



ACUCAP

2011
ANNUAL
RESULTS

ACUCAP
PROPERTIES
LIMITED

[01] PURPOSE AND STRATEGY



[01] PURPOSE

To provide investors with a low risk, high quality South African property play that will deliver consistent real growth in distributions and capital appreciation over the long-term



[01] STRATEGY

- To invest in a relatively small number of selected, good quality properties across the three major sectors, with an overweight retail exposure
- To build and develop a skilled team of asset managers, able to optimise the long-term performance of each property
- To seek good acquisition and development opportunities
- To dispose of assets with uncertain growth prospects or which have lost relevance due to size
- To employ appropriate capital structures and to actively manage the associated costs and risks
- To manage operational and corporate costs efficiently



[02] FINANCIAL PERFORMANCE



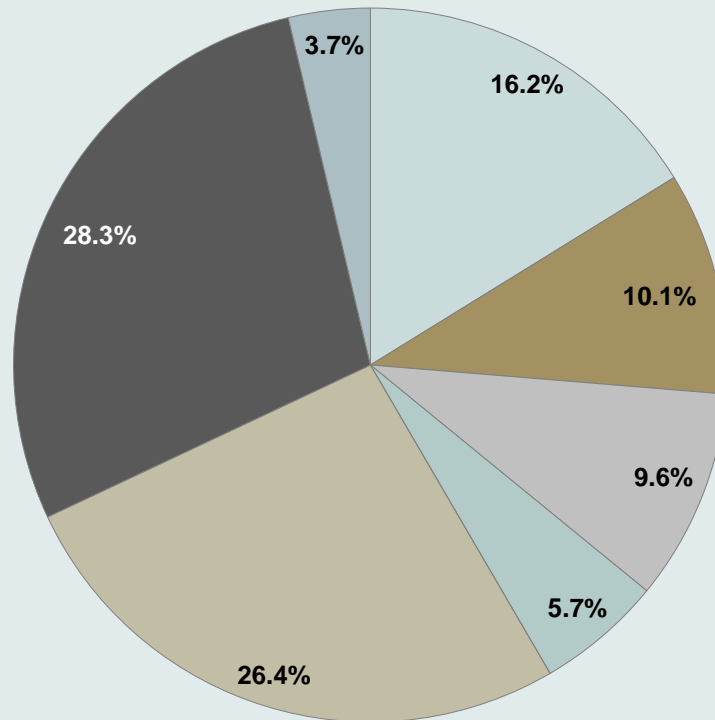
[02] SIMPLIFIED BALANCE SHEET

	At 31 March 2011	At 31 March 2010
ASSETS		
Property assets	6 717 378	5 729 899
Listed property investments	868 186	817 276
Non-current assets	700 672	526 449
Current assets	285 288	298 003
TOTAL ASSETS	8 571 524	7 371 627
EQUITY AND LIABILITIES		
Shareholder's interest	5 242 769	4 437 635
Non-current liabilities	2 691 258	2 397 476
Deferred tax	272 770	197 323
Current liabilities	364 727	339 193
TOTAL EQUITY AND LIABILITIES	8 571 524	7 371 627

[02] SIMPLIFIED INCOME STATEMENT

	Year ended 31 March 2011	Year ended 31 March 2010
Revenue	608 738	506 070
Net operating expenses	(73 951)	(58 992)
Profit before interest and tax	534 787	447 078
Income from SPFM	28 587	24 321
Income from Sycom	61 046	59 811
Development profits	8 937	31 748
Interest received	18 636	14 604
Interest from unit purchase trust	21 884	19 664
Interest on units issued <i>cum</i> distribution	11 308	16 594
Debenture interest paid - interim	(228 224)	(203 570)
Bank interest paid	(218 571)	(203 735)
Distributable profit for the period	238 390	206 515
Closing units in issue	171 647 528	158 173 748
Interim distribution - cents per unit	138.88	130.56

[02] CONTRIBUTION TO NET PROPERTY REVENUE



- Festival Mall
- Key West
- Bayside Centre
- Gardens Centre
- Other retail
- Offices
- Industrial

[02] A VIEW ON INTEREST RATES

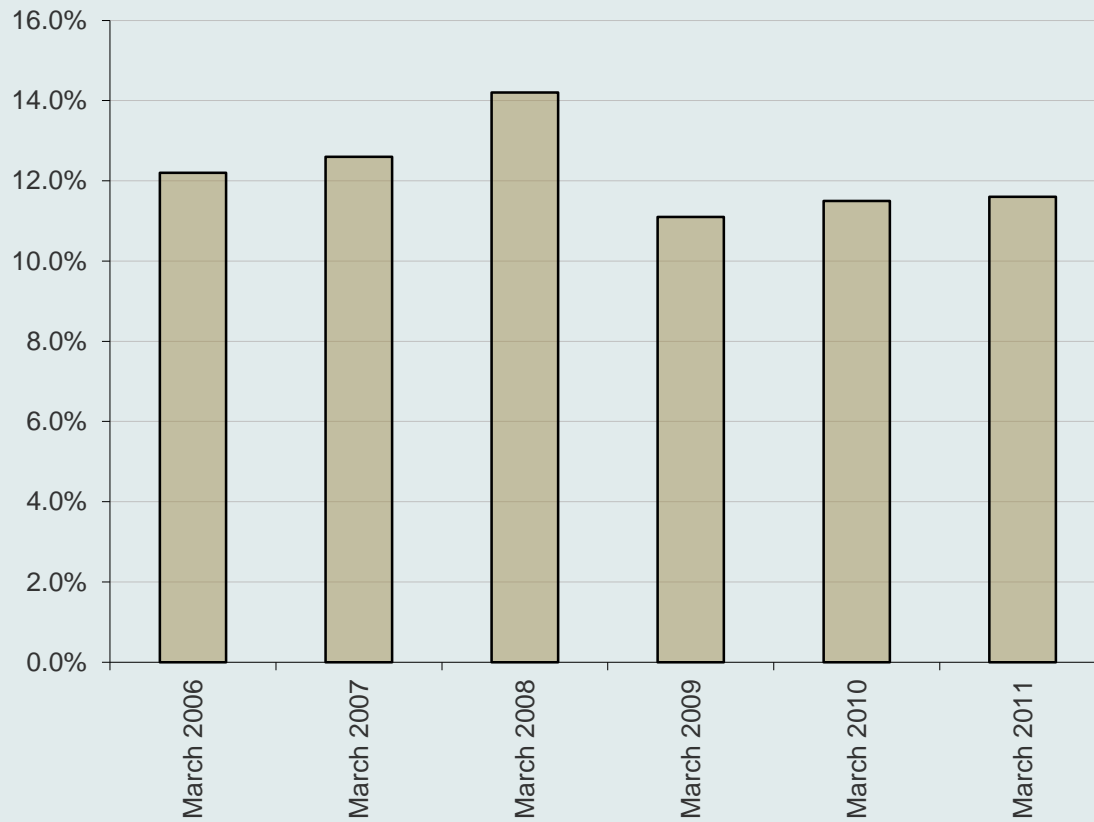
There is no case for higher interest rates in SA. Indeed there is a much better case for lower rather than higher interest rates to add momentum to money supply and credit growth, which are too slow rather than too rapid for the good of the economy.

[02] DEBT PROFILE

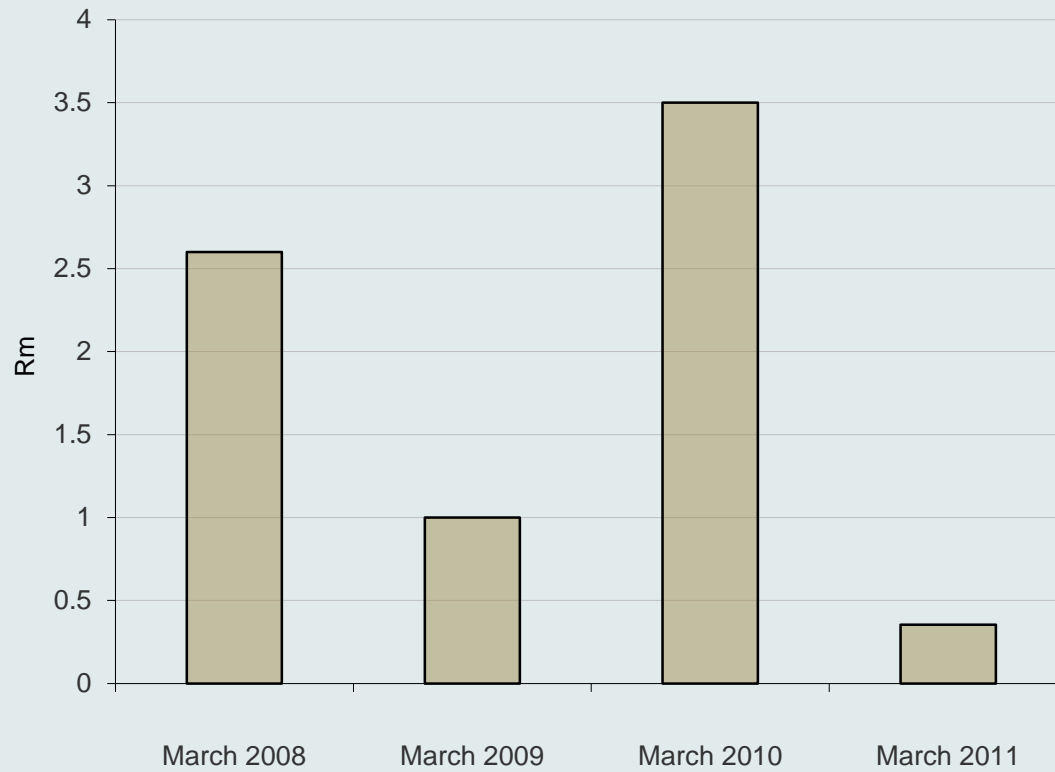
Percentage hedged	59%
Weighted average borrowing cost	10%
Weighted average maturity	6.6 years
Gearing ratio (LTV)	34%
Interest cover	2.2x
Loan covenant LTV - minimum	55%
Loan covenant interest cover	1.5x



[02] NET COST TO INCOME RATIO



[02] BAD DEBTS AND IMPAIRMENT OF RECEIVABLES



[02] DEVELOPMENT PROFITS



	2011	2010	2009
DEVELOPMENT PROFITS			
Helderberg Village	8 937	19 157	41 823
Other	-	12 591	-
	8 937	31 748	41 823
No. of Helderberg units sold	4	11	17
Average profit per unit	2 234	1 742	2 460
No. of unsold units remaining	2	6	17

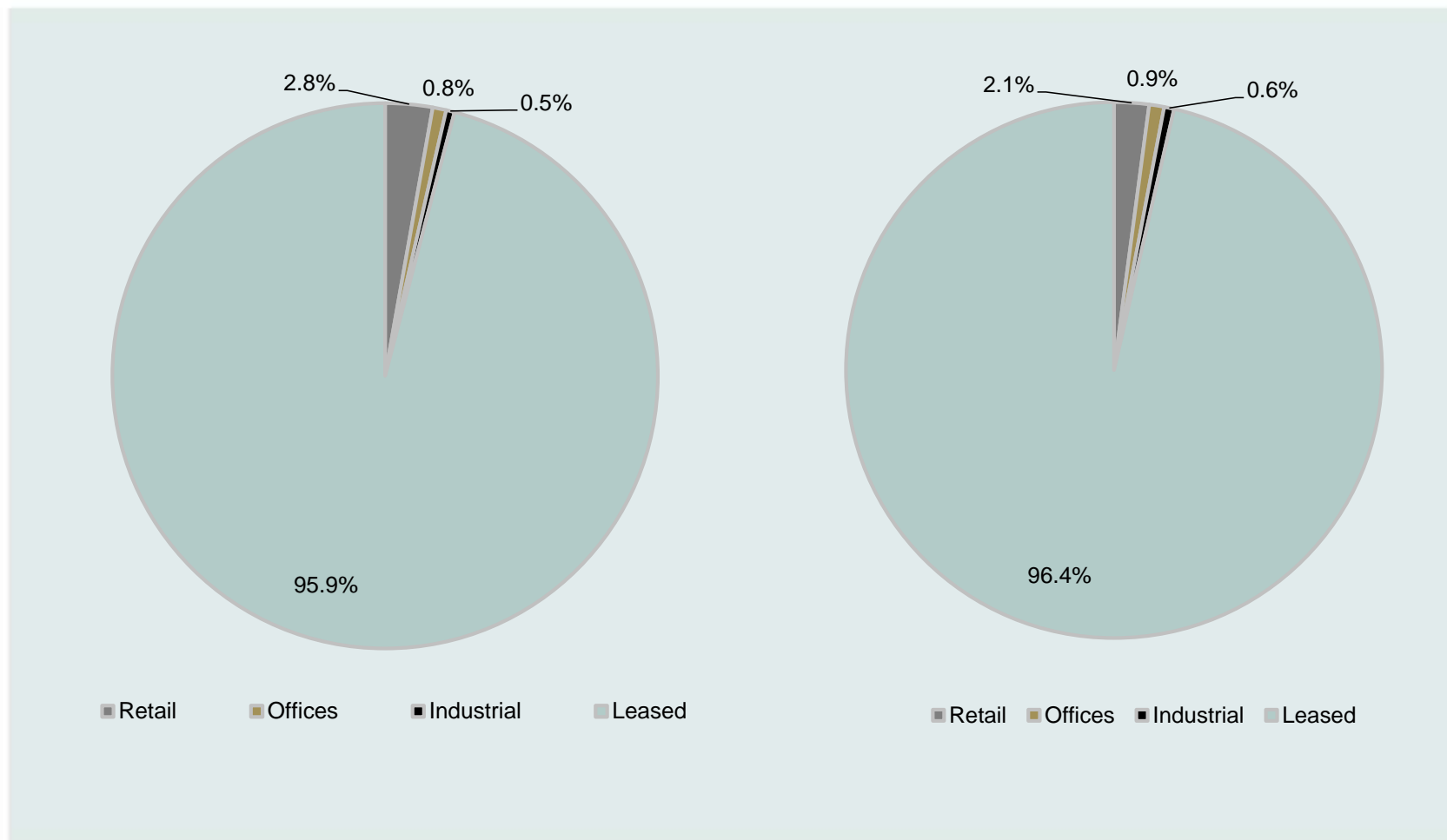
[03] PORTFOLIO DETAILS



[03] TOP TEN PROPERTIES BY VALUE

	Value (R'000)	Cap. rate	Ave. net rental (R/m ²)	Occupancy
Festival Mall Kempton Park - retail	1 127 000	7.50%	102.85	99.6%
Bayside Centre Tableview - retail	845 000	8.50%	112.38	94.3%
Keywest Krugersdorp - retail	725 600	8.25%	97.14	94.7%
Gardens Centre Cape Town - retail	400 000	8.25%	182.33	95.9%
Tygerberg Office Park - office	302 856	8.60%	122.73	96.8%
Howard Centre Pinelands - retail	220 000	9.25%	109.21	91.0%
Village Square Randfontein - retail	218 000	8.75%	91.87	98.8%
Westville Mall Durban - retail	200 000	8.75%	102.90	97.6%
Golf Park Mowbray - office	198 750	10.15%	102.83	92.2%
East Rand Value Mall Boksburg - retail	176 500	8.75%	101.27	100.0%
TOTAL	4 413 706			
Percentage of total portfolio	68.40%			

[03] VACANCY PROFILE : BY RENTAL AND GLA



[03] HISTORICAL LEASE EXPIRIES

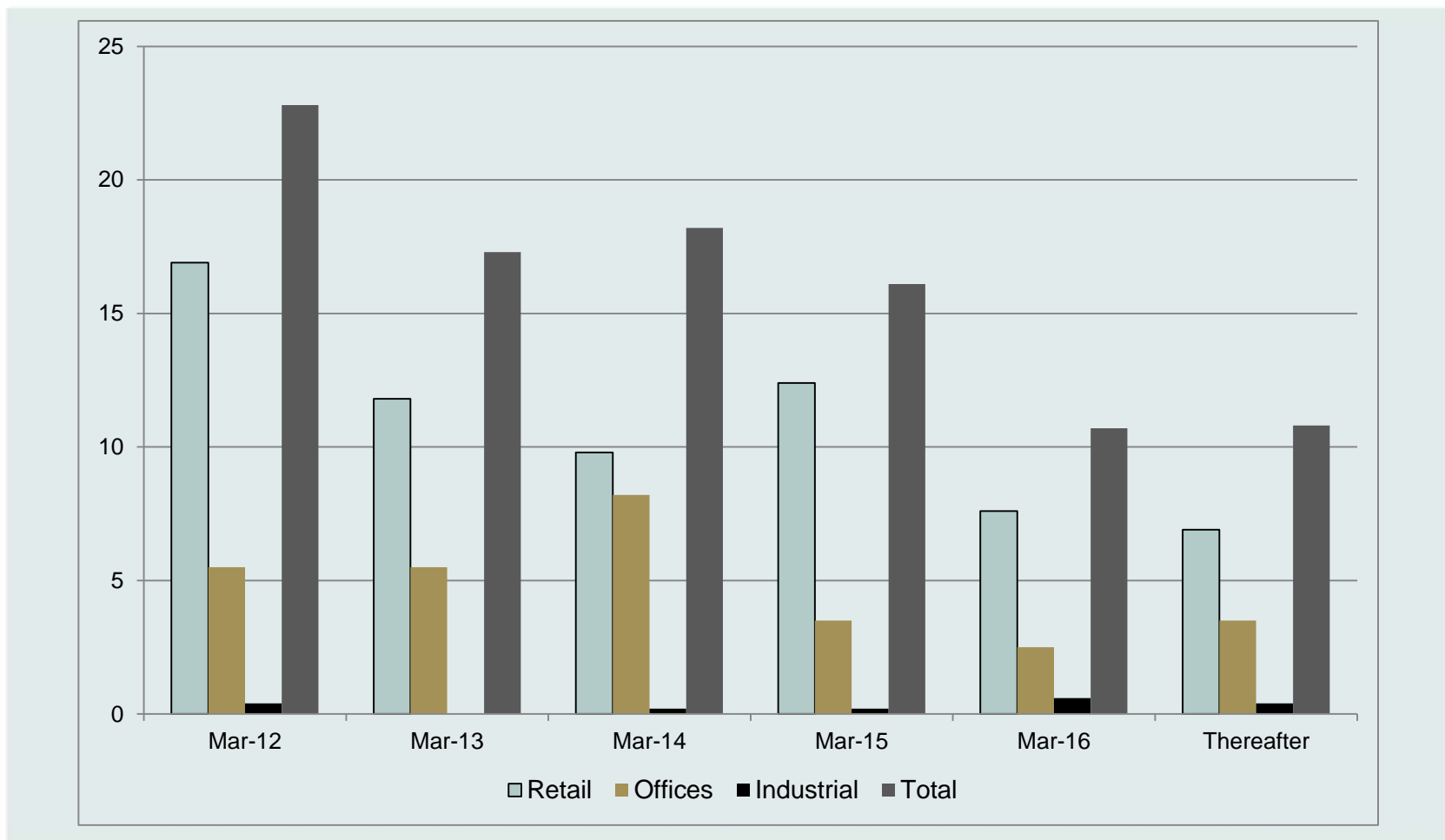
	Expiries and terminations	Average rent on expiry (R)	Average escalation on expiry	New leases and renewals	Average rent for new leases and renewals (R)	Average escalation for new leases and renewals
Regional retail	39 823	112.09	8.4%	39 884	114.50	8.1%
Other retail	17 097	95.82	8.1%	21 297	121.40	8.2%
Offices	10 112	115.56	8.4%	10 843	107.01	8.6%
Industrial	1 608	54.27	9.2%	1 774	59.04	9.2%

[03] FORWARD LEASE EXPIRIES

	Area terminating to 31 March 2012 (m ²)	Net rental / m ² on expiry	Expected net rental / m ² on renewal
Retail	68 461	118.94	107.28
Offices	20 775	127.20	110.28
Industrial	2 357	84.48	88.90



[03] LEASE EXPIRY PROFILE



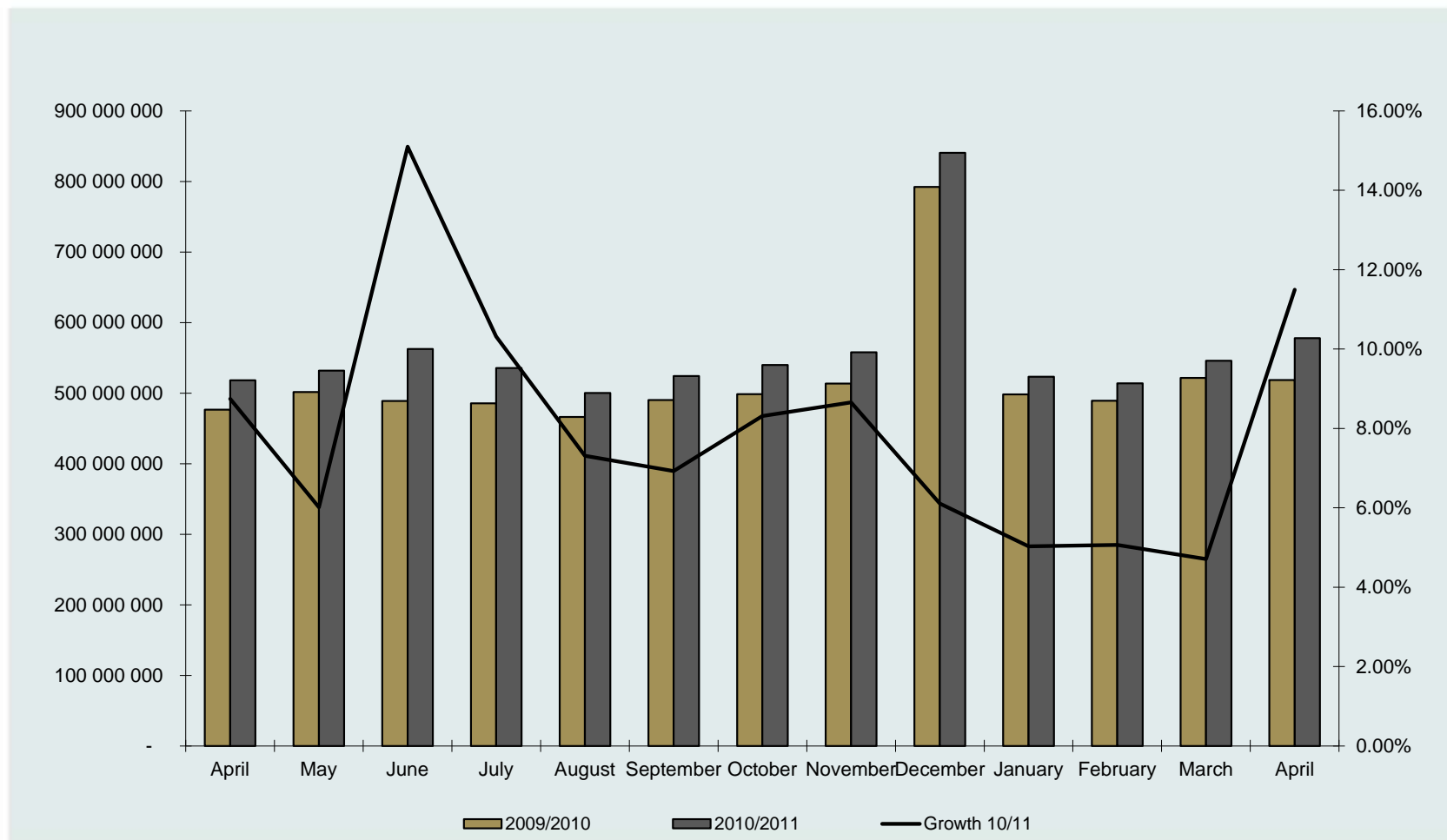
[03] PRINCIPAL LEASES EXPIRING 2012

Property	Retail GLA (m ²)	Office GLA (m ²)	Principal leases expiring
Village Randfontein	2 784		
Key West	9 858		Virgin Active (4,000m ²)
Festival Mall	17 967		Checkers Hyper (13,844m ²)
East Rand Value Mall	4 806		Sportsmans Warehouse, Incredible
Gardens Centre	3 904		Woolworths (734m ²)
Bayside Centre	15 351		Edgars, Ster Kinekor, Woolworths
The Bridge	6 459		Shoprite
Kagiso House		3 808	Kagiso
4 Fricker Road		3 169	Santam
Tyger Hill Office Park		4 383	Attfund underpin Phase 6
TOTAL	61 129	11 360	

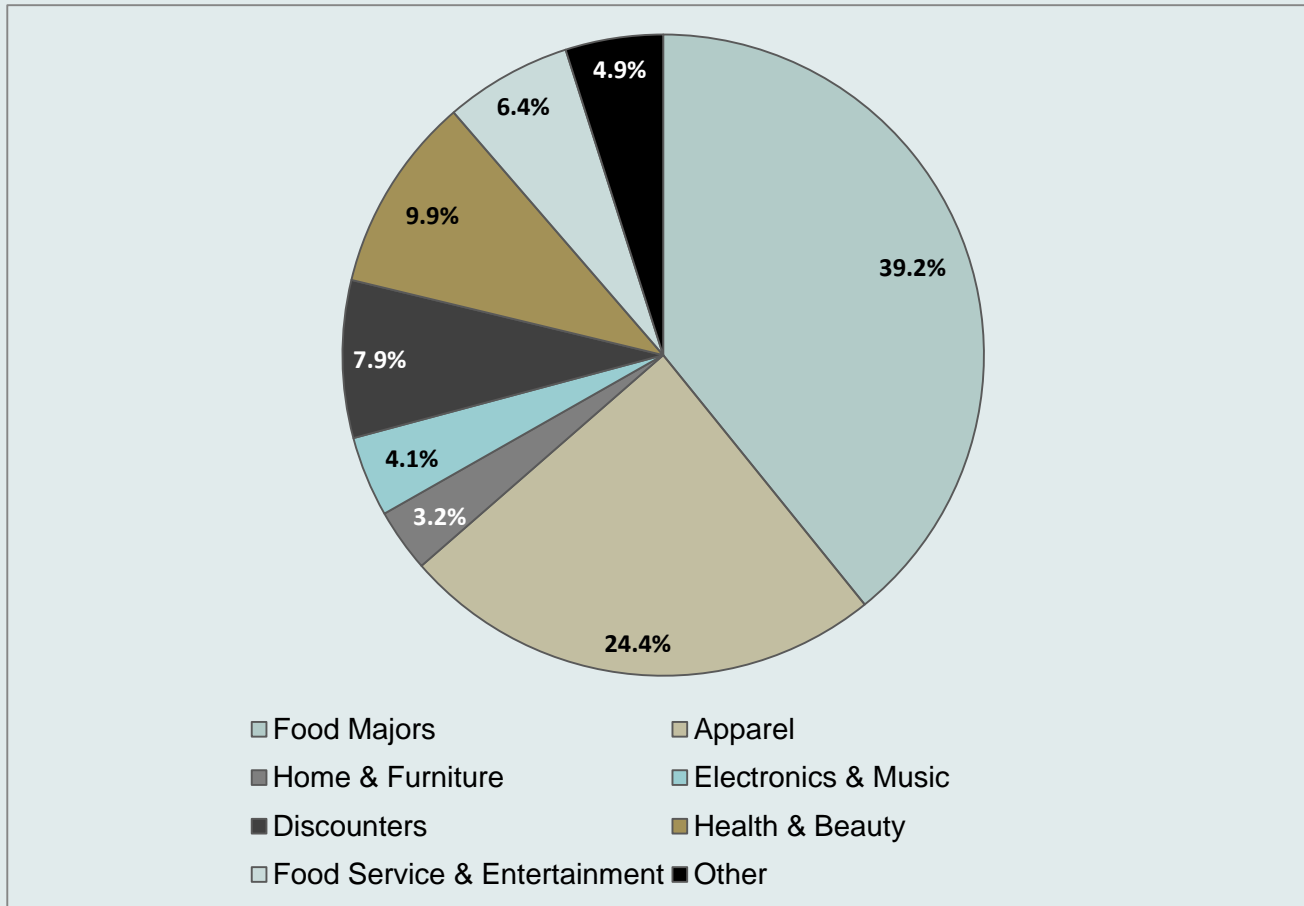
[04] RETAIL PORTFOLIO PERFORMANCE



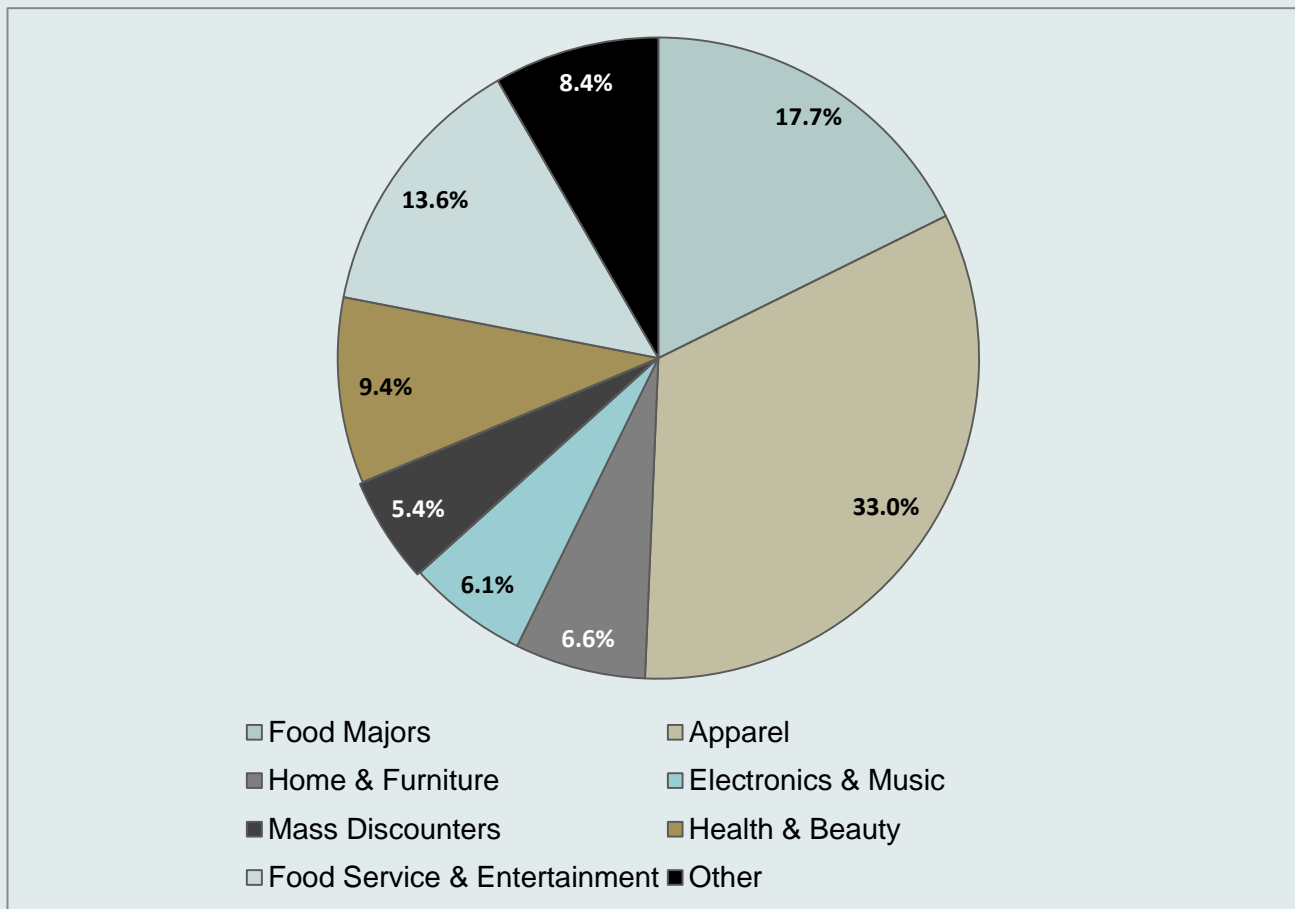
[04] RETAIL REVENUE GROWTH : 2010 / 2011



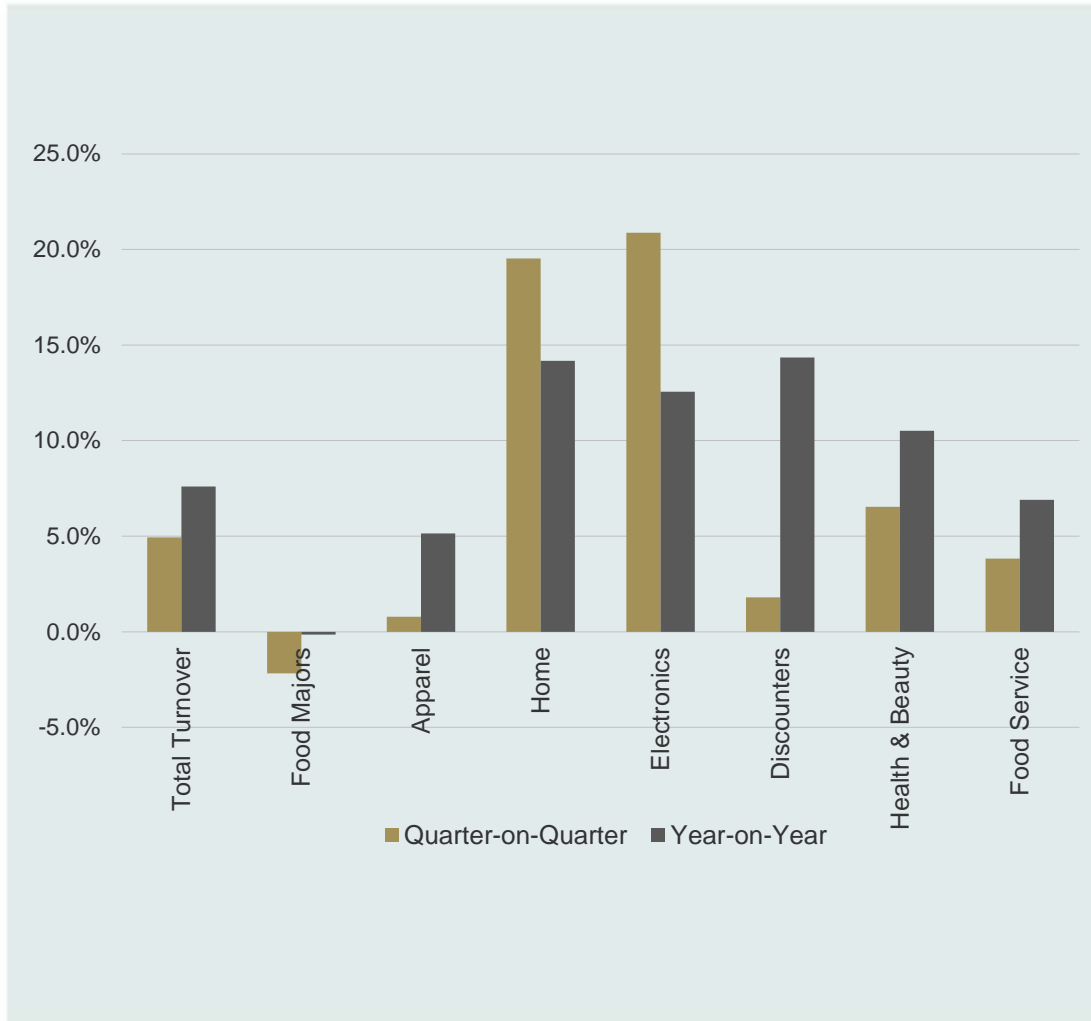
[04] SEGMENTAL CONTRIBUTION TO TENANT TURNOVER



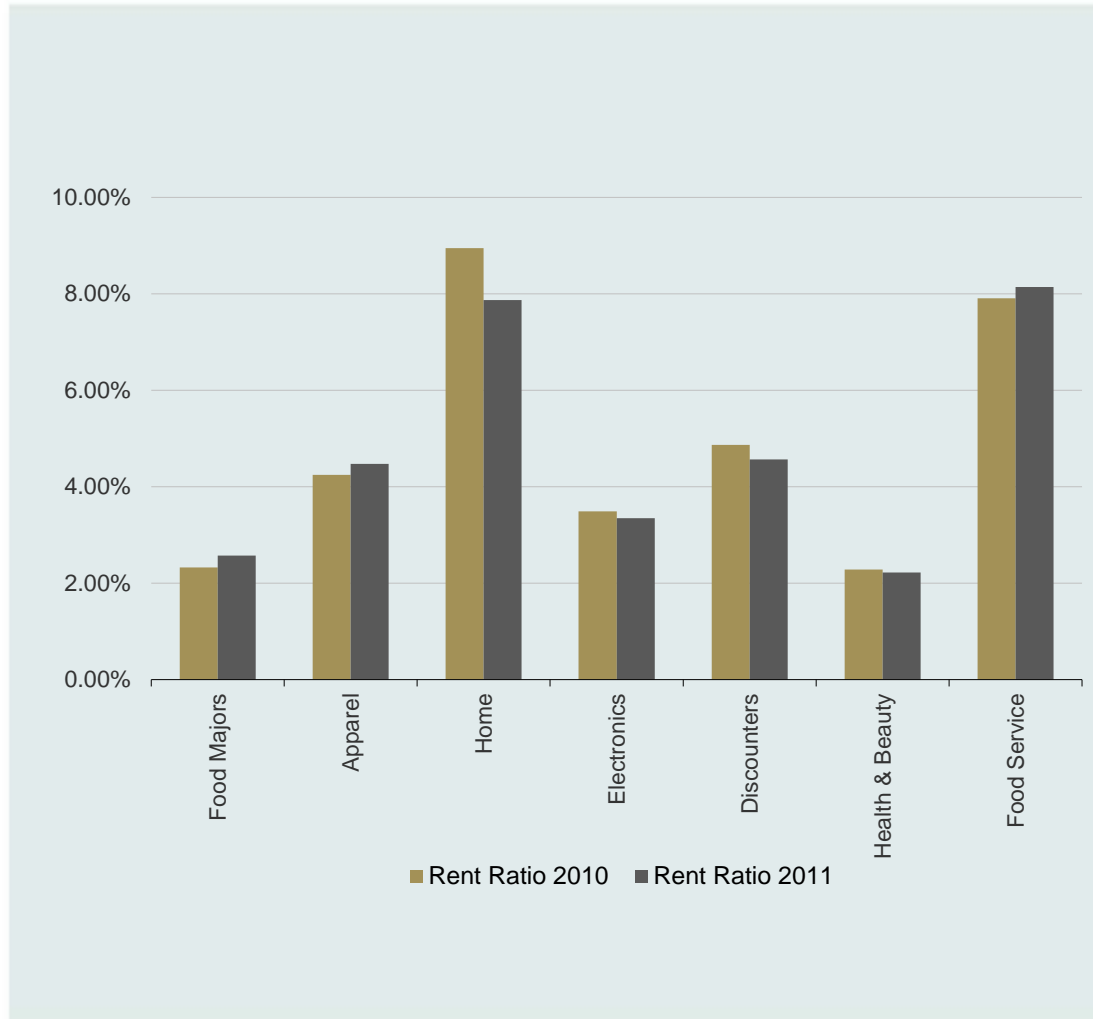
[04] SEGMENTAL CONTRIBUTION TO RENTAL REVENUE



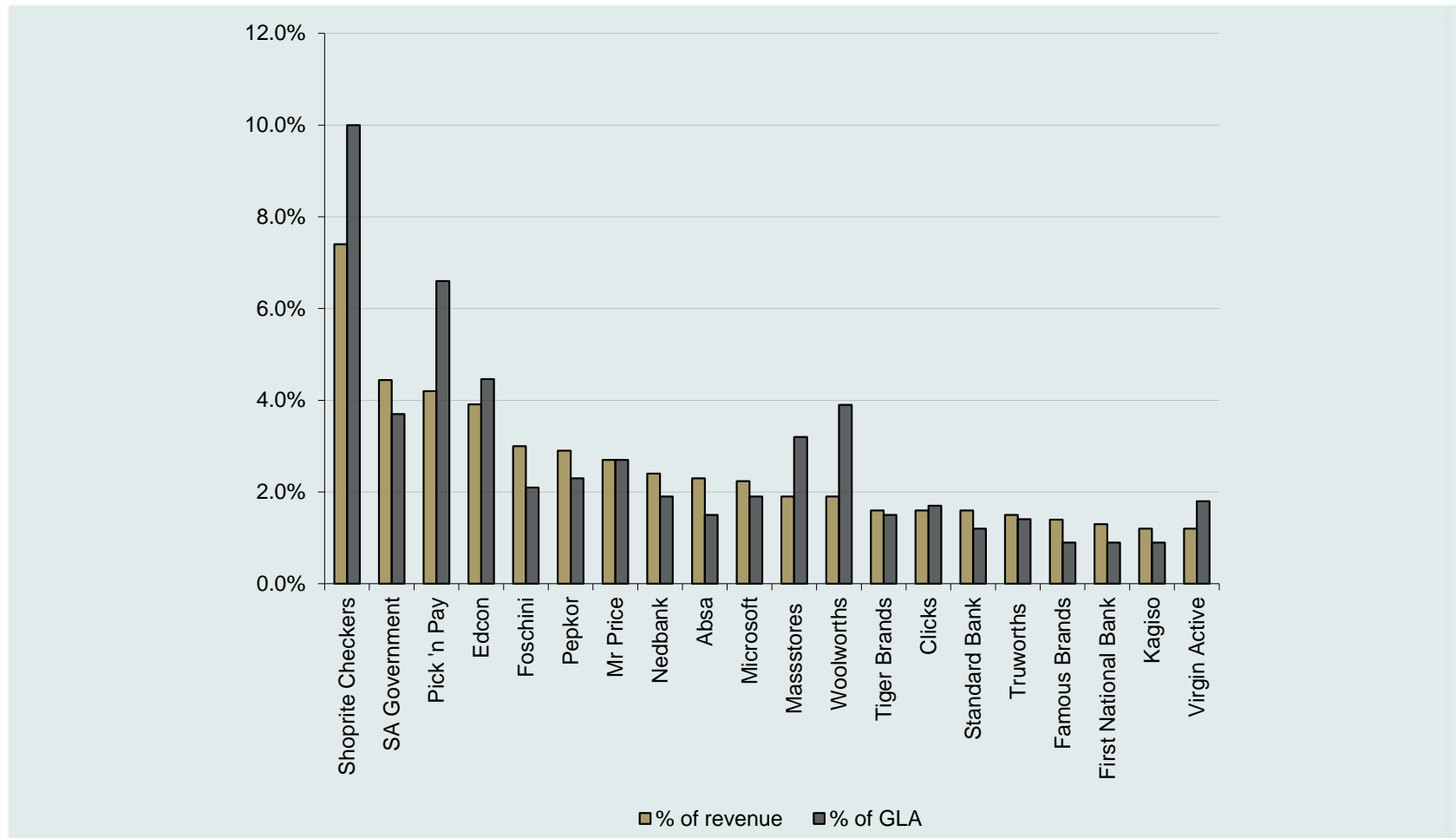
[04] SEGMENTAL TURNOVER GROWTH : 2010 / 2011



[04] SEGMENTAL RENT TO TURNOVER RATIOS : 2010 / 2011



[04] MAJOR TENANTS BY REVENUE AND GLA



[05] PROSPECTS



[05] PROSPECTS : THE SA ECONOMY

- The SA economy is firmly on the recovery path, although the turnaround has been gradual, with weak credit extension the main concern
- Inflationary pressures are coming from the supply-side, and second round effects may be weaker than initially expected
- With the recovery still fragile and no serious inflation threat, short-term interest rates should remain low for at least the next 6 to 9 months



[05] PROSPECTS : RETAIL

- Retail sales have shown real growth over the last year, with only the supermarket segment dampening overall performance
- Apparel showed steady growth, but the home wear, discount and electronics segments all outperformed, as did health & beauty
- On a month-to-month view, growth has been erratic, suggesting that consumers remain cautious
- With low interest rates and a strong Rand, retail sales are expected to continue their upward trend in real terms
- Acucap's strong regional and community assets are well-positioned to capture their share of the growth



[05] PROSPECTS : OFFICES

- This sector remains under pressure
- Vacancy rates are stubbornly high, although tenant retention for 'A' Grade space is improving strongly
- Corporate SA seems cautious about investing in growth, preferring to strengthen balance sheets
- Space enquiries are steady and there are some large users in the market
- Acucap has 21% of leases expiring in the 2012 year -nearly half have already indicated an intent to renew, and no material vacancy creep is expected
- The good lease profile and high quality buildings will see Acucap through the worst effects of the current cycle



[05] CONCLUSIONS

- Contractual escalations on 80% of the portfolio will underpin growth, and rentals remain close to market
- Some negative reversionary pressure in 2012, off-set by the fact that development profits are almost out of the distribution base
- Contribution from Sycom should improve in 2012
- Costs well contained and scale economies evident from the joint management of Acucap and Sycom portfolios
- Acucap remains well-placed to continue delivering real distribution growth over the long-term, and capital accretion at both fund and shareholder level



