

## BALANCE SHEET AT 31 MARCH 2005

	2005 R'000	2004 R'000
<b>ASSETS</b>		
<b>Non current assets</b>	1 717 427	1 067 900
Investment properties	1 665 622	1 067 900
Employee unit purchase trust loans	51 462	-
Furniture, fixtures and equipment	343	-
<b>Current assets</b>	241 784	132 073
Accounts receivable	21 992	14 114
Properties classified as held for sale	23 250	-
Listed investments	29 055	-
Cash and cash equivalents	167 487	117 959
<b>Total assets</b>	<b>1 959 211</b>	<b>1 199 973</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Shareholders' interest</b>	334 906	82 137
Share capital and share premium	66 617	3 400
Non-distributable reserve	297 458	93 653
Accumulated loss	(29 169)	(14 916)
<b>Non current liabilities</b>	1 482 467	1 044 606
Debentures	665 124	501 206
Loans	707 000	503 500
Deferred tax	110 343	39 900
<b>Current liabilities</b>	141 838	73 230
Accounts payable	15 309	5 940
Loans	72 000	30 741
Tax payable	3 083	-
Debenture interest payable	51 446	36 549
<b>Total equity and liabilities</b>	<b>1 959 211</b>	<b>1 199 973</b>



## AUDITED FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2005

Distributions up by 6%

Property portfolio value up by 55% from R1.1 to R1.7 billion

Net asset value up by 29% from R11.63 to R15.02

## ACUCAP PROPERTIES LIMITED

Reg. No. 2001/021725/06  
(Incorporated in the Republic of South Africa)  
("Acucap" or "the company")

## INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005 R'000	2004 R'000
<b>Revenue</b>	152 198	137 988
Net operating expenses	(24 134)	(16 571)
<b>Profit before fair value adjustments</b>	128 064	121 417
Revaluation of investment properties	259 496	80 610
<b>Operating profit</b>	387 560	202 027
Interest received	12 891	3 553
Interest paid		
- debentures	(90 167)	(70 407)
- other	(55 860)	(54 640)
<b>Profit before taxation</b>	254 424	80 533
Taxation	(72 107)	(23 897)
<b>Net profit for the year</b>	<b>182 317</b>	<b>56 636</b>
<b>Reconciliation of headline profit to net profit</b>		
Profit for the year	182 317	56 636
Revaluation of investment properties	(259 496)	(80 610)
(Profit) / loss on disposal of investment properties	(941)	400
Profit on disposal of listed investments	(9 415)	-
Impairment of intangible asset	15 210	-
Tax effects	73 719	23 897
Headline earnings	1 394	323
Interest paid to debenture holders	90 167	70 407
Headline linked unit earnings	91 561	70 730
<b>Cents</b>		
Earnings per share	338.50	119.17
Headline earnings per share	2.59	0.68
Headline earnings per linked unit	169.99	148.83
Interest distribution per linked unit	148.75	140.45
- interim	71.48	67.80
- final	77.27	72.65

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2005

	Share capital R'000	Share premium R'000	Non distributable reserve R'000	Accumulated loss R'000	Total R'000
Balance at 31 March 2003	40	356	37 339	(15 238)	22 497
Issue of 10 449 369 shares in June 2003	10	2 768	-	-	2 778
Issue of 86 500 shares in February 2004	-	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	3 350	93 653	(14 916)	82 137
Issue of 4 000 000 shares in July 2004	4	7 416	-	-	7 420
Issue of 3 665 369 shares in January 2005	4	10 260	-	-	10 264
Issue of 8 742 802 shares in March 2005	9	45 524	-	-	45 533
Net profit for the year	-	-	-	182 317	182 317
Increase in fair value of listed investments	-	-	6 370	-	6 370
Change in fair value of cash flow hedge	-	-	865	-	865
Transfer to non-distributable reserve	-	-	196 570	(196 570)	-
<b>Balance at 31 March 2005</b>	<b>67</b>	<b>66 550</b>	<b>297 458</b>	<b>(29 169)</b>	<b>334 906</b>

## ABRIDGED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	2005 R'000	2004 R'000
<b>Cash flows from operating activities</b>		
Cash generated by operations	149 097	122 854
Income tax paid	(439)	-
Interest received	12 891	3 553
Interest paid	(146 027)	(125 047)
<b>Net cash inflow from operating activities</b>	15 522	1 360
<b>Cash outflows from investing activities</b>	(437 888)	(75 040)
<b>Cash inflows from financing activities</b>	471 894	164 498
<b>Net cash inflow for the year</b>	49 528	90 818
<b>Cash and cash equivalents at beginning of year</b>	117 959	27 141
<b>Cash and cash equivalents at end of year</b>	167 487	117 959

## COMMENTS

## 1. REVIEW OF RESULTS AND OPERATIONS

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), 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.

As an asset class, property has sustained its strong performance over this last year. Total returns, as measured by the IPD South Africa Property Index, reached their highest level in five years at 25.9% to December 2004, with each of the retail, office and industrial sectors posting record total returns. Retail property continued to outperform the other two sectors with a total return of 26.1%, but industrial property made its strongest showing in recent years with a return of 24.5%, even exceeding its strong resurgence of the prior year. Total returns from offices were lower at 16.7%, still well ahead of the 9.9% average for the last five years, and supporting the general perception that the office market has worked through the worst effects of the supply overhang that has hampered its recent performance.

The strong performance of the local property market has been underpinned by the sound state of the economy, where disciplined monetary policy and a slightly expansionary fiscal policy have achieved a good balance between containing inflation and encouraging growth. Declining long bond rates have continued to lead down both listed property yields and direct property capitalisation rates, with the result that for the first time in five years, capital growth has exceeded the income return on all property surveyed by the IPD South Africa Property Index.

The marked decline in capitalisation rates over the last year has been accompanied by an acute shortage in the availability of investment grade property, and listed property companies have increasingly found themselves working with credible developers to procure new investment assets. This trend has seen the listed property sector starting to fill the space vacated by institutional investors some years ago, and it is likely that the trend will continue for the foreseeable future.

Acucap has worked successfully with such developers, and one of the company's major initiatives during the year was the acquisition of Festival Mall, Acucap's new regional retail centre in Kempton Park. This initiative centred around completing the redevelopment and re-tenanting of the existing Kempton Park Hyperama, constructing a new 4,500m<sup>2</sup> link between the existing centre and the new 40,000m<sup>2</sup> mall developed by Keystone Investments, and taking transfer of the new portion, leaving Acucap with a single 65,000m<sup>2</sup> regional shopping centre. The development was completed during the year, and the mall opened on 26 October 2004. Transfer of the new portion took place on 19 May 2005.

Since opening, trade at Festival Mall has consistently exceeded the expectations of its retail tenants, and the board expects this property to deliver strong and sustained growth as the centre claims a prominent role in the East Rand retail market.

As a second major initiative, Acucap has taken advantage of the buoyant property market to refresh its portfolio by disposing of those assets which it felt would not contribute to the company's strategy in the longer term. In their place, it has acquired other properties more closely aligned to Acucap's strategy of delivering sustainable growth in distributions per unit through a diversified portfolio of good quality properties. In this regard, the group disposed of 8 properties with a combined value of R158 million, and acquired four new properties with a combined value of R97 million. The most significant acquisition was an undivided 17.8% share in The Bridge, part of Port Elizabeth's dominant Greenacres regional retail shopping precinct, and Acucap would like to gradually increase its interest in this asset as opportunities arise to acquire additional undivided shares under pre-emptive rights.

Average borrowing costs declined from 12.76% in 2004 to 12.19% for the current year, and hedging activities after the year end have resulted in the rate reducing further to 11.23%. Net income from the property portfolio increased by 8.9% over the previous 12 months, while indirect expenses increased by only 2.6%, mainly due to the acquisition by Acucap of its management company. This resulted in a reduction of asset management fees from the previous contractual basis to a cost basis. Capital raising activities saw a 27% increase in the number of linked units in issue, and distributions per linked unit for the full year therefore increased by 5.9% over the prior year from 140.45 cents to 148.75 cents. The final distribution of 77.27 cents per linked unit is 6.1% higher than last year's final distribution of 72.85 cents per linked unit. These results are consistent with the growth prospects expressed by the board in last year's results announcement.

## 2. DISTRIBUTION

The Board has approved a final distribution of 77.27 cents per linked unit for the period from 1 October 2004 to 31 March 2005.

## 3. BORROWINGS

At 31 March 2005, 71% (2004: 75%) of borrowings were subject to fixed interest rates, with a weighted average fixed interest rate expiry of approximately 3.6 years (2004: 3.5 years). The group borrowing capacity amounts to R916 million (2004: R587 million), being 55% of the valuation of the properties. Existing group facilities amount to R532 million (2004: R504 million), and facilities utilised at year end amounted to R386 million (2004: R386 million). Subsequent to year end, the facility increased to R707 million, and the facility utilisation to R573 million, giving a gearing ratio of 35%. The additional facilities resulted in the average borrowing cost declining to 11.23%, with the percentage subject to fixed rates remaining at 71%, and the weighted average fixed rate expiry increasing to 3.7 years.

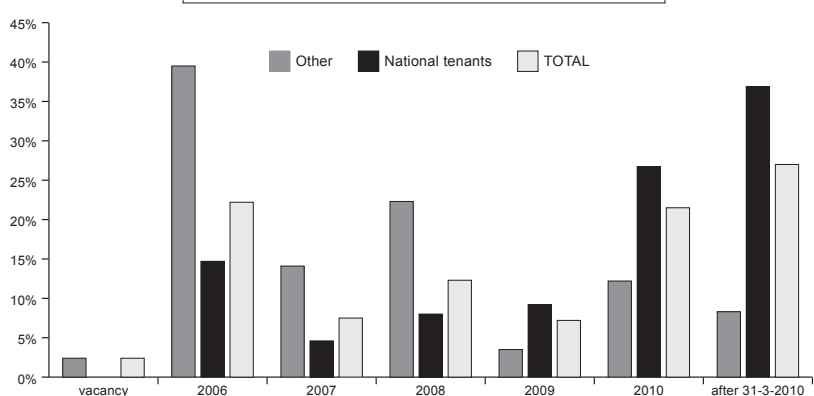
## 4. VACANCIES

Vacancies amount to 2.4% of the portfolio by gross rental income, and 2% by GLA. Vacancies have remained at these low levels since listing, and management regards the present vacancy rate as normal and sustainable for the Acucap portfolio.

## 5. LEASE EXPIRY PROFILE

The lease expiry profile reflected below shows an average expiry of 5 years, with more than 48% of all leases expiring after 31 March 2009.

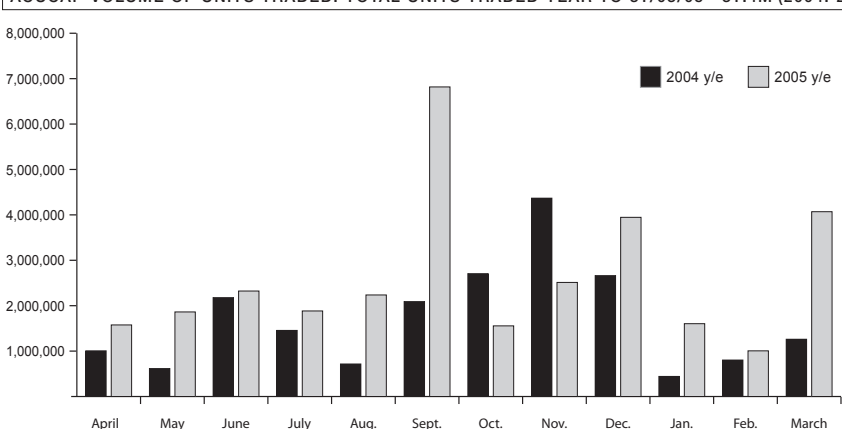
ACUCAP LEASE EXPIRY BY GROSS RENTAL INCOME



## 6. LIQUIDITY

In the year to 31 March 2005, trade in Acucap linked units has amounted to 58.3% of the weighted average number of units in issue, and the monthly distribution of the volume traded is shown in the accompanying graph:

ACUCAP VOLUME OF UNITS TRADED: TOTAL UNITS TRADED YEAR TO 31/03/05 = 31.4M (2004: 20.3M)



## 6. LIQUIDITY (continued)

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

	31 March 2005	31 March 2004
Total number of unit holders	1 113	996
Number of unit holders owning > 5% of units in issue	3	4
Number of institutions controlling 10% to 15% of units in issue	3	4
Number of institutions controlling > 15% of units in issue	1	1
Percentage of units controlled by largest institution	18.1	21.7%
Percentage of units held by public unitholders	74.7%	69.0%

During the year, the company successfully completed private placements of 7.7m linked units at an average price of R13.73 per linked unit ex-distribution.

## 7. PROPERTY PORTFOLIO REVALUATION

Acucap's entire property portfolio was revalued by its independent valuers at 31 March 2005, using either the capitalization of net income method, or the discounted cash flow method, or a combination of these where appropriate. The portfolio increased in value from R1 068 million at the end of March 2004 to R1 666 million at the end of the current year. The increase in the portfolio value, together with the effects of acquisitions made during the year, resulted in a 29% growth in the NAV per linked unit from R11.63 at 31 March 2004 to R15.02 at 31 March 2005.

## 8. DEBT SECURITISATION

Acucap has appointed FirstRand Bank Limited, acting through its Rand Merchant Bank division, as the arranger for its proposed debt securitisation initiative. This initiative will be undertaken jointly with Resilient Property Income Fund in order to achieve the necessary transaction scale, and the first issue under the proposed note program is likely to take place in the current financial year.

## 9. SEGMENTAL RESULTS

	2005 R'000	2004 R'000
<b>Retail</b>		
Revenue	104 556	101 332
Net operating expenses	(10 375)	(9 895)
Profit before fair value adjustments	94 181	91 437
Revaluation of investment properties	203 103	62 362
Operating profit	297 284	153 799
<b>Offices</b>		
Revenue	35 354	29 949
Net operating expenses	(1 404)	(1 349)
Profit before fair value adjustments	33 950	28 600
Revaluation of investment properties	42 648	7 404
Operating profit	76 598	36 004
<b>Industrial</b>		
Revenue	12 288	6 707
Net operating revenue	330	1 206
Profit before fair value adjustments	12 618	7 913
Revaluation of investment properties	13 745	10 844
Operating profit	26 363	18 757
<b>Reconciliation to net profit for the year in the income statement</b>	<b>Total</b>	<b>Total</b>
Revenue	152 198	137 988
Operating expenses	(8 924)	(16 571)
Impairment of intangible asset	(15 210)	-
Profit before fair value adjustments	128 064	121 417
Revaluation of investment properties	259 496	80 610
Operating profit	387 560	202 027
Interest received	12 891	3 553
Interest paid		
- debentures	(90 167)	(70 407)
- other	(55 860)	(54 640)
Profit before taxation	254 424	80 533
Taxation	(72 107)	(23 897)
Net profit for the year	182 317	56 636

	2005 R'000	2004 R'000
<b>Capital expenditure on investment properties</b>		
<b>Retail</b>		
Purchase price	344 350	-
Other capital expenses	61 333	7 638
	405 683	7 638
<b>Offices</b>		
Purchase price	35 500	29 995
Other capital expenses	7 405	5 751
	42 905	35 746
<b>Industrial</b>		
Purchase price	46 000	43 000
Other capital expenses	254	1 656
	46 254	44 656
<b>Total</b>		
Purchase price	425 850	72 995
Other capital expenses	68 992	15 045
	494 842	88 040

## 10. PROSPECTS

Over the last three years, extensive work has been done to enhance the quality of the Acucap portfolio through a process of upgrading and redeveloping key assets, combined with selected acquisitions and the disposal of non-core properties. The board has also implemented transparent and cost efficient management structures, primarily through internalising the asset management function and outsourcing all agency activities. Lastly, the implementation of the Acucap Unit Purchase Trust has built a close alignment between the interests of management and unit holders.

This, combined with a positive outlook for the South African economy, stable interest rates and benign inflation, will enable Acucap to deliver an expected growth in distributions per unit of between 9% and 10% in the year to 31 March 2006. This forecast has not been reviewed by KPMG Inc.

## 11. PAYMENT OF DEBENTURE INTEREST

Notice is hereby given that a final distribution number 8 of 77.27 (seventy seven comma two seven) cents per linked unit has been approved in respect of the six month period ended 31 March 2005. The last date to trade the linked units cum distribution is Friday 3 June 2005 and the record date will be Friday 10 June 2005. The linked units will start trading ex-distribution from Monday 6 June 2005. Distributions will be made to unit holders on Monday 13 June 2005.

Linked unit certificates may not be dematerialised or rematerialised between Monday 6 June 2005 and Friday 10 June 2005 both days inclusive.

## On behalf of the Board

*BS Kantor*  
**BS KANTOR** (Chairman)

*PA Theodosiou*  
**PA THEODOSIOU** (Managing Director)

19 May 2005