

ACUCAP PROPERTIES LIMITED

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



REVIEWED INTERIM RESULTS FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2004

ABRIDGED BALANCE SHEET

	30 September 2004	31 March 2004	30 September 2003
	R'000	R'000	R'000
Assets			
Non current assets	1 113 606	1 067 900	966 272
Investment properties	1 043 479	1 067 900	966 272
Listed Investments	54 723	-	-
Fixed assets	248	-	-
Goodwill	15 156	-	-
Current assets	160 902	132 073	125 007
Properties available for sale	9 050	-	-
Accounts receivable	27 764	14 114	9 312
Cash and cash equivalents	124 088	117 959	115 695
Total assets	1 274 508	1 199 973	1 091 279
Equity and liabilities			
Shareholders' interest	97 652	82 137	28 962
Non current liabilities	1 122 703	1 044 606	1 021 246
Debentures	541 166	501 206	500 342
Loans	545 000	503 500	503 500
Deferred tax	36 537	39 900	17 404
Current liabilities	54 153	73 230	41 071
Accounts payable	13 268	5 940	7 213
Capital Gains Tax	2 163	-	-
Vendors	-	30 741	-
Debenture interest payable	38 722	36 549	33 858
Total equity and liabilities	1 274 508	1 199 973	1 091 279

ABRIDGED INCOME STATEMENT FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2004

	6 months ended 30 September 2004	year ended 31 March 2004	6 months ended 30 September 2003
	R'000	R'000	R'000
Revenue	71 903	137 988	68 204
Net operating expenses	(8 640)	(16 571)	(8 189)
Profit before fair value adjustments	63 263	121 417	60 015
Revaluation of investment properties	824	80 610	4 670
Operating profit	64 087	202 027	64 685
Interest received	4 207	3 553	2 869
Interest paid			
- Debenture holders - interim	(38 722)	(33 858)	(33 858)
- Debenture holders - final	-	(36 549)	-
- Other	(28 636)	(54 640)	(28 711)
Profit before tax	936	80 533	4 985
Capital Gains Tax	(2 163)	-	-
Deferred tax	4 257	(23 897)	(1 401)
Net profit for the period	3 030	56 636	3 584
Reconciliation of Headline Profit to net profit			
Net profit for the period	3 030	56 636	3 584
Revaluation of investment properties	(824)	(80 610)	(4 670)
(Profit) / Loss on disposal of investment properties	(78)	400	-
Capital Gains Tax on disposal of investment properties	2 163	-	-
Deferred tax on revaluation	(4 257)	23 897	1 401
Headline profit	34	323	315
Interest paid to debenture holders	38 722	70 407	33 858
Headline linked unit earnings	38 756	70 730	34 173
	Cents	Cents	Cents
Headline earnings per linked unit	75.18	148.83	68.23
Interest Distribution per linked unit	71.48	140.45	67.60
- interim	71.48	67.60	67.60
- final	-	72.85	-

ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2004

	Shares issued	Share capital	Share Premium	Non Distributable Reserve	Accumulated loss	Total
	Number	R'000	R'000	R'000	R'000	R'000
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
Issue on 30 July 2004	4 000 000	4	7 416	-	-	7 420
Net profit for the period	-	-	-	-	3 030	3 030
Revaluation of listed investments	-	-	-	5 065	-	5 065
Transfer to non-distributable reserve	-	-	-	653	(653)	-
Balance at 30 September 2004	54 170 782	54	10 766	99 371	(12 539)	97 652

ABRIDGED CASH FLOW STATEMENT FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2004

	6 months ended 30 September 2004	year ended 31 March 2004	6 months ended 30 September 2003
	R'000	R'000	R'000
Cash flows from operating activities			
Cash generated by operations	57 908	122 854*	64 436
Interest received	4 207	3 553	2 869
Interest paid	(67 358)	(125 047)	(62 569)
Net cash (outflow) / inflow from operating activities	(5 243)	1 360	4 736
Cash outflows from investing activities	(77 508)	(44 299)*	(48 952)
Cash inflows from financing activities	88 880	133 757	132 770
Net cash inflow for the period	6 129	90 818	88 554
Cash and cash equivalents at beginning of period	117 959	27 141	27 141
Cash and cash equivalents at end of period	124 088	117 959	115 695

* Note: The Vendor outstanding balance on 31 March 2004 has been re-allocated from operating activities to investing activities in the cash flow for the year ended 31 March 2004.

COMMENTS

1. REVIEW OF RESULTS AND OPERATIONS

The interim financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as well as the requirements of the Companies Act in South Africa. Although compliance with IFRS only becomes a requirement of the JSE Securities Exchange South Africa (JSE) with effect from 1 January 2005, the board of Acucap resolved to implement earlier compliance in the interests of maintaining financial best practice. The effects of accounting policy changes resulting from IFRS compliance are not material.

KPMG Inc. has reviewed the interim financial information set out in this report. Their unqualified review report is available for inspection at the company's registered office.

With 69% of the company's income derived from retail property, Acucap has continued to benefit from the strong performance of its retail tenants and their demand for trading space. Under the influence of sustained low inflation and historically low interest rates, consumers have continued to spend freely, supported as they have been by the effects of house price increases on their personal balance sheets. With transfer of the newly completed 45,000m² Festival Mall in Kempton Park due to take place early in 2005, Acucap will secure valuable exposure to the East Rand retail market, balancing its Gauteng retail exposure with the strongly performing Key West shopping centre in the West Rand.

The office buildings in Acucap's portfolio have also performed well, with the average net rental increasing to R67/m² from R63/m² in the comparable period last year. The office vacancy rate of 1.55% is well below the industry average, and justifies the company's strategy of investing in selected office buildings where good quality, nodal location, easy access, high parking ratios and scarcity of supply have ensured sustainable growth in rental income. The industrial segment of the portfolio also comfortably met expectations, and the longer-term outlook for the fund's industrial properties remains positive under the influence of steadily improving manufacturing output and increased retail distribution activity.

Lower interest rates have contributed to reduced borrowing costs, and should the current climate of low inflation and stable interest rates persist, further interest savings should accrue as existing fixed rates mature and the weighted borrowing cost reduces. The weighted average interest cost for the six months under review was 11.6% and details of the company's interest rate profile are set out in section 4 below.

The result of operations over the last six months is that net income from the property portfolio increased by 5.4% over the same period last year, and the distribution per linked unit increased by 5.7% to 71.48 cents per linked unit (2003 : 67.60 cents per linked unit).

2. ACQUISITIONS AND DISPOSALS

Agreements were concluded for the acquisition of four properties during the period, with transfer to take place after 30 September 2004. All of the acquisitions were retail properties, and they were consistent with the company's retail strategy of acquiring centres that are dominant in their defined market. The properties acquired were the Rondebosch Shopping Centre in Cape Town, an undivided 17.7683% share in The Bridge Regional Shopping Centre in Port Elizabeth, Pick 'n Pay Newton Park in Port Elizabeth, and Pick 'n Pay Centre in Vredenburg on the Cape West Coast. The acquisition of Tellumat was announced previously and transfer took place during the period under review.

Seven properties were sold as they were no longer considered core to the fund's strategy. The assets disposed of were Homeworld Centre Randburg, Pretoria North Shoprite, 6th Avenue Shopping Centre in Port Elizabeth, Lindsay Saker Rosebank, Imperial Motors Strijdom Park, Montague Place Mossel Bay, and 35 Wale Street Parking Garage Cape Town. The proceeds on the disposal of these assets was R134m, and their carrying value was R133m. Based on an historical cost of R119.3m, there was a realised capital profit of R12.5m after providing for Capital Gains Tax. The sale proceeds will be applied to further acquisitions as and when suitable opportunities arise. Transfer of Montague Place, 35 Wale Street Parking and 6th Avenue had not taken place at 30 September 2004.

The acquisition and disposal activities leave the fund with a portfolio of 25 properties, in line with Acucap's objective of focusing on a smaller number of high value properties, where the executive team can effectively apply its management skills to greatest effect.

3. DISTRIBUTION

The Board has approved interim distribution number 7 of 71.48 cents per linked unit for the period from 1 April 2004 to 30 September 2004.

4. BORROWINGS

The company has fixed the interest rate on 70% (2003 : 75%) of its borrowings with unexpired terms varying between 3 months and 7 years as follows:

Amount (R million)	% of total borrowings	Rate (naom)	Expiry of fixed rates
60.0	11.0%	12.16%	3 January 2005
120.0	22.0%	12.79%	2 January 2007
100.0	18.3%	13.29%	15 May 2008
50.0	9.2%	14.38%	8 October 2009
50.0	9.2%	14.01%	31 March 2012
165.0	30.3%	Prime less 1.55%	
545.0	100.00%		

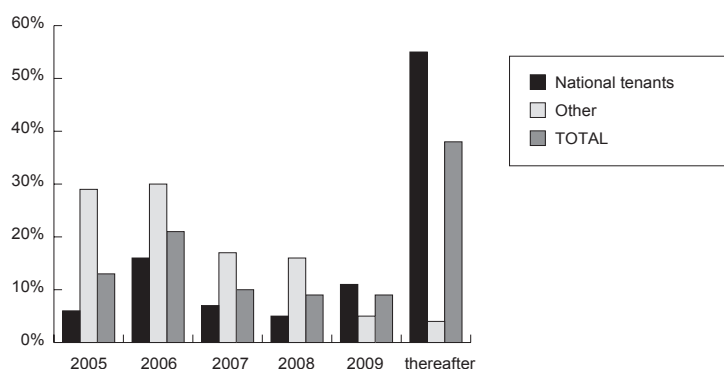
The company's weighted average total borrowing cost was 11.6% for the period, down from 13.0% at the end of the same period last year.

5. VACANCIES

Vacancies amount to 2.02% of the portfolio by gross rental income, and 1.82% by gross lettable area (GLA). The company has maintained vacancy levels well below industry norms since it listed in March 2002, and management will continue to build on its positive track record in this critical performance area.

6. LEASE EXPIRY PROFILE

The lease expiry profile is reflected below, and it includes the effects of the acquisitions and disposals referred to in section 2 of this results announcement:



An important feature of the lease expiry profile is that the aggregated expiries over the next 5 years are made up of a large number of individual retail tenants spread across Acucap's strongly performing retail portfolio, with no exposure to large single tenant expiries. The table below reflects the pattern of expiries and renewals over the last 12 months:

	Expiries and terminations (m ²)	Renewals (m ²)	New leases (m ²)	Increase in vacancy (m ²)
Retail	27,050	12,097	13,654	1,299
Offices	10,446	8,679	1,622	145
Industrial	14,513	4,930	9,583	-
TOTAL	52,009	25,706	24,859	1,444

7. LIQUIDITY

In the six months to 30 September 2004, trade in Acucap linked units has amounted to an annualized 57% of the weighted average number of units in issue. The performance of the Acucap unit price relative to the PLS index is shown below:



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

	September 2004	March 2004
Total number of unit holders	1041	996
Number of unit holders owning > 5% of units in issue	3	4
Number of institutions controlling 10% to 15% of units in issue	4	4
Number of institutions controlling > 15% of units in issue	1	1
Percentage of units controlled by largest institution	15.3%	21.7%
Percentage of units held by public unitholders	89.0%	69.0%

On 30 July 2004, the company successfully completed a private placement of 4,000,000 linked units at a price of R12.00 per linked unit ex-distribution.

8. ACQUISITION OF MANAGEMENT COMPANY

On 20 September 2004, Acucap announced the acquisition of its asset manager, Acucap Property Management (Pty) Ltd (the manco), for a total consideration of R15.15m. The rationale for the acquisition was set out in the relevant announcement. Acucap's core focus is to deliver sustainable growth in distributions per linked unit to its unit holders, and the company recognizes the potential conflict of interest inherent in the extensive agency activities that typically surround property principals. With the manco having fulfilled its primary purpose of procuring the listing of Acucap and overseeing the establishment of appropriate asset management structures, the board of Acucap considered appropriate to take the final step in achieving full transparency and alignment of interests by acquiring the manco.

9. SEGMENTAL RESULTS

		6 months ended 30 September 2004	6 months ended 30 September 2003
		R'000	R'000
Retail	Revenue	49 847	49 156
	Net operating expenses	(4 540)	(4 193)
	Operating profit	45 307	44 963
Offices	Revenue	16 624	15 763
	Net operating expenses	(1 273)	(1 168)
	Operating profit	15 351	14 595
Industrial	Revenue	5 432	3 285
	Net operating income	347	350
	Revaluation of investment properties	824	4670
	Operating profit	6 603	8 305

Reconciliation to operating profit in the income statement

Revenue	71 903	68 204
Allocated operating expenses	(5 466)	(5 011)
Unallocated operating expenses	(3 174)	(3 178)
Revaluation on acquisition of investment properties	824	4 670
Operating profit for the period	64 087	64 685

10. PROSPECTS

Acucap's strategy remains unchanged, namely to maintain a relatively overweight position in the retail sector, with centres that dominate their defined market, to remain relatively underweight in offices, but to invest selectively in office properties that will augment the fund's growth prospects, and to maintain an exposure to a small number of larger industrial parks in transport nodes.

The company has been active in both acquisitions and disposals during the period under review, and the portfolio will continue to be optimised for the purpose of delivering sustainable income growth. Accordingly, the board is positive about growth prospects for the second half of the financial year, and as has been the case since Acucap listed, it expects second half growth to outperform that of the first half.

11. PAYMENT OF DEBENTURE INTEREST

Notice is hereby given that interim distribution number 7 of 71.48 (seventy one comma four eight) cents per linked unit has been approved in respect of the six month period ended 30 September 2004. The last date to trade the linked units cum distribution is Friday, 3 December 2004 and the record date will be Friday, 10 December 2004. The linked units will start trading ex-distribution from Monday, 6 December 2004. Distributions will be made to unit holders on Monday, 13 December 2004.

Linked unit certificates may not be dematerialised or rematerialised between Monday, 6 December and Friday, 10 December 2004 both days inclusive.

On behalf of the Board

BS Kantor
BS KANTOR
28 October 2004

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