Acucap's storage portfolio matures

■ Self-storage portfolio close to being big enough for a separate listing ■ Revenue grew 2%

Roy Cokayne

ACUCAP, the predominantly retail-focused listed property fund, believes the size of its self-storage portfolio will soon be close to that considered appropriate for a separate listing.

Paul Theodosiou, Acucap's managing director, said yesterday that there had been pleasing progress in the developments of the self-storage joint venture and there were 12 trading stores, a further nine under construction and nine more operating sites that had been acquired from operators and were awaiting transfer.

"These stores will be rebranded as Stor-Age facilities. Together, the overall portfolio of 30 stores comprising a gross lettable area of 230 000m², will be valued at around R1.5 billion on completion," he said. "This is close to a size considered appropriate for a separate listing."

Acucap previously indicated that it planned to eventually spin off the joint venture it established to develop a specialised portfolio of self-storage properties across South Africa and list it separately. The joint venture was established with Cape-based property firm Faircape and SA Self Storage Investments (Sassi), a self-storage investment and development company.

Acucap yesterday reported a 5 percent growth in distributions a unit to 307.22c for the year to March from 292.32c in the previous year. This followed it declaring a 6 percent growth in distributions a unit to 156.22c for the six months to March from 147.32c in the previous corresponding period.

The company said that over the 11 years since its listing, its distributions had grown at a compound average annual rate of 8.4 percent compared with inflation at an average rate of 5.4 percent a year over the same period.

It said the total returns on an investment made in Acucap units with dividends reinvested had averaged 28.1 percent a year compounded over the 11 years.

Revenue grew by almost 2 percent to R650.79 million from R640.08m. Net operating expenses declined by 17 percent to R39.6m from R47.8m. Bad debts written off increased by 24 percent to R3.6m from R2.9m in the previous year.

But Theodosiou stressed that this negative shift in bad debts was attributable to an individual tenant failure and was not an indication of a general deterioration in the credit environment.

Theodosiou said Acucap's retail portfolio had yielded positive results in the year under review despite concerns over rising household debt to income levels.

He said trading conditions in Acucap's retail products had been sustained by the expanding urban middle income market, grant money expenditure and increased urbanisation levels in South African metropolitan centres.

He said vacancy rates throughout the portfolio were low at 1.6 percent by gross lettable area and 1.8 percent by income and shopping centres had experienced stable and consistent shopper volumes.

Theodosiou said reported tenant sales by the retail portfolio grew year on year by 4 percent to R7.3 billion, adding that national supermarkets and apparel retail chains occupied 50 percent of the lettable area of the portfolio, but contributed 70 percent of retail sales.

Vacancies in Acucap's office portfolio remained low, declining in the year to 2 percent from 3.3 percent. Theodosiou said the low vacancy rate was a good indication of the quality of the fund's office assets.

The value of Acucap's portfolio increased by 7.7 percent to R7.9bn from R7.3bn.