

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 2005

Distributions ↑ 10.6%

NAV per unit ↑ 17.4%

Property assets > R1.9b

Market capitalisation > R1.5b



ABRIDGED BALANCE SHEET FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2005

	30 SEPTEMBER 2005 R'000	31 MARCH 2005 R'000	30 SEPTEMBER 2004 R'000
ASSETS			
Property Assets	1 884 098	1 665 622	1 043 479
Investment properties	1 827 215	1 618 859	999 751
Long term receivable	54 024	43 690	39 389
Short term receivable	2 859	3 073	4 339
Other non current assets	66 098	51 805	70 127
Unit purchase trust loans	65 620	51 462	-
Listed Investments	-	-	54 723
Furniture, fixtures and equipment	478	343	248
Goodwill	-	-	15 156
Other current assets	63 937	96 020	36 917
Accounts receivable	34 584	21 992	27 764
Properties classified as held for sale	28 800	23 250	9 050
Listed Investments	-	29 055	-
Cash and cash equivalents	553	21 723	103
Total assets	2 014 133	1 813 447	1 150 523
EQUITY AND LIABILITIES			
Shareholders' interest	514 979	334 906	97 652
Share capital and share premium	71 940	66 617	10 820
Non-distributable reserve	471 683	297 458	99 371
Accumulated loss	(28 644)	(29 169)	(12 539)
Non current liabilities	1 417 759	1 336 703	998 718
Debentures	673 116	665 124	541 166
Loans	564 226	561 236	421 015
Deferred tax	180 417	110 343	36 537
Current liabilities	81 395	141 838	54 153
Accounts payable	16 349	15 309	13 268
Loans	10 000	72 000	-
Tax payable	1 796	3 083	2 163
Debenture interest payable	53 250	51 446	38 722
Total equity and liabilities	2 014 133	1 813 447	1 150 523

* Note: Cash and cash equivalents and Loans have been restated to exclude available loan facilities

ABRIDGED STATEMENT OF CHANGES IN EQUITY FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2005

	SHARES ISSUED Number	SHARE CAPITAL R'000	SHARE PREMIUM R'000	NON DISTRIBU- TABLE RESERVE R'000	ACCU- MULATED LOSS R'000	TOTAL R'000
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
Increase in fair value 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
Issues January 2005	3 665 369	4	10 260	-	-	10 264
Issues March 2005	8 742 802	9	45 524	-	-	45 533
Net profit for the period	-	-	-	-	179 287	179 287
Increase in fair value of listed investments	-	-	-	1 305	-	1 305
Change in fair value of cash flow hedge	-	-	-	865	-	865
Transfer to non-distributable reserve	-	-	-	195 917	(195 917)	-
Balance at 31 March 2005	66 578 953	67	66 550	297 458	(29 169)	334 906
Issue on 17 June 2005	800 000	-	5 323	-	-	5 323
Net profit for the period	-	-	-	-	177 245	177 245
Change in fair value of cash flow hedge	-	-	-	(2 495)	-	(2 495)
Transfer to non-distributable reserve	-	-	-	176 720	(176 720)	-
Balance at 30 September 2005	67 378 953	67	71 873	471 683	(28 644)	514 979

Registered Office

Suite A11 Westlake Square,
Westlake Drive, Westlake, Cape Town

Directors

Prof BS Kantor (Chairman), PA Theodosiou* (Managing Director),
FM Berkeley, D de Beer, RC Frolich, MJ Lindeque, JH Rens*,
B Stevens, NDC Whale, CB Hallowes (alternate to D de Beer)
*Executive

Transfer secretaries

Computershare Investor Services 2004
(Proprietary) Limited, 70 Marshall Street,
Johannesburg

Share Code: ACP
ISIN: ZAE 000037651

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ABRIDGED INCOME STATEMENT FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2005

	6 MONTHS ENDED 30 SEPTEMBER 2005 R'000	YEAR ENDED 31 MARCH 2005 R'000	6 MONTHS ENDED 30 SEPTEMBER 2004 R'000
Revenue	106 915	159 407 *	76 077 *
- Contractual	96 682	152 198	71 903
- Straight lining	10 233	7 209	4 174
Net operating expenses	(10 766)	(24 134)	(8 640)
Profit before fair value adjustments	96 149	135 273	67 437
Revaluation of investment properties	237 044	252 287 *	(3 350) *
Operating profit	333 193	387 560	64 087
Interest received	3 563	12 891	4 207
Interest paid			
- Debenture holders – interim	(53 250)	(38 722)	(38 722)
- Debenture holders – final	-	(51 445)	-
- Other	(34 392)	(55 860)	(28 636)
Profit before tax	249 114	254 424	936
Taxation	(71 869)	(72 107)	2 094
Net profit for the period	177 245	182 317	3 030
* Note: Revenue and revaluations have been restated to include the straight lining of rental adjustment			
Reconciliation of Headline profit to net profit			
Net profit for the period	177 245	182 317	3 030
Revaluation of investment properties	(237 044)	(252 287)	3 350
Profit on disposal of investment properties	(1 185)	(941)	(78)
Profit on disposal of listed investments	(654)	(9 415)	-
Impairment of intangible asset	-	15 210	-
Tax effects	68 902	71 629	(3 304)
Headline profit	7 264	6 513	2 998
Interest paid to debenture holders	53 250	90 167	38 722
Headline linked unit earnings	60 514	96 680	41 720
	Cents	Cents	Cents
Earnings per share	264.31	338.50	5.88
Headline earnings per linked unit	90.24	179.50	80.93
Interest Distribution per linked unit	79.03	148.75	71.48
- Interim	79.03	71.48	71.48
- Final	-	77.27	-

ABRIDGED CASH FLOW STATEMENT FOR THE 6 MONTHS ENDED 30 SEPTEMBER 2005

	6 MONTHS ENDED 30 SEPT 2005 R'000	YEAR ENDED 31 MARCH 2005 R'000	6 MONTHS ENDED 30 SEPT 2004 R'000
Cash flows from operating activities			
Cash generated by operations	71 757	149 097	57 908
Income tax paid	(3 083)	(439)	-
Interest received	3 563	12 891	4 207
Interest paid	(87 642)	(146 027)	(67 358)
Net cash (outflows) / inflows from operating activities	(15 405)	15 522	(5 243)
Cash inflows / (outflows) from investing activities	39 930	(437 888)	(77 508)
Cash (outflows) / inflows from financing activities	(45 695)	443 265	82 030
Net cash (outflows) / inflows for the period	(21 170)	20 899	(721)
Cash and cash equivalents at beginning of period	* 21 723	824	824
Cash and cash equivalents at end of period	* 553	21 723	103

* Note: Cash and cash equivalents have been restated to exclude available loan facilities

SEGMENTAL RESULTS

	6 MONTHS ENDED 30 SEPTEMBER 2005 R'000	6 MONTHS ENDED 30 SEPTEMBER 2004 R'000
Retail		
Revenue	77 438	53 423
Net operating expenses	(5 574)	(4 540)
Revaluation of investment properties	193 291	(3 576)
Operating profit	265 155	45 307
Offices		
Revenue	21 763	17 007
Net operating expenses	(1 318)	(1 273)
Revaluation of investment properties	35 548	(383)
Operating profit	55 993	15 351
Industrial		
Revenue	7 714	5 647
Net operating (expenses) / income	(3)	347
Revaluation of investment properties	8 205	609
Operating profit	15 916	6 603
Reconciliation to operating profit for the period in the income statement		
Revenue	106 915	76 077
Allocated operating expenses	(6 895)	(5 466)
Unallocated operating expenses	(3 871)	(3 174)
Revaluation of investment properties	237 044	(3 350)
Operating profit for the period	333 193	64 087

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, and on a basis consistent with the company's most recent annual financial statements. 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. Acucap has built its corporate and asset management strategies around the core objective of delivering sustainable growth in distributions per linked unit, and the results for the six months to the end of September 2005 have seen these distributions grow by 10.56% over the same period last year. Favourable economic conditions and strong property fundamentals across all sectors have provided much of the impetus for this growth, although Acucap's business model is considered sufficiently robust to withstand less favourable circumstances and still deliver real growth in distributions on a sustainable basis.

2. ACQUISITIONS AND DISPOSALS

No new assets were acquired in the six months under review. Subsequent to the end of the period, an agreement was concluded for the acquisition of the East Rand Value Mall, details of which were announced on SENS on 27 October 2005.

Work commenced on a substantial refurbishment of the recently acquired Rondebosch Shopping Centre, with completion of the first phase scheduled for the end of the year. The approved capital commitment for completion of the first phase of this project was R4.62 million as at 30 September 2005. Planning is also advanced on a refurbishment of the Warwick Centre in Claremont, due to commence in the second half of the financial year.

Two properties were disposed of during the period. The Pick 'n Pay Centre in Vredenburg, disclosed as Properties classified as held for sale, was sold to a Cape syndication fund, and the Pick 'n Pay Centre in Newton Park, transferred on 30th September 2005, was sold to Diversified Property Fund. Both of these assets were acquired as part of a package which centred around the purchase of an undivided share of The Bridge Shopping Centre in Port Elizabeth. Together with the Greenacres Shopping Centre, The Bridge forms an integral part of Port Elizabeth's primary regional retail node, where the combined GLA exceeds 80,000m², and it is Acucap's stated intention to increase its share in The Bridge, which is considered a core asset. The two properties that have been sold were not considered core.

The acquisition and disposal activities leave the fund with a portfolio of 23 properties, consistent with its strategy of focusing on a smaller number of high value assets.

3. DISTRIBUTION

The Board has approved interim distribution number 9 of 79.03 cents per linked unit for the period from 1 April 2005 to 30 September 2005.

4. BORROWINGS

The company has fixed the interest rate on 74.1% (2004: 70%) of its facilities with unexpired terms varying between 15 months and 6½ years as follows:

Amount (R million)	% of total facilities	Rate (nacm)	Expiry of fixed rates
120.0	17.6%	12.32%	January 2007
100.0	14.7%	12.71%	May 2008
50.0	7.3%	9.89%	April 2008
60.0	8.8%	9.61%	August 2009
50.0	7.3%	13.88%	October 2009
75.0	11.1%	9.86%	April 2010
50.0	7.3%	13.51%	March 2012
126.5	18.6%	Prime less 1.65%	
50.0	7.3%	1 month jibar + 1.75%	
681.5	100.0%		

The company's weighted average total borrowing cost was 11.3% for the period, down from 11.6% at the end of the same period last year. The loan agreement with Absa in an amount of R25m was cancelled in the period under review. The company uses the prime linked borrowings as an access facility to minimise interest. Unutilised loan facilities at 30 September 2005 amounted to R117m compared to R146m at 31 March 2005 and R124m at 30 September 2004.

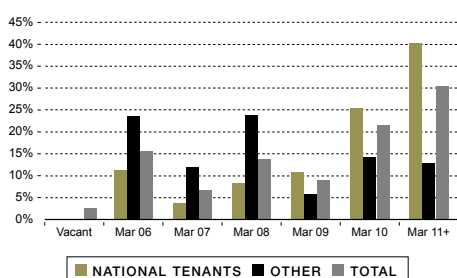
5. VACANCIES

Vacancies amount to 2.7% of the portfolio by gross rental income, and 2.0% by gross lettable area (GLA). This is the seventh consecutive reporting cycle in which Acucap has been able to present vacancy statistics below 3%, and the company expects to maintain its low vacancy pattern over the longer term.

6. LEASE EXPIRY PROFILE

The lease expiry profile is reflected below:

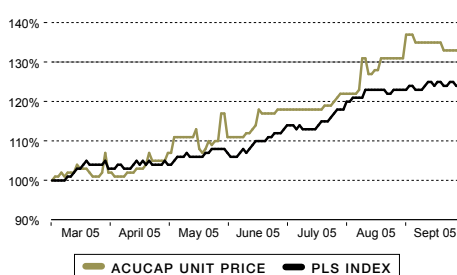
ACUCAP LEASE EXPIRY PROFILE BY GROSS RENTAL INCOME



7. LIQUIDITY

In the six months to 30 September 2005, trade in Acucap linked units has amounted to an annualized 31.3% of the weighted average number of units in issue. The performance of the Acucap unit price relative to the PLS index is shown below:

COMPARISON IN THE MOVEMENT OF THE ACUCAP UNIT PRICE AND THE PLS INDEX: 31 MARCH 2005 TO 30 SEPTEMBER 2005



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

	September 05	March 05
Total number of unit holders	1 104	1 113
Number of unit holders owning >5% of units in issue	4	3
Number of institutions controlling 10% to 15% of units in issue	1	4
Number of institutions controlling >15% of units in issue	2	1
Percentage of units controlled by largest institution	19.5%	18.08%
Percentage of units held by public unitholders	74.5%	75.9%

8. INDEPENDENT VALUATIONS

The listed property sector has gone through a period of positive re-rating in yields, and to a large extent this has been mirrored by a sharp decline in commercial property capitalisation rates. As a result, historical valuation figures have lagged the market substantially and led to an extreme widening of the premium to NAV in many listed funds. In order to provide a more realistic assessment of NAV, Acucap has commissioned independent valuations of its top five retail assets by value, the top five office assets by value, and all three of the fund's industrial properties, in aggregate comprising 82.7% of its portfolio by value as at the end of the last financial year.

Schedule of investment properties revalued	Carrying Value	Carrying Value
	30-09-2005	31-03-2005
	R'000	R'000
Retail	1 268 200	1 055 850
Festival Mall, Kempton Park	628 500	535 000
Keywest, Krugersdorp	425 000	340 000
The Village Square, Randfontein	114 000	96 000
Sunward Centre, Boksburg	61 000	48 350
N1 Motorcity, Goodwood	39 700	36 500
Offices	244 300	206 000
Atterbury Office Park, Menlyn, Pretoria	64 800	49 000
Nautica, Granger Bay, Cape Town	50 500	45 000
The Village, Faerie Glen, Pretoria	41 500	38 000
SA Weather Services, Pretoria	46 000	38 000
Colliers, Illovo	41 500	36 000
Industrial	124 500	115 500
Tellumat, Retreat, Cape Town	56 000	53 000
Epping Industrial Park, Cape Town	33 000	33 500
City Deep Mini Units, Johannesburg	35 500	29 000
	1 637 000	1 377 350

The interim revaluation resulted in a surplus of R237 million, and Acucap's NAV increased from R15.02 to R17.63 per linked unit.

The board of Acucap has also adopted a policy in terms of which a sample of the independent valuations received at the end of each reporting cycle are subject to a peer review by an independent third party valuer. For the period under review, 2 properties were subject to peer review, and the review valuations concurred with those of the fund's independent valuers.

9. BLACK ECONOMIC EMPOWERMENT

Acucap has committed itself to a program that will lead to full compliance with the relevant BEE codes and charter. Significant emphasis has been placed on identifying BEE partners with whom Acucap believes it can build sustainable long-term relationships, and who can make a meaningful contribution to the success of the business. Management has made good progress towards this objective, and further announcements will follow as Acucap advances its BEE initiatives.

10. STRAIGHT LINE RECOGNITION OF LEASE INCOME

The change in the manner of recognising lease income arises as a result of a change in interpretation of IAS 17 (AC 105) by South African entities in order to align the South African practice with that applied internationally. The effect of the revised interpretation is that operating lease receipts will be recognised on a straight-line basis over the lease term, and not as cash is received. There has been an offsetting effect to the change in fair value of investment property in the income statement and the required adjustment has been made as required by IAS 8 (AC 103) with the necessary restatement of comparative figures.

The effect on Acucap, which has a long lease expiry profile, is that income has now been recognised for accounting purposes even though it has not yet been received. Accounting income for the six months to September 2005 has increased by R10.2 million with a corresponding offset against revaluation adjustments. (2004: R4.2m)

This change in the application of statement AC 105 (IAS 17) has no effect on Acucap's cash flow or on the distributions payable by Acucap to its linked unitholders in terms of the Debenture Trust Deed.

11. ACUCAP UNIT PURCHASE TRUST

On 3 June 2005, the remuneration committee approved the issue of 800,000 linked units to Gavin Jones, a member of the executive team. The units were issued at the 30 day volume weighted average price of R17.45, and were listed by the JSE Securities Exchange on 17 June 2005. This brought the total number of linked units issued to the Acucap Unit Purchase Trust at 30 September 2005 to 3.8 million.

12. PROSPECTS

The household sector, which accounts for over 60% of GDP, has underpinned the strong performance of the South African economy, and as long as interest rates remain stable, this pattern looks set to continue. Trading updates from the major retailers confirm the healthy state of the retail sector, and the recently announced GDP growth of 5% in the second quarter of 2005 is an encouraging sign as the government's economic growth task team works on strategies to target a 6% growth rate by 2010.

Property fundamentals remain sound across all sectors of the commercial market, and the board expects distributions per linked unit for the full year to be around 10% higher than they were in the year to 31 March 2005. This forecast has not been reviewed or reported on by Acucap's auditors.

13. PAYMENT OF DEBENTURE INTEREST

Notice is hereby given that interim distribution number 9 of 79.03 (seventy nine comma nought three) cents per linked unit has been approved in respect of the six month period ended 30 September 2005. The last date to trade the linked units cum distribution is Friday, 2 December 2005 and the record date will be Friday, 9 December 2005. The linked units will start trading ex-distribution from Monday, 5 December 2005. Distributions will be made to unit holders on Monday, 12 December 2005. Linked unit certificates may not be dematerialised or rematerialised between Monday, 5 December and Friday, 9 December 2005 both days inclusive.

On behalf of the Board

BS Kantor

PA Theodosiou

BS KANTOR (Chairman)
28 October 2005

PA THEODOSIOU (Managing Director)