months ended 31 March 2003
Retail	Purchase price	435 912
	Other capital expenses	7 567
		443 479
Offices	Purchase price	29 995
	Other capital expenses	5 751
		21 483
Commercial	Purchase price	69 700
	Other capital expenses	801
		70 501
Industrial	Purchase price	43 000
	Other capital expenses	1 656
		44 656
Total	Purchase price	72 995
	Other capital expenses	15 045
		88 040
		535 463

10. PROSPECTS

Management will maintain its focus on activities that will optimise the income earning and growth potential of the property portfolio, and on the acquisition of good quality properties that will contribute to sustained growth in distributions per unit.

Acucap will maintain a relatively overweight position in the retail sector, which has shown the most consistent growth of all sectors over the last 10 years. The completion of the new 40,000m² Festival Mall at Kempton Park will augment the company's retail asset base. The development is due for completion towards the end of October 2004 and should be transferred to Acucap in early 2005. While the company's objective is to remain relatively underweight in the office sector, Acucap has selectively acquired certain office properties that will augment the fund's long-term growth. The company will also maintain an exposure to a small number of larger industrial parks.

Acucap is looking forward to a year of continued stability in currency and interest rate markets, underpinned by sustained low inflation. The board would expect to see the listed property sector accessing the capital markets for the first time, and Acucap certainly intends to be at the forefront of such developments, where obvious advantages will accrue from reduced borrowing costs. The directors would also expect to see a narrowing of the yield premium of the listed property sector over long bonds as evidence of sustainable growth in distributions starts to become apparent.

The board expects the net income from the property portfolio to maintain the growth achieved in the current year, and given that asset management fees now form part of the fund's cost base, the board expects this growth in income to be reflected in distributions for the year ending 31 March 2005.

11. DISTRIBUTION PAYMENT

Notice is hereby given that a final distribution of 72.85 (seventy two comma eight five) cents per linked unit has been approved in respect of the six month period ended 31 March 2004. The last date to trade the linked units cum distribution is Friday 4 June 2004 and the record date will be Friday 11 June 2004. The linked units will start trading ex-distribution from Monday 7 June 2004. Distributions will be made to unit holders on Monday 14 June 2004.

Linked unit certificates may not be dematerialised or rematerialised between Monday 7 June 2004 and Friday 11 June 2004 both days inclusive.

On behalf