



ANNUAL REPORT
2007



Profile

Octodec Investments Limited ("Octodec") is a property loan stock company listed on the JSE Limited ("JSE") under "Financials – Real Estate" with a market capitalisation of R 1,6 billion.

Octodec provides the investor with the opportunity to participate directly in the income and capital growth of a professionally managed portfolio of quality retail, industrial, commercial, office and residential properties.

The property portfolio is situated in Gauteng and is valued in excess of R 1,9 billion. Retail properties comprise 58% of the value. The portfolio consists of 110 properties with a lettable area of 429,561 m² on a total of 699,775m² of land.



ANNUAL REPORT 2007

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THE YEAR IN REVIEW

Highlights

for the year ended 31 August 2007

19.7%

increase in distributions to unitholders
from 88,7 cents to 106,2 cents

30.8%

increase in net asset value per linked
unit from 1125 cents to 1471 cents

59.4%

total return to unitholders in 2007 financial year
(50.5% capital growth and 8.9% distribution on
price of linked unit at 31 August 2006)

55.1%

of rental income received
from quality retail properties

24.3%

Level of gearing down from 33.8%,
allowing for further growth

Highlights for the year ended 31 August 2007 continued

JSE trading statistics

	2007	2006	2005	2004	2003	2002
Unit price – high (cents)	1 880	1 290	850	540	370	285
Unit price – low (cents)	1 085	800	480	350	246	220
Unit price – at year end (cents)	1 805	1 199	850	490	365	240
Volume of units traded during the year	10 598 154	17 556 771	15 651 527	13 209 983	11 903 484	7 718 371
Units traded to average units in issue (%)	13.4	22.4	20.0	18.1	17.5	11.4
Total returns						
Opening unit price (cents)	1 199	850	490	365	240	270
Income return (cents)	106,2	88,7	67,7	60,0	47,5	43,9
Capital return (cents)	606	350	360	125	125	(30)
Total return (cents)	712,2	438,7	427,7	185,0	172,5	13,9
Return: opening unit price (%)	59.4	51.6	87.3	50.7	71.9	5.1

Distributable earnings

the following additional information is provided and is aimed at disclosing to the users the basis on which the distribution is calculated:

	2007	2006	2005	2004	2003	2002
	R'000	R'000	R'000 Restated	R'000	R'000	R'000
Revenue – earned on contractual basis*	226 333	179 866	142 154	112 399	105 957	90 288
Net rental income from properties – earned on contractual basis*	135 666	107 758	81 701	74 970	71 737	63 232
Investment income	14 318	9 975	6 945	10 585	6 436	3 981
Interest received from prepaid distribution	2 738	–	–	–	–	–
Income before finance costs	152 722	117 733	88 646	85 555	78 173	67 213
Finance costs	(64 499)	(46 926)	(34 303)	(40 114)	(43 168)	(37 021)
Income before taxation	88 223	70 807	54 343	45 441	35 005	30 192
Taxation	(1 454)	(1 235)	(1 261)	(979)	(412)	(278)
Unitholders distributable earnings	86 769	69 572	53 082	44 462	34 593	29 914
Trading profit	2 198	–	–	–	–	–
Distributable earnings	88 967	69 572	53 082	44 462	34 593	29 914
Distributable earnings per linked unit (cents) – weighted	112,60	88,80	67,80	60,80	50,90	44,10
Distribution per linked unit (cents)						
Interest	105,67	88,26	67,40	59,70	47,30	43,80
Dividends	0,53	0,44	0,30	0,30	0,20	0,10
	106,20	88,70	67,70	60,00	47,50	43,90

* Excludes the straight-lining of lease adjustment

SALIENT FEATURES

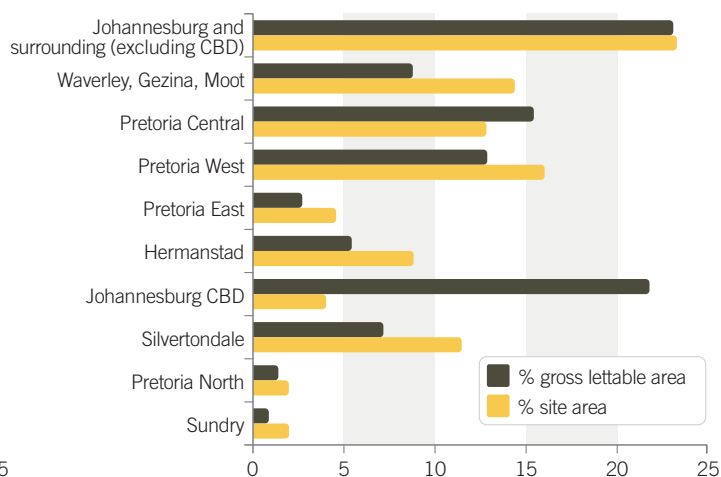
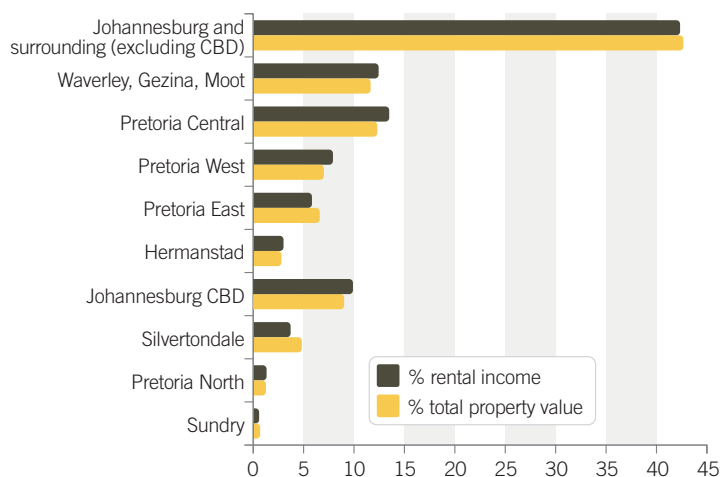
The salient features of the Group for the year ended 31 August 2007 are as follows:

	2007	2006	2005	2004	2003	2002
	R'000	R'000	R'000 Restated	R'000	R'000	R'000
Investment properties	1 899 758	1 531 806	1 159 991	749 156	658 342	602 820
Linked unitholders' funds	1 312 605	881 325	647 096	407 821	310 694	258 204
Long-term borrowings	495 543	557 253	420 726	297 811	336 714	336 697
Rental income (rental, management fee and recoveries) – earned on contractual basis*	226 333	179 866	142 154	129 026	119 763	101 269
Net property income – earned on contractual basis*	135 666	107 758	81 701	74 970	71 737	63 232
Interest received	13 044	8 410	5 277	8 054	4 197	3 973
Interest paid						
Secured and other loans	64 499	46 926	34 303	40 114	43 168	37 021
Linked unitholders	85 737	69 147	52 789	43 764	32 095	29 732
Capital surplus/(loss) on disposal of fixed properties	2 771	377	(15)	(1)	1 124	275
Dividends	392	306	227	177	143	75
Net operating income to property investments (%)	7.1	7.0	7.0	10.0	10.9	10.5
Net operating income to rental income (%)	59.9	59.9	65.4	66.7	67.7	70.0
Return on linked unitholders' funds (%)	6.6	7.8	8.2	10.7	10.3	11.5
Linked units in issue ("000")	89 297	78 345	78 345	78 345	67 896	67 896
Distribution per linked unit (cents)	106.2	88,7	67,7	60,0	47,5	43,9
Net asset value per linked unit (cents)	1 471	1 125	826	521	458	380
Market price per linked unit year-end (cents)	1 805	1 200	850	490	365	240
Market capitalisation	1 611 819	940 140	665 933	383 888	247 821	162 951

Property portfolio analysis

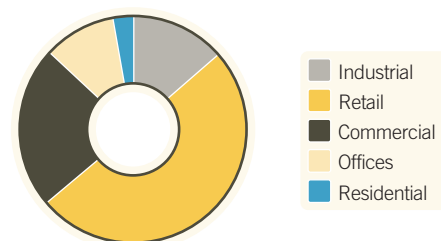
Geographical spread

Location	Rental income		Property value		Gross lettable area		Site area	
	R'000	% of total portfolio	R'000	% of total portfolio	m²	% of total portfolio	m²	% of total portfolio
Johannesburg and surrounding (excluding CBD)	95,558	42.5	835,339	43.9	99,710	23.2	162,065	23.2
Waverley, Gezina, Moot	28,111	12.5	222,390	11.7	37,904	8.8	100,453	14.4
Pretoria Central	30,413	13.5	232,880	12.2	66,651	15.5	89,855	12.8
Pretoria West	17,829	7.9	133,377	7.0	55,312	12.9	111,691	16.0
Pretoria East	13,222	5.9	126,128	6.6	11,758	2.7	31,976	4.6
Hermanstad	6,767	3.0	53,857	2.9	23,566	5.6	61,426	8.8
Johannesburg CBD	20,356	9.0	168,009	8.8	94,111	21.9	28,279	4.0
Silvertondale	8,390	3.7	91,938	4.9	31,061	7.2	79,824	11.4
Pretoria North	3,052	1.4	23,894	1.3	5,723	1.3	20,170	2.0
Sundry	1,315	0.6	13,915	0.7	3,765	0.9	14,036	2.8
Total	225,013	100	1,901,727	100.0	429,561	100.0	699,775	100.0



Sectoral information

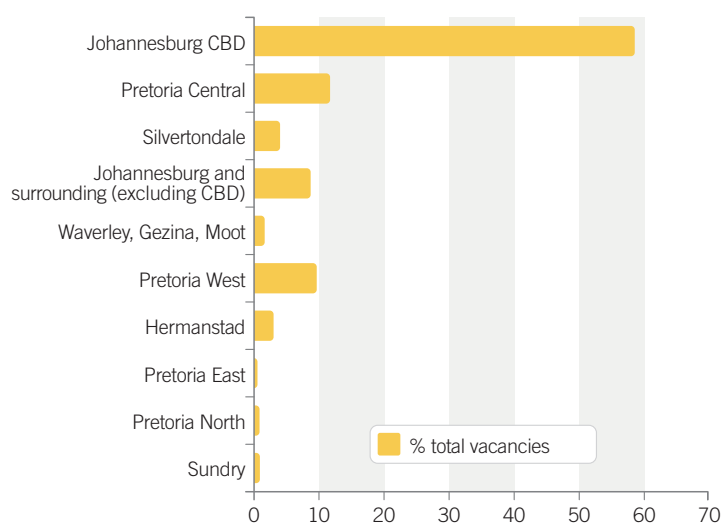
	Rental income		Gross lettable area	
	R'000	% of total income	m²	% of total portfolio
Industrial	30,665	13.6	120,460	28.1
Retail	113,333	50.4	91,593	21.3
Commercial	51,871	23.1	161,743	37.7
Offices	22,794	10.1	46,591	10.8
Residential	6,350	2.8	9,174	2.1
Total	225,013	100.0	429,561	100.0



% of total gross lettable area

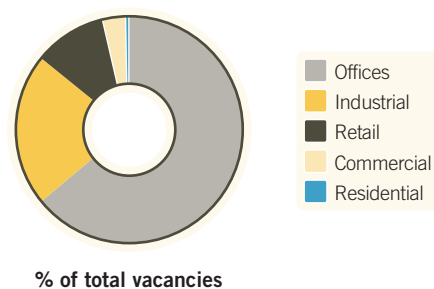
Vacancies by location

Location	m ²	% of total vacancies
Johannesburg CBD	48,297	58.7
Pretoria Central	9,686	11.8
Pretoria West	7,980	9.7
Johannesburg and surrounding (excluding CBD)	7,374	9.0
Silvertondale	3,306	4.0
Hermanstad	2,495	3.0
Waverley, Gezina, Moot	1,342	1.6
Sundry	750	0.9
Pretoria North	698	0.8
Pretoria East	432	0.5
Total	82,360	100.0



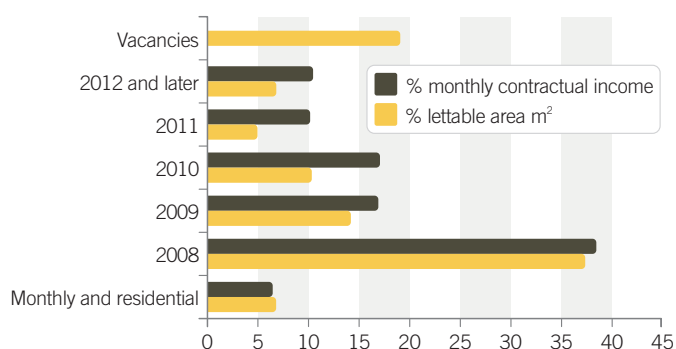
Vacancies by sector

Sector	m ²	% of total vacancies
Offices	52,615	63.9
Industrial	17,982	21.8
Retail	8,809	10.7
Commercial	2,816	3.4
Residential	138	0.2
Total	82,360	100.0



Lease expiry profile – GLA m²

Year	Lettable area m ²	%	Monthly contractual rental	%
Monthly and residential	29,298	6.8	1,169,981	6.5
2008	161,315	37.6	6,969,109	38.7
2009	61,232	14.3	3,063,994	17.0
2010	44,579	10.4	3,093,424	17.2
2011	21,397	5.0	1,840,895	10.2
2012 and later	29,380	6.8	1,892,154	10.4
Vacancies	82,360	19.1	–	0.0
Total	429,561	100.0	18,029,557	100.0



Chairman's and managing director's report

Overview

Over the past few years Octodec has cemented its reputation as a company that is associated with consistent growth and performance. Its performance in the past year confirms that its foundations remain solid.

We are very pleased to report that Octodec once again achieved the accolade of being one of the top performers in the property sector as reported by the Sunday Times top 100 companies survey. Octodec's performance in the year under review perpetuates the company's impressive record of sustained growth since its inception with compounded annual growth of 66% over the past five year period.

Financial performance

Rental income increased by 25,1% compared to the previous corresponding period, primarily due to strong rent escalations, a decline in vacancies as well as the acquisition of six properties. Octodec reported a net profit before investment income of R132,4 million compared to R110,1 million in the previous year representing growth of 20.2%. The growth is a result of ongoing pro-active management of the property portfolio, through refurbishment and development activities. The net asset value as at 31 August 2007 increased to 1471 cents per unit, an increase of 30,8% on that reported at 31 August 2006. The total amount distributed to unitholders for the financial year ended 31 August 2007 was R85,7 million representing a full year's distribution of 106.2 cents per unit, up 19,7% on last year's 88.7 cents per linked unit. An interim distribution of 54.0 cents per unit was paid on 21 May 2007 and the final distribution of 52,2 cents per unit was paid on 19 November 2007.

This strong performance was assisted by an increase of R241,9 million in the valuation of the property portfolio to R1,9 billion. Market movements and, in particular, demand for quality investment properties, together with the improved leasing and active management of Octodec's properties contributed positively to the upward revaluation.

Total borrowings as at 31 August 2007 amounted to R514,6 million, with total fixed rate debt of R443,4 million or 86%. In August 2007, 10 952 903 linked

units were issued in a private placement for net proceeds of R199,2 million. These funds were applied to reduce borrowings, which has resulted in an interest saving at a rate of approximately 11,5%. In addition, the funds raised have created the capacity for the further expansion and development of the portfolio. These units were issued at a price of 1851 cents which included a notional distribution pre-payment of 25 cents.

Property portfolio

This year has seen sound growth in tenant occupancy levels and rentals and a significant appreciation in the value of the portfolio. Properties that showed outstanding valuation growth were Sildale Park, Centre Forum and all the retail shopping centres, Elardus Park, Gezfarm Centre, Killarney Mall, Waverley Plaza and Woodmead. All of these properties experienced strong leasing activities, rental growth and firming of yields.

During the year the retail properties outperformed expectations, achieving close to 100% occupancy levels and healthy rental increases. New leasing of CBD properties and relatively low cost refurbishments have been consistent features and have impacted positively on both valuation growth and income streams. An example of this is the conversion of Registry House into multi use warehouse and retail premises at a cost of R9,9 million. The completion of this project, along with the development of the neighbouring site across the road, Fine Arts, which is currently taking place, will enhance the value of both properties. Interest in Registry House has been favourable and further consideration is being given to converting an undeveloped portion of Registry House into residential accommodation. The properties in the CBD are well positioned to take advantage of the growth experienced in the inner cities. The Sildale Industrial park development was completed during the year at a cost of R13,1 million. The letting of these light industrial units is progressing well and due to the strong demand the development of further units is planned.

The Tiny Town residential development, which is situated adjacent to the Union Buildings, is due to

commence in March 2008. The total cost of the project is in excess of R100 million.

Demand for office space has increased in both the Pretoria and Johannesburg CBDs over the year and as a result Octodec has been able to secure favourable rent reviews at a number of buildings.

The property acquisition market during the year under review was very competitive. However we were able to identify investments which we believe will produce consistent long term value for our unitholders. We purchased six properties with an aggregate 64,352 square meters for a total consideration of R96,7 million including two light industrial properties for a consideration of R24,7 million and three properties situated in the Johannesburg CBD, Elephant House, Inner Court and Anderson Place for an aggregate consideration of R71,0 million. The industrial properties add further diversification to the portfolio and increase the portfolio's industrial property investment value. At the time of acquisition, the six properties were approximately 70% let with vacancies of 19,722 square metres and projected to yield approximately 10,5%. After year end Rentmeester Park was acquired for R48 million at a yield in excess of 12%. This office block is well located in Val de Grace, Pretoria and offers further growth potential.

At 31 August 2007, the vacancies across the whole portfolio were 19,2% of the total lettable area. Many of the properties were fully let, however a number of properties situated in the Johannesburg CBD including properties under development had high vacancies. Most of these properties were recently acquired where no or little consideration was paid for the vacant space.



A Wapnick
Chairman

13 December 2007

Black Economic Empowerment (BEE)

Octodec supports the requirements of the Property Transformation Charter and is currently exploring ways to introduce a strategic BEE partner who will play a key role in furthering the company's strategic objective.

Prospects

We have been pleased to deliver a year of positive growth for unitholders by exceeding the average distribution growth rate of the sector, despite a significant increase in interest rates during the period. Octodec is likely to face similar challenges from high interest rates in the 2008 financial year.

The strategies we have put in place over the last few years have to date delivered positive returns to unit holders. Our focus for the coming year will be to build on the solid progress already made, continuing to improve and enhance the value of properties within the existing portfolio through further active management and selective development opportunities.

Appreciation

We sincerely thank the board of directors, management and staff for their commendable efforts. The talented staff of the management company City Property have the will, ability and agility to contribute to the growth in distributions on a sustained basis. The results over the past few years have confirmed that our greatest strength lies in the experience, dedication and commitment of the City Property team.



JP Wapnick
Managing Director

Corporate governance statement

The Board of Directors endorses the Code of Corporate Practices and Conduct, and supports the principles of openness, integrity and accountability as set out in the 2002 King Committee Report on Corporate Governance (King II). The directors believe that in all relevant respects the Company complied with the recommendations of the King II report.

Board of directors

The constitution of the Board of directors is set out on page 51 of this report. The Board meets at least quarterly and consists of three non-executive directors and two executive directors, including the Chairman. As the Chairman has always been, and remains, a driving force behind the Company's direction, the directors consider that it is in the Group's interest that he be the Chairman. The Board aims to ensure that the structure, size, composition and effectiveness of the Board and the committees are maintained at levels that are appropriate in the context of the Group's strategy. All directors are subject to retirement by rotation and re-election by Octodec shareholders in accordance with the Articles of Association. The directors' remuneration is subject to recommendation made by the Board and approved from time to time in a general meeting.

The Board has set the strategic objectives of the Group and determines investment and performance criteria as well as being responsible for the proper management, control, compliance and ethical standards of the business.

Independent non-executive directors are independent of management and free from any relationship that could materially interfere with the execution of their independent judgment. Their business experience enables them to evaluate strategy and act in the Company's best interest.

Directors have to obtain approval from the Chairman of the Company to buy or sell linked units in the Company, whether directly or indirectly. Directors and any employees who become aware of sensitive financial information cannot directly or indirectly deal in the Group's linked units until the information is in the public arena.

All the directors may seek independent professional advice, if necessary, and have access to the services of the Company Secretary, who is responsible to ensure both the effective functioning of the Board and the proper administration of Board proceedings.

Directors' responsibility

The directors are responsible, inter alia, for the preparation of the annual financial statements, which fairly present the state of the Company and Group at the end of the financial year, and the results for that year.

The directors review the controls and procedures in place so as to ensure the accuracy and integrity of the accounting records. The directors are of the opinion that adequate accounting records are maintained and take cognisance of reports and recommendations received from the audit committee from time to time.

The external auditors are responsible for reporting on the annual financial statements.

Appropriate accounting policies supported by reasonable and prudent judgments and estimates are applied in the preparation of the annual financial statements, and there are no material departures from International Financial Reporting Standards.

The directors consider and approve the Group's annual budget.

Internal control

The effectiveness of the internal control system is monitored through management overview and comprehensive reviews. The Group does not have an internal audit function as this has been deemed unnecessary in the past.

The Board is responsible for the Group's systems of internal control. These systems are designed to provide reasonable, but not absolute, assurance as to the integrity and reliability of the financial statements, to safeguard, verify and maintain accountability of its assets and to identify and minimise significant fraud, potential liability, loss and material misstatement while complying with applicable laws and regulations.

There are inherent limitations to the effectiveness of any system of internal control, including the

possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and asset safeguarding. Furthermore, the effectiveness of an internal control system can change with circumstances. The system is therefore designed to manage rather than eliminate risk of failure and opportunity risk.

The controls throughout the Group concentrate on critical risk and these are closely monitored. Continued reviews and reporting structures enhance the control environment. Nothing has come to the attention of the directors to indicate that a material breakdown in the controls within the Group has occurred during the year.

Risk management

The objective of risk management is to identify, assess, manage and monitor the risks to which the Group is exposed. This is the Board's responsibility.

Management is involved in a continuous process of developing and enhancing its comprehensive systems for risk identification and management and this process has been in place for the year under review and up to the date of this report. These risks encompass such areas as tenant vacancies, total or partial destruction of investment properties, compliance with regulations and legislation and public liability. Furthermore, the level of borrowings and the exposure to interest rate movements are carefully monitored and covered.

In consultation with insurance consultants, appropriate insurance cover is purchased for all the material risks above pre-determined limits. Levels of cover are assessed annually and adjusted according to the circumstances.

Financial risk management is dealt with in the notes to the annual financial statements.

Audit committee

The committee comprises two independent non-executive directors and one executive director. Mr MJ Holmes, an independent non-executive director, acts as chairman.

The external auditors and the financial manager attend the meetings by invitation. This committee has its own written terms of reference. These include the review of the annual financial statements before they are presented to the Board, the review of internal control systems with reference to the findings of the external auditors and considering any changes in accounting policies. It also reviews any material audit recommendations. The committee has complied with the terms of reference during the period under review.

External audit

The Group's external auditors are Deloitte & Touche. The independence of external auditors is recognised, and reviewed by the audit committee on an annual basis. The external auditors attend the audit committee meetings and have access to the chairman of the audit committee.

Investment committee

The Board has established an investment committee, comprising the independent non-executive directors and the chairman. The committee considers the acquisition and sale of properties and meets as often as required. The committee has complied with the terms of reference during the period under review.

Going concern

The annual financial statements have been prepared on the going concern basis since the directors have every reason to believe that the Group has adequate resources in place to continue in operation for the foreseeable future.

Relations with unitholders

The Board understands the information needs of unitholders. It places great importance on meaningful dialogue with unitholders to ensure they are kept appropriately informed of matters affecting the Group and have access to the Group.

The Board is also committed to transparency and disclosure of relevant and appropriate information in the annual report as well as other communication channels to enable all unitholders and potential unitholders to have access to relevant information.

Employment equity and remuneration committee

As the Group has a limited number of employees, having contracted out the management of the affairs of the Group to City Property Administration (Proprietary) Limited, it has neither worker participation nor employment equity programmes, nor has it formed a remuneration committee. It does however, encourage and support such practices.

Directors' remuneration

As the executive directors are paid by City Property Administration (Proprietary) Limited, no remuneration is paid by the group. No non-executive or executive directors hold service contracts. Details of director's remuneration which is determined by the Board, are set out on page 17 of this report.

Code of ethics

The Company's code of ethics require all employees within the Company to act with utmost good faith and integrity in all transactions and with all stakeholders with whom they interact. It commits the Company and employees to sound business practices and compliance with legislation.

Responsibility for the annual financial statements

Directors' responsibilities and approval of the annual financial statements

The annual financial statements set out on pages 16 to 46 are the responsibility of the directors.

The directors are responsible for selecting and adopting sound accounting practices, for maintaining an adequate and effective system of accounting records, for the safeguarding of assets, and for developing and maintaining a system of internal control that, among other things, will ensure

the preparation of financial statements that achieve fair presentation.

After conducting appropriate procedures the directors are satisfied that the Company will be a going concern for the foreseeable future and have continued to adopt the going concern basis in preparing the financial statements.

The annual financial statements were approved by the directors on 18 October 2007 and are signed on their behalf by:



A Wapnick
Chairman



JP Wapnick
Managing Director

Certification by Company Secretary

The Company Secretary hereby certifies, in compliance with section 268G(d) of the Companies Act 1973, as amended, that all returns required

have been lodged with the Registrar of Companies and that all such returns are true, correct, and up to date.



City Property Administration
(Proprietary) Limited
Company Secretary
18 October 2007
Pretoria

Report of the independent auditors to the linked unit holders of Octodec Investments Limited

We have audited the annual financial statements and group annual financial statements of Octodec Investments Limited, which comprise the directors' report, the balance sheet as at 31 August 2007, the income statement, the statement of changes in equity and cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 16 to 46.

Directors' Responsibility for the Financial Statements

The company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor

considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall financial statement presentation.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the group and company as at 31 August 2007, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche

Registered Auditors
Audit – Johannesburg
Per Leon Taljaard – Partner
Buildings 1 and 2, Deloitte Place
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Woodmead, Sandton
Docex 10 Johannesburg,
Private Bag X6, Gallo Manor 2052
South Africa
13 December 2007

National Executive: GG Gelink *Chief Executive* AE Swiegers *Chief Operating Officer* GM Pinnock *Audit* DL Kennedy *Tax* L Geeringh *Consulting* L Bam *Strategy* CR Beukman *Finance* TJ Brown *Clients & Markets* NT Mtoba *Chairman of the Board* J Rhynes *Deputy Chairman of the Board*

Vat reg no. 4220 121 935

A full list of partners and directors is available on request.

Report of the directors

To the linked unitholders of Octodec Investments Limited

Your directors have pleasure in submitting their report for the year ended 31 August 2007.

Nature of business

Octodec Investments Limited is a property loan stock company listed on the JSE Limited ("JSE") under the "Financials – Real Estate Holdings" sector, investing in retail, commercial, industrial and residential properties and deriving income from rental.

Share capital and debentures

The authorised share capital comprises of 100 000 000 linked units of 1 cent each.

At 31 August 2007 there were 89 297 472 (2006: 78 344 569) linked units in issue, each comprising one ordinary share of 1 cent and one unsecured variable rate debenture of 209 cents each. The ordinary share and debentures trade as linked units on the JSE. In terms of the debenture trust deed, the interest payable on the debenture component of the linked unit is always 200 times greater than the dividend payable per ordinary share.

Summary of results for the year

	GROUP	
	2007 R'000	2006 R'000
Net income before interest	132 368	110 091
Trading profit	2 198	–
Capital profit on disposal of investment properties	573	377
Revaluation of investment properties	241 858	254 194
Amortisation of debenture premium	4 010	3 566
Investment income	32 928	46 125
Income before interest	413 935	414 353
Finance costs	(64 499)	(46 926)
Income before debenture interest	349 436	367 427
Debenture interest	(85 737)	(69 147)
Income before taxation	263 699	298 280
Taxation	(63 535)	(72 960)
Income for the year	200 164	225 320

Distribution to unitholders (cents)

	Dividend		Interest		Total	
	2007	2006	2007	2006	2007	2006
Interim	0,27	0,21	53,73	42,29	54,0	42,5
Final	0,26	0,23	51,94	45,97	52,2	46,2
Total	0,53	0,44	105,67	88,26	106,2	88,7

Post-balance sheet event

No material facts or circumstances have occurred between the balance sheet date and the date of this report.

Non-current assets

There were no major changes during the year to the nature of the non-current assets or to the policy relating to the use thereof.

Borrowing powers

The directors are authorised to borrow funds up to an amount not exceeding 67% of the directors valuation of the consolidated property portfolio.

Special resolution

A Special resolution to authorise the Company and/or its subsidiaries to acquire its linked units was passed at the annual general meeting held on 2 February 2007.

Subsidiaries

The Company's interest in property owning subsidiaries is fully set out on pages 40 to 46.

Management contract and Administration

The Group's investment properties continue to be managed (in terms of an agreement) by City Property Administration (Proprietary) Limited, the entire share capital of which is effectively owned by Messrs A Wapnick and JP Wapnick.

Directors and meetings attended

The directors of the Company during the year and to the date of this report were Messrs MJ Holmes, MZ Pollack, A Wapnick, JP Wapnick and S Wapnick. RJ Inggs resigned on the 30 January 2007.

	Board meetings		Audit Committee meetings	
	Held	Attended	Held	Attended
RJ Inggs *	2	2	3	N/A
MZ Pollack * °	4	4	3	3
MJ Holmes * °	4	2	3	2
S Wapnick †	4	4	3	1 (by invitation)
JP Wapnick * °	4	4	3	3
A Wapnick *	4	4	3	N/A

* Executive director

• Independent non-executive director

† Non-executive director

° Member of the Audit Committee

Directors' remuneration

	2007			2006		
	As a Board member	As an Audit Committee member	Total	As a Board member	As an Audit Committee member	Total
MJ Holmes	60 000	24 000	84 000	48 000	21 000	69 000
RJ Inggs	25 000	–	25 000	48 000	–	48 000
MZ Pollack	60 000	18 000	78 000	48 000	15 000	63 000
A Wapnick	60 000	–	60 000	48 000	–	48 000
JP Wapnick	60 000	–	60 000	48 000	–	48 000
S Wapnick	60 000	–	60 000	48 000	–	48 000
	325 000	42 000	367 000	288 000	36 000	324 000

The above directors' remuneration is paid by the holding company.

Directors' shareholding

The beneficial and non-beneficial interest held by the directors in the Company at 31 August 2007 amounted to:

31 August 2007					
	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total	% held
MJ Holmes	500	66 000	25 000	91 500	0.1
MZ Pollack	280 333	–	519 667	800 000	0.9
A Wapnick	300 809	696 836	8 594 078	9 591 723	10.7
JP Wapnick	20 000	5 529 410	1 082 205	6 631 615	7.4
S Wapnick	19 920	5 111 368	1 082 205	6 213 493	7.0
	621 562	11 403 614	11 303 155	23 328 331	26.1

31 August 2006					
	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total	% held
MJ Holmes	500	66 000	25 000	91 500	0.1
RJ Inngs	112 740	544 658	–	657 398	0.8
MZ Pollack	280 333	–	519 667	800 000	1.1
A Wapnick	300 809	696 836	8 238 514	9 236 159	11.8
JP Wapnick	20 000	5 043 560	1 082 205	6 145 765	7.8
S Wapnick	19 920	4 762 675	1 082 205	5 864 800	7.5
	734 302	11 113 729	10 947 591	22 795 622	29.1

Valuation of portfolio

Octodec property portfolio was valued by the directors at R1,902 billion. Each year one third of the properties are valued on a rotational basis by an independent external valuer. The valuation of one third of the portfolio by external valuers, Van Zyl Valuers, was 1.7% less than the directors' valuation. The directors are confident, taking all factors into account, that their valuation represents fair value.

Net asset value

The net asset value per linked unit is 1 471 cents (2006: 1 125 cents). After adding back provision for deferred taxation of R256,3 million, the net asset value is 1 766 cents (2006: 1 376 cents) per linked unit. The closing price per linked unit at 31 August 2007 is 1 805 cents which is a premium to net asset value of 2.2% after adding back the provision for deferred taxation.

Company Secretary

City Property Administration (Proprietary) Limited
 CPA House PO Box 15
 101 Du Toit St Pretoria, 0001
 Pretoria, 0002

Balance sheets at 31 August 2007

	Notes	GROUP		COMPANY	
		2007 R'000	2006 R'000	2007 R'000	2006 R'000
Assets					
Non-current assets		2 152 906	1 695 523	830 001	588 098
Plant and equipment	2	1 969	2 115	–	–
Investment properties	3	1 899 758	1 531 806	5 356	–
Subsidiary companies	4	–	–	653 547	487 950
Investments	5	132 742	83 127	132 742	83 127
Investment in associate	6	118 437	78 475	38 356	17 021
Current assets		22 520	16 890	15 386	24 577
Tax asset		35	217	261	36
Accounts receivable		22 211	16 467	14 860	24 344
Bank balances and cash		274	206	265	197
Total assets		2 175 426	1 712 413	845 387	612 675
Equity and liabilities					
Share capital and reserves		906 500	669 426	153 475	111 702
Share capital and premium	7	47 221	42 224	47 221	42 224
Non-distributable reserves	8	829 938	599 156	85 605	48 809
Distributable reserves		29 341	28 046	20 649	20 669
Non-current liabilities		1 166 166	965 523	618 279	446 060
Debentures capital and premium	9	406 105	211 899	406 105	211 899
Long-term borrowings	10	495 543	557 253	199 127	227 281
Deferred tax liability	11	264 518	196 371	13 047	6 880
Current liabilities		102 760	77 464	73 633	54 913
Accounts payable		26 909	27 449	14 656	8 889
Bank overdraft		9 601	4 025	9 601	4 025
Short-term borrowings	10	19 082	9 781	2 995	5 984
Tax liability		787	194	–	–
Linked unitholders		46 381	36 015	46 381	36 015
Total equity and liabilities		2 175 426	1 712 413	845 387	612 675

Income statements for the year ended 31 August 2007

	Notes	GROUP		COMPANY	
		2007 R'000	2006 R'000	2007 R'000	2006 R'000
Revenue		223 035	182 199	84 988	81 164
Revenue earned on contractual basis	13	226 333	179 866	91 124	76 345
Straight-lining of rental lease adjustment		(3 298)	2 333	(6 136)	4 819
Operating costs		(90 667)	(72 108)	(36 995)	(30 092)
Net income before interest	14	132 368	110 091	47 993	51 072
Investment income	15	32 928	46 125	70 056	44 091
Associate		24 041	40 265	5 414	5 660
Other		8 887	5 860	64 642	38 431
Income before finance costs		165 296	156 216	118 049	95 163
Finance costs	16	(64 499)	(46 926)	(34 223)	(17 699)
Income before debenture interest and capital profit		100 797	109 290	83 826	77 464
Trading profit		2 198	–	2 198	–
Capital profit on disposal of investments properties		573	377	573	–
Amortisation of debenture premium		4 010	3 566	4 010	3 566
Revaluation of investment properties		241 858	254 194	–	–
Income before debenture interest		349 436	367 427	90 607	81 030
Debenture interest		(85 737)	(69 147)	(85 737)	(69 147)
Income before taxation		263 699	298 280	4 870	11 883
Taxation	17	(63 535)	(72 960)	(7)	(15)
Income attributable to linked unitholders		200 164	225 320	4 863	11 868
Earnings per share (cents)		254,7	287,6		
Earnings per linked unit (cents)					
Basic and diluted	19	363,2	375,9		
Distribution per linked unit (cents)					
Dividend		0,53	0,44		
Interest		105,67	88,26		
		106,20	88,70		

Statements of changes in equity for the year ended 31 August 2007

	Share capital and premium R'000	Non-distributable reserves R'000	Distributable reserves R'000	Total R'000
GROUP				
Balances at 1 September 2005 – restated	38 658	367 698	25 275	431 631
Net income attributable to linked unitholders			225 320	225 320
Reallocation of deemed debenture premium	3 566		(3 566)	–
Dividends paid			(306)	(306)
Adjustment to valuation of listed investment, net of deferred tax		12 781		12 781
Transfer to non-distributable reserve				
Capital profit on disposal of investment property		377	(377)	–
Fair value adjustment of investment properties				
– investment properties, net of deferred tax		182 150	(182 150)	–
– associate, net of deferred tax		36 150	(36 150)	–
Balances at 31 August 2006	42 224	599 156	28 046	669 426
Net income attributable to linked unitholders			200 164	200 164
Issue of new units	987			987
Reallocation of deemed debenture premium	4 010		(4 010)	–
Dividends paid			(392)	(392)
Adjustment to valuation of listed investment, net of deferred tax		36 315		36 315
Transfer to non-distributable reserve				
Capital profit on disposal of investment property		481	(481)	–
Fair value adjustment of investment properties				
– investment properties, net of deferred tax		175 376	(175 376)	–
– associate, net of deferred tax		18 610	(18 610)	–
Balances at 31 August 2007	47 221	829 938	29 341	906 500
COMPANY				
Balances at 1 September 2005 – restated	38 658	36 028	12 673	87 359
Net income attributable to linked unitholders			11 868	11 868
Reallocation of deemed debenture premium	3 566		(3 566)	–
Dividends paid			(306)	(306)
Adjustment to valuation of listed investment, net of deferred tax		12 781		12 781
Balances at 31 August 2006	42 224	48 809	20 669	111 702
Issue of new units	987			987
Net income attributable to linked unitholders			4 863	4 863
Reallocation of deemed debenture premium	4 010		(4 010)	–
Dividends paid			(392)	(392)
Adjustment to valuation of listed investment, net of deferred tax		36 315		36 315
Capital profit on disposal on investment property		481	(481)	–
Balances at 31 August 2007	47 221	85 605	20 649	153 475

Cash flow statements for the year ended 31 August 2007

		GROUP		COMPANY	
		2007	2006	2007	2006
	Notes	R'000	R'000	R'000	R'000
Cash generated from operating activities					
Cash generated from operations	20	132 236	107 005	66 016	44 301
Investment income		14 301	11 520	70 056	44 091
Finance costs		(64 499)	(46 926)	(34 223)	(17 699)
Debenture interest	21	(75 371)	(61 275)	(75 371)	(61 275)
Taxation paid	22	(772)	(703)	(225)	245
Dividends paid		(392)	(306)	(392)	(306)
Net cash generated from operating activities		5 503	9 315	25 861	9 357
Cash utilised in investing activities					
Acquisition of investment properties, plant and equipment		(132 901)	(116 300)	(5 356)	–
– New acquisitions		(101 098)	(88 085)	(5 356)	–
– Additional development		(31 803)	(28 215)	–	–
Proceeds on disposal of investment properties		3 573	757	–	–
Investment in and amounts advanced to subsidiary companies		–	–	(165 597)	(58 254)
Increase in investments and loans to associates		(28 476)	(34 482)	(28 476)	(34 482)
Net cash utilised in investing activities		(157 804)	(150 025)	(199 429)	(92 736)
Cash generated from financing activities					
Issue of new units		199 203	–	199 203	–
Increase/(decrease) in short-term borrowings		9 301	5 017	(2 989)	1 220
(Decrease)/increase in long-term borrowings		(61 710)	136 527	(28 154)	82 990
Net cash generated from financing activities		146 794	141 544	168 060	84 210
Net (decrease)/increase in cash and cash equivalents		(5 507)	834	(5 508)	831
Cash and cash equivalents at beginning of year		(3 820)	(4 653)	(3 828)	(4 659)
Cash and cash equivalents at end of year	23	(9 327)	(3 819)	9 336	(3 828)

Notes to the annual financial statements for the year ended 31 August 2007

1. Accounting policies

The annual financial statements incorporate the principal accounting policies set out below, which are consistent in all material respects with those of the previous year. The annual financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS"). The annual financial statements have been prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value through profit and loss and investment properties which are carried at fair value.

1.1 Basis of consolidation

The Group annual financial statements incorporate those of the holding company and its subsidiaries. The results of subsidiaries are included from the effective dates of their acquisition until the effective dates of their disposal. Intercompany balances and transactions are eliminated on consolidation. Certain subsidiaries are share block companies and as a result all income and expenses accrue directly to the holding company.

Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain the benefits of its activities.

1.2 Reserves

Realised profits on the disposal of investment properties, although legally distributable, are transferred to a non-distributable reserve, as it is the Group's policy to regard such profits as not being available for distribution. Gains and losses on revaluation of investment property are similarly transferred to a non-distributable reserve.

1.3 Investment properties

Investment properties are recognised as an asset when, and only when, it is probable that the future economic benefits that are associated with the investment property, will flow to the enterprise, and the cost of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement. Subsequent expenditure relating to investment property that has been recognised is added to the carrying amount of the investment property when it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing investment property, will flow to the enterprise. All other subsequent expenditure is expensed in the period in which it is incurred.

Leasehold property comprising of buildings erected on land secured by means of long-term land leases are classified as investment property. Operating lease payments, which are based on a percentage of rental income are charged to the income statement as incurred.

Fair value

At the balance sheet date all investment property is measured at fair value. A gain or loss arising from a change in fair value is included in net profit or loss for the period in which it arises and is transferred to a non-distributable reserve.

1.4 Plant and equipment

Plant and equipment are stated at cost less depreciation and any accumulated impairment losses.

Subsequent expenditure relating to an item of plant and equipment that has already been recognised is added to the carrying amount of the asset to the extent that it is probable that future economic benefits, in excess of the originally assessed standard of performance of the existing asset, will flow to the enterprise.

Depreciation is provided on all plant and equipment to write down the cost, less estimated residual value by equal installments over the shorter of the lease term or their useful lives at a rate of 20% per annum.

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

1.5 Borrowing costs

Borrowing costs that are directly attributable to the acquisition and construction of investment property are capitalised as part of the cost of these properties until such time as the asset is ready for its intended use. The rate of capitalisation used is the rate at which specific funds are borrowed, and the borrowing costs are expensed in the period in which they are incurred.

1.6 Investments in subsidiaries

Investments in subsidiaries are stated in the Company's financial statements at cost, less any impairment losses.

1.7 Investment in associates

An associate is an enterprise in which the investor has significant influence and which is neither a subsidiary nor a joint venture of the investor. In the Group financial statements, investments in associates are accounted for under the equity method adjusted for any impairment losses.

1.8 Listed investments

Listed investments are initially recorded at cost and subsequently measured at fair value. Gains and losses arising from a change in fair value are recognised directly in equity through the statement of changes in equity until the investment is sold, collected or otherwise disposed of, or until the investment is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the year.

1.9 Impairment

At each balance sheet date, the Group reviews the carrying amount of its assets to determine whether there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated. Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If the recoverable unit of an asset or cash-generating unit is estimated to be less than the carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount. The impairment losses are recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount in order that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset or cash-generating unit in prior years. A reversal of an impairment is recognised as income immediately.

1.10 Financial instruments

Initial recognition and measurement

Financial instruments are recognised when the Company becomes a party to the transaction. Initial measurement is at cost, which includes transaction costs. Subsequent to initial recognition, these instruments are measured as follows:

Investment in subsidiaries and other investments

After initial recognition, investments in subsidiaries and other investments are measured at their fair value, without any deduction for transaction costs that may be incurred on sale or on disposal.

Trade and other receivables

Trade and other receivables originated by the enterprise are stated at the fair value of consideration received less provision for doubtful debts.

Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities and equity instruments include interest bearing bank loans and overdrafts, debentures and trade and other payables.

Interest bearing bank loans and overdrafts are recorded at the proceeds received net of direct issue costs.

Finance charges are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1.11 Taxation

The charge for current taxation is based on the results for the year as adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding taxation basis used in the computation of taxable profit. In principle, deferred taxation liabilities are recognised for all taxable temporary differences and deferred taxation assets are recognised to the extent that it is

probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the taxation profit nor the accounting profit.

Deferred taxation liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interest in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxation is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled. Deferred taxation is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred taxation is also dealt with in equity.

Deferred taxation assets and liabilities are not offset (except when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current taxation assets and liabilities on a net basis).

1.12 Revenue recognition

Rental income

Comprises revenue from rental income and related recoveries from tenants and excludes value added taxation. The income is recognised on a straight-line basis over the term of the lease. Turnover based rental is recognised when it is due in terms of the lease.

Income from investments

Interest is recognised on a time proportion basis that takes into account the effective yield on the asset.

Dividends are recognised on the shareholder's right to receive payment.

The Company's revenue also includes fees earned from subsidiaries.

1.13 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks.

1.14 Provisions

A provision is recognised when the Group has a legal or constructive obligation arising from a past event that will probably be settled, and a reliable estimate of the amount can be made. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the balance sheet date.

1.15 Critical estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Areas in which estimates and judgements are made include the impairment of receivables and the revaluation of investment properties. Assumptions made in the revaluation of investment property include yields, net rental income and vacancies.

1.16 Segmental reporting

The Group earns revenue in the form of property rentals. On a primary basis the Group is organised into five major operating segments:

- Industrial
- Office
- Retail
- Commercial
- Residential

Segment results include revenue and expenses that can be allocated on a reasonable basis to that segment.

Segment assets and liabilities comprise those operating assets and liabilities that are directly attributable to the segment or can be allocated to a segment on a reasonable basis.

Segment assets and liabilities do not include deferred income taxes.

It is the Company's investment philosophy to invest only in properties in the Gauteng area, therefore the Company can only report on a primary segment basis.

1.17 Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

1.18 Business Combinations

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the aggregate fair value of the underlying assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of cost of the acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill and is tested for impairment on an annual basis.

If the cost of the acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement. An impairment loss recognised for goodwill is not reversed in a subsequent period. On disposal of a subsidiary, attributable goodwill is included in the determination of the profit or loss on disposal.

1.19 Statement and interpretations not yet effective

At the date of authorisation of these annual financial statements, the following Standards and Interpretations were in issue but not yet effective:

IFRS 7 – Financial Instruments: Disclosure

IFRS 8 – Operating Segments

IFRIC 7 – Applying the restatement approach under IAS39 – Financial Reporting in Hyperinflationary Economies

IFRIC 8 – Scope of IFRS 2

IFRIC 9 – Re-assessment of embedded derivatives

IFRIC 10 – Interim and Financial Reporting and Impairment

IFRIC 11 – Group and Treasury Share Transactions

IFRIC 12 – Service Concession Arrangements

IFRIC 13 – Customer Loyalty Programmes

IFRIC 14 – The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.

The above statements and interpretations will be implemented by the group during the financial year commencing 1 September 2007. Both IFRS 7 and 8 require additional disclosure only and are not expected to have any significant effect on the financial statements.

1.20 Compound interest

Linked units are classified as compound instruments, consisting of a liability component and an equity component. At the date of issue, the liability component is recognised at fair value. Subsequent to initial recognition the liability component is recognised at amortised cost. The premium relating to the liability component is amortised over the period to the maturity date of the debenture.

1.21 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership.

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Notes to the annual financial statements for the year ended 31 August 2007^{continued}

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
2. Plant and equipment				
Opening cost	4 628	3 996		
Opening accumulated depreciation	(2 513)	(1 872)		
Opening carrying value	2 115	2 124		
<i>Movement during the year:</i>				
Additions	510	632		
Depreciation charge	(656)	(641)		
Closing carrying value	1 969	2 115		
Cost	5 138	4 628		
Accumulated depreciation	(3 169)	(2 513)		
Closing carrying value	1 969	2 115		
3. Investment properties				
Fair value				
Freehold and leasehold properties				
Opening gross carrying value	1 531 806	1 159 991	–	
At valuation	1 505 820	1 136 338	–	
Straight-lining of rental lease adjustment	25 986	23 653	–	
<i>Movement during the year:</i>				
Acquisitions and subsequent expenditure	132 390	115 668	5 356	
Disposals	(2 998)	(380)	–	
Revaluation	238 560	256 527	–	
At valuation	241 858	254 194	–	
Straight-lining of rental lease adjustment	(3 298)	2 333	–	
Closing carrying value	1 899 758	1 531 806	5 356	
Straight-lining of rental lease adjustment				
Opening balance as previously stated	25 986	23 653	–	
Arising during the year	(3 298)	2 333	–	
Closing value	22 688	25 986	–	

A register of investment properties is maintained at the Company's registered office, which may be inspected by members or their duly authorised agents. The fair value of the Group's investment property at 31 August 2007 has been arrived at on the basis of a valuation carried out at that date by taking into account prevailing market rentals, occupation levels and capitalisation rates. The investment properties are valued annually and the valuations are determined by the directors. On an annual basis, independent valuations are obtained for one-third of the properties in the portfolio. Van Zyl Valuers are registered valuers in terms of Section 19 of the Property Valuers Profession Act (Act no. 47 of 2000) and have extensive experience in commercial property valuations. The valuers' valuation was 1.7% less than the directors valuation. The directors are confident, taking all factors into account, that their valuations represent fair market value.

The Group has pledged certain of its investment properties to secure general banking facilities granted to the Group. All the Group's investment properties are leased out under operating leases.

A schedule of investment properties owned by the group is set out on pages 40 to 46.

Notes to the annual financial statements for the year ended 31 August 2007 continued

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
4. Subsidiary companies				
Shares at cost			21 344	21 344
Net amounts due by subsidiaries			632 203	466 606
Amounts due by subsidiaries			637 276	473 500
Amounts owed to subsidiaries			(5 073)	(6 894)
Net investment in subsidiaries			653 547	487 950

A schedule of the Company's interest in subsidiaries is fully set out on pages 40 to 46.

The aggregate net profits after taxation of the subsidiaries amounts to R195 201 000 (2006: R213 452 000). The Group has pledged and ceded the shares and loan accounts of certain of its subsidiary companies to secure banking facilities granted to the Group (see note 10).

5. Investments				
Listed				
Premium Properties Limited				
9 488 355 (2006: 8 938 360) linked units at cost	43 375	36 234	43 375	36 234
Fair value adjustment	89 367	46 893	89 367	46 893
	132 742	83 127	132 742	83 127
Market valuation at 31 August	132 742	83 127	132 742	83 127

Fair market value represents the listed market price as at 31 August 2007.

The investment has been pledged to secure banking facilities granted to the Group (see note 10).

6. Investment in associate				
Equity accounted				
Cost of investment	1	1	1	1
Loans to associate	38 355	17 020	38 355	17 020
Reserves since acquisition	80 081	61 454	–	–
	118 437	78 475	38 356	17 021
Directors' valuation	118 437	78 475	118 437	78 475

Details of the Groups' associate are as follows:

Name of associate:	IPS Investments (Proprietary) Limited
Place of Incorporation:	Republic of South Africa
Proportion of ownership and voting power held:	40%
Principal activity:	Property investment company, deriving income from rentals.
Financial year end:	28 February 2007

Summarised financial information of associate (100%)

Financial position

Assets

Non-current	561 270	398 227
Current	17 622	19 564
	578 892	417 791

Notes to the annual financial statements for the year ended 31 August 2007 continued

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
6. Investment in associate <i>continued</i>				
Equity and liabilities				
Equity capital and reserves	200 205	153 827		
Non-current liabilities	355 232	247 655		
Current liabilities	23 455	16 309		
	578 892	417 791		
Results of operations				
Rental income	54 294	44 206		
Profit prior to revaluation	10 503	(7 275)		
Revaluation	56 084	93 787		
Profit for the period	66 587	86 512		
Share of profit for the period	26 635	34 605		
7. Share capital and premium				
Authorised				
100 000 000 (2006: 100 000 000)shares of one cent each	1 000	1 000	1 000	1 000
Issued	892	783	892	783
89 297 472 (2006:78 344 569) shares of one cent each				
Share premium	46 329	41 441	46 329	41 441
Opening balance as restated	41 441	37 875	41 441	37 875
Transfer from retained earnings	4 010	3 566	4 010	3 566
New issue of linked units	878	–	878	–
Closing balance share capital and premium	47 221	42 224	47 221	42 224

The unissued ordinary shares are under the control of the directors subject to the conditions of the Company's Articles of Association, and the requirements of the JSE Limited. This authority remains in force until the Company's next annual general meeting.

8. Non-distributable reserves				
Surplus on disposal of fixed properties	9 156	8 675	6 262	5 781
Revaluation of investment properties	664 524	489 148	–	–
Fair value adjustment	943 518	704 959	–	–
Straight-lining of rental lease adjustment	(22 688)	(25 986)	–	–
Deferred tax	(256 306)	(189 825)	–	–
Revaluation of investments	153 364	98 439	76 449	40 134
Associate, net of taxation	76 915	58 305	–	–
Listed investment	89 367	46 893	89 367	46 893
Deferred tax on revaluation of listed investment	(12 918)	(6 759)	(12 918)	(6 759)
Acquisition of loan at a discount	2 894	2 894	2 894	2 894
	829 938	599 156	85 605	48 809

Notes to the annual financial statements for the year ended 31 August 2007 continued

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
9. Debenture capital and premium				
Debenture capital				
89 297 472 (2006: 78 344 569) unsecured variable rate debentures of R2,09 each	186 631	163 740	186 631	163 740
Debenture capital premium	219 474	48 159	219 474	48 159
Opening balance	48 159	51 725	48 159	51 725
New issue of linked units	175 325	–	175 325	–
Amortisation of debenture capital premium	(4 010)	(3 566)	(4 010)	(3 566)
	406 105	211 899	406 105	211 899

In terms of the debenture trust deed, the aggregate interest entitlement of every debenture linked to each ordinary share in respect of any financial year shall be 200 times the dividend declared on each share for the same period. The aggregate dividend entitlement shall be not less than 85% of the company's profit after taxation, but excluding profits derived from the sale of properties. The interest is payable twice a year. The debentures are redeemable after 25 years from the date of first allotment in 1990. Each debenture is linked to a share of the Company and is treated as a single linked unit for trading on the JSE Limited and income distribution purposes.

10. Long-term borrowings

Secured loans

(a) Nedbank Limited

The loan expiry date is November 2009. Interest is charged at 2.15% below the prime overdraft rate. The loan is secured by the cession of shares and loan accounts of certain subsidiaries as well as mortgage bonds over certain properties.

(b) Nedbank Limited

The loan expiry date is November 2015. R100 million of the loan bears interest at a fixed rate of 11.6% per annum until October 2007. R150 million of the loan bears interest at a fixed rate of 9.772% per annum until October 2008. The remainder of the loan bears interest at a floating rate of 2.15% below the prime overdraft rate. The loan is secured by a mortgage bond over Erven 364-366, 392-394, 669 and 673 Killarney.

(c) Nedbank Limited

The loan expiry date is January 2011. Interest is charged at 2.15% below the prime overdraft rate. The loan is secured by the pledge of shares in Premium Properties Limited and the shares in certain subsidiaries.

(d) Nedbank Limited

The loan expiry date is August 2015. Interest is charged at 2.15% below the prime overdraft rate. The loan is secured by the mortgage bond over portion 3, 4,7,8 and 13 of Erf 212 Silvertondale Extension 1.

(e) Nedbank Limited

The loan expiry date is June 2011. Interest is charged at 2.15% below the prime overdraft rate. The loan is secured by the mortgage bond over various properties.

(f) Nedbank Limited

The loan expiry date is June 2012. Interest is charged at 2.15% below the prime overdraft rate. The loan is secured by the mortgage bond over various properties.

	1 391	61 205	1 391	61 205
	259 122	259 126	70 880	–
	4 252	24 068	4 252	24 068
	13 615	13 623	–	–
	124	41 500	–	–
	348	–	348	–

Notes to the annual financial statements for the year ended 31 August 2007 continued

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
10. Long-term borrowings <i>continued</i>				
<i>(g) Nedbank Limited</i>	68 960	–	–	–
The loan expiry date is October 2009. The loan bears Interest at a fixed rate of 10.89% until October 2009. The loan is secured by the mortgage bond over various properties.				
<i>(h) Nedbank Limited</i>	221	–	–	–
The loan expiry date is 20 June 2012. Interest is charged at 2.15% below the prime overdraft rate. The loan is secured by the mortgage bond over ERF 5255 Johannesburg and ERF 1265 Marshall town.				
<i>(i) Nedbank Limited</i>	13 600	–	–	–
The loan expiry date is 1 June 2012. Interest is charged at 2.15% below the prime overdraft rate. The loan is secured by the mortgage bond over ERF 212 portion 7 & 8 Silvertondale Ext 1.				
<i>(j) Nedbank Limited</i>	1 800	–	–	–
The loan expiry date is 24 April 2012. Interest is charged at 2.15% below the prime overdraft rate. The loan is secured by the mortgage bond over Erf 97,98,99,412 and 413 Johannesburg.				
<i>(k) Standard Bank of South Africa Limited</i>	12 000	12 000	–	–
The loan is repayable by January 2008. Interest is charged at 1.25% below the prime overdraft rate. The loan is secured by a mortgage bond over Erven 4846-4848 Johannesburg.				
Less: Short-term portion	(12 000)	–	–	–
<i>(l) Standard Bank of South Africa Limited</i>	10 551	3 920	–	–
The loan is repayable by 31 October 2008. Interest is charged at 1.5% below the prime overdraft rate. The loan is secured by a mortgage bond over erf 923 – 927 Johannesburg.				
<i>(m) Investec Bank Limited</i>	125 251	128 063	125 251	128 063
The loan expiry dates are between November 2010 to June 2011. R48.6 million of the loan bears interest at a fixed rate of 11.04% per annum to April 2010, thereafter at a floating rate of 1.5% below the prime overdraft rate.				
The remainder of the loan bears interest at a average fixed rate of 9.65% per annum until April 2010. The loan is secured by suretyships by certain subsidiaries as well as a mortgage bonds over various properties and pledge of shares in Woodmead Mart (Pty) Ltd.				
Less: Short-term portion	(7 082)	(8 524)	(2 995)	(4 727)
<i>(n) Investec Bank Limited</i>	71	19 929	–	19 929
The loan expiry date is June 2011. Interest is charged at a floating rate of 1.5% below the prime overdraft rate. The loan is secured by a suretyships received from certain subsidiaries as well as a mortgage bond over remaining extent of erf 3058 Pretoria.				
Less: Short-term portion	–	(1 232)	–	(1 232)
<i>(o) Investec Bank Limited</i>	3 319	3 600	–	–
The loan expiry date is August 2011. Interest is charged at a floating rate of 1.5% below the prime overdraft rate. The loan is secured by a suretyships from Octodec as well as a mortgage bond over erf 916 and 917 Johannesburg.				
Less: Short-term portion	–	(25)	–	(25)
Total	495 543	557 253	199 127	227 281

Notes to the annual financial statements for the year ended 31 August 2007 continued

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
10. Long-term borrowings <i>continued</i>				
Repayable as follows:				
Two to five years	137 878	284 503	198 779	227 281
More than five years	357 665	272 750	348	–
	495 543	557 253	199 127	227 281
Within one year	19 082	9 781	2 995	5 984
	514 625	567 034	202 122	233 265
11. Deferred tax liability				
The deferred taxation liability arises from the following temporary differences:				
Prepayments	129	121	129	121
Tax losses created	(4 835)	(334)	–	–
Fair value adjustments				
Investment properties	256 306	189 825	–	–
Listed investments	12 918	6 759	12 918	6 759
	264 518	196 371	13 047	6 880
The movement for the year was as follows;				
Opening balance	196 371	122 479	6 880	4 698
Charge to income statement				
– prepaid expenses	8	15	8	15
– tax loss created	(4 501)	(334)	–	–
Charge to income statement/non-distributable reserves	72 640	74 211	6 159	2 167
Revaluation of investment property	66 481	72 044	–	–
Revaluation of listed investment	6 159	2 167	6 159	2 167
Closing balance	264 518	196 371	13 047	6 880
12. Bank overdraft				
The group's overdraft is unsecured and bears interest at 2% below the prime overdraft rate. An overdraft of R20 000 000 (2006: R7 000 000) has been arranged and has no terms of repayment.				
13. Revenue earned on contractual basis				
Rental income	191 593	153 114	65 155	55 845
Electricity and water recoveries	33 420	25 136	10 839	9 479
Rental income and recoveries	225 013	178 250	75 994	65 324
Management fees	1 320	1 616	15 130	11 021
	226 333	179 866	91 124	76 345

Notes to the annual financial statements for the year ended 31 August 2007 continued

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
14. Net income before interest				
Net income before interest from properties is arrived at after taking the following items into account:				
Auditor's remuneration	178	300	178	300
<i>Audit fees</i>				
current year	–	300	–	300
under provision prior year	178	–	178	–
Depreciation				
Plant and equipment	656	641	–	–
Fees for services				
Administration fees	9 175	6 300	9 175	6 300
Collection fees	12 065	9 790	4 318	3 804
JSE Limited	131	131	131	131
Operating lease payment – leasehold property	3 313	3 071	–	–
Staff costs	3 001	2 964	697	714
Pension fund contributions	191	162	–	–
Director's emoluments	367	–	367	324
Repairs and maintenance	5 168	4 099	2 127	2 495
15. Investment income				
Dividends received				
Subsidiaries	–	–	4 000	–
Associate	1 224	3 092	1 224	3 092
Other	33	18	33	18
Interest received				
Subsidiaries			53 081	32 902
Associate	4 190	2 568	4 190	2 568
Listed Investment	7 453	5 108	7 453	5 108
Other	1 401	734	75	403
Equity accounted earnings				
Share of earnings/(losses)	17	(1 545)	–	–
Share of revaluation reserve	18 610	36 150	–	–
	32 928	46 125	70 056	44 091
16. Finance costs				
Loans and bank overdraft	66 341	48 242	34 223	17 699
Less: interest capitalised	(1 842)	(1 322)	–	–
Other	–	6	–	–
	64 499	46 926	34 223	17 699

Notes to the annual financial statements for the year ended 31 August 2007^{continued}

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
17. Taxation				
South African normal taxation				
Current	1 547	1 235	–	–
Deferred taxation				
Current	8	15	7	15
Fair value adjustments	66 481	72 044	–	–
Tax losses created	(4 501)	(334)	–	–
	63 535	72 960	7	15
Reconciliation between effective tax rate and applicable tax rate	%	%	%	%
South African normal rate of taxation	29.0	29.0	29.0	29.0
Non-deductible expenses	–	–	(0.5)	–
Exempt income	(0.5)	(3.9)	(17.9)	(25.4)
Permanent differences	(3.2)	(0.9)	–	(5.3)
Deferred taxation not raised on computed losses	(1.2)	0.3	(10.5)	1.9
Effective tax rate	24.1	24.5	0.1	0.2

No provision has been made for the company for 2007 normal taxation as a result of a tax loss. The estimated tax loss available for set off against taxable income amounts to R8 580 101 (2006 : R10 336 000). No deferred tax asset has been recognised as the directors are of the opinion that the company would not have taxable income in the near future.

18. Minimum future rentals receivable				
Non-cancellable lease agreements				
Less than one year	194 322	147 432	61 904	51 742
Later than one year and not later than five years	277 315	261 074	79 081	62 905
Later than five years	31 500	20 908	7 209	222
	503 137	429 414	148 194	114 869

Rental receivable represents contractual rental income excluding other recoveries for leases in existence at 31 August.

Notes to the annual financial statements for the year ended 31 August 2007^{continued}

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
19. Earnings per linked unit (cents)				
Basic (weighted)	363,2	375,9		
Headline (weighted)	114,2	95,9		

The calculation of basic earnings per linked unit is based on net income attributable to unitholders (after taxation and before debenture interest) of R285 901 885 (2006: R294 467 000) and the number of linked units in issue during the year of 78 974 736 (2006: 78 344 569). The calculation of headline earnings per linked unit is reflected below.

Profit before debenture interest, after taxation

Profit before debenture interest

Straight-line lease adjustment

Taxation

Adjustments:

Profit/on sale of investment properties

Revaluation of investment properties

Revaluation of investment properties, associate

Total tax effects of adjustments

Total adjustments

Headline earnings

Headline earnings per linked unit (cents)

282 604	296 800
349 437	367 427
(3 298)	2 333
(63 535)	(72 960)
(2 771)	(377)
(238 560)	(256 527)
(18 610)	(36 150)
67 530	71 367
192 411	221 687
90 193	75 113
114,2	95,9

20. Cash generated from operations

Income before taxation

Adjusted for:

Straight-lining lease adjustment

Debenture interest

Revaluation of investment properties

Capital profit on disposal of investment property

Finance costs

Amortisation of deemed debenture premium

Investment income

Depreciation

Operating income before working capital changes

(Increase)/decrease in accounts receivable

(Decrease)/increase in accounts payable

Cash generated from operations

263 699	298 280	4 870	11 883
3 298	(2 333)	6 136	(4 819)
85 737	69 147	85 737	69 147
(241 858)	(254 194)	–	–
(573)	(377)	–	–
64 499	46 926	34 223	17 699
(4 010)	(3 566)	(4 010)	(3 566)
(32 928)	(46 125)	(70 057)	(44 091)
656	641	–	–
138 520	108 399	56 899	46 253
(5 744)	(759)	3 349	(7 724)
(540)	(635)	5 768	5 772
132 236	107 005	66 016	44 301

Notes to the annual financial statements for the year ended 31 August 2007^{continued}

	GROUP		COMPANY	
	2007 R'000	2006 R'000	2007 R'000	2006 R'000
21. Debenture interest				
Amounts unpaid at beginning of the year	36 015	28 143	36 015	28 143
Amounts charged to the income statement	85 737	69 147	85 737	69 147
Amount unpaid at end of the year	(46 381)	(36 015)	(46 381)	(36 015)
	75 371	61 275	75 371	61 275
22. Taxation paid/(received)				
Taxation paid is reconciled to the amounts disclosed in the income statement as follows:				
Amounts (overpaid)/unpaid at beginning of year	(23)	(555)	(36)	(281)
Amounts charged to the income statement	1 547	1 235	–	–
Amounts (unpaid)/overpaid at end of year	(752)	23	261	36
	772	703	225	(245)
23. Cash and cash equivalents at end of year				
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:				
Cash at bank	274	206	265	197
Bank overdraft	(9 601)	(4 025)	(9 601)	(4 025)
	(9 327)	(3 819)	9 336	(3 828)

24. Contingencies

24.1

The Company has issued a guarantee of R1 690 100 in favour of Tshwane Metropolitan Municipality for the provision of certain services to its subsidiaries.

24.2

The company has issued a guarantee of R582 000 in favour of City Power – Johannesburg for the provision of certain services to its subsidiaries.

24.3

The Company has given unlimited surety to Nedbank Property Finance, which at year-end amounted to R62 640 000, in favour of its associate company, IPS Investments (Proprietary) Limited.

25. Commitments

25.1

An amount of R135 430 941 (2006: R14 800 000) has been committed for by the Group in respect of capital expenditure relating to the improvement of certain properties. These developments will be financed by way of existing facilities.

25.2

Operating lease commitments

Within one year

3 313 3 071

Two to five years

13 252 12 282

More than five years

79 512 73 697

96 077 89 050

The land leases above relate to Woodmead Mart and will be funded from the proceeds of rental income. These commitments have been determined based on a fixed percentage of current rental income, assuming no escalations and exclude any option period.

Notes to the annual financial statements for the year ended 31 August 2007^{continued}

26. Segmental information

	Industrial	Office	Retail	Commercial	Residential	Corporate unallocated	Total
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Analysis by property usage							
2007							
<i>Revenue</i>							
Rentals and recoveries received	30 665	22 794	113 333	51 871	6 350	–	225 013
Management fee	–	–	–	–	–	1 320	1 320
Straight-line operating lease adjustment	(1 146)	312	(1 112)	(1 380)	28	–	(3 298)
Total revenue	29 519	23 106	112 221	50 491	6 378	1 320	223 035
Net rental income from properties	17 898	15 194	67 729	29 435	3 308	(1 196)	132 368
Net revaluation of investment properties	48 179	16 147	113 268	55 267	8 997	–	241 858
Revaluation of investment properties	47 033	16 459	112 156	53 887	9 025	–	238 560
Straight-line operating lease adjustment	1 146	(312)	1 112	1 380	(28)	–	3 298
Capital profit on disposal of investment properties	–	–	–	–	–	573	573
Trading profit	–	–	–	–	–	2 198	2 198
Amortisation of debenture premium	–	–	–	–	–	4 010	4 010
Investment income	–	–	–	–	–	32 928	32 928
Income before financing costs and taxation	66 077	31 341	180 997	84 702	12 305	38 513	413 935
<i>Assets</i>							
Investment properties	260 073	209 020	963 567	419 080	48 018	–	1 899 758
Plant and equipment	14	264	1 402	155	134	–	1 969
Other assets (unallocated)	–	–	–	–	–	273 699	273 699
Total assets	260 087	209 284	964 969	419 235	48 152	273 699	2 175 426
Total liabilities (unallocated)	–	–	–	–	–	1 268 926	1 268 926
2006							
<i>Revenue</i>							
Rentals and recoveries received	20 940	15 498	100 322	36 397	5 093	–	178 250
Management fee	–	–	–	–	–	1 616	1 616
Straight-line operating lease adjustment	176	239	1 575	343	–	–	2 333
Total revenue	21 116	15 737	101 897	36 740	5 093	1 616	182 199
Net rental income from properties	13 800	10 444	67 899	22 980	2 801	(7 833)	110 091
Net revaluation of investment properties	42 887	18 114	125 476	63 513	4 204	–	254 194
Revaluation of investment properties	43 063	18 353	127 051	63 856	4 204	–	256 527
Straight-line operating lease adjustment	(176)	(239)	(1 575)	(343)	–	–	(2 333)
Capital profit on disposal of investment properties	–	–	–	–	377	–	377
Amortisation of debenture premium	–	–	–	–	–	3 566	3 566
Investment income	–	–	–	–	–	46 125	46 125
Income before financing costs and taxation	56 687	28 558	193 375	86 493	7 382	41 858	414 353
<i>Assets</i>							
Investment properties	214 608	122 291	863 008	298 022	33 877	–	1 531 806
Plant and equipment	29	167	1 614	108	197	–	2 115
Other assets (unallocated)	–	–	–	–	–	178 492	178 492
Total assets	214 637	122 458	864 622	298 130	34 074	178 492	1 712 413
Total liabilities (unallocated)	–	–	–	–	–	1 042 987	1 042 987

27. Retirement benefits

The Group has no arrangement whereby benefits are provided for employees on or after termination of service as all employees are employed by the management company, City Property Administration (Proprietary) Limited.

28. Financial risk management

The Group's financial instruments consist mainly of deposits with banks, bank overdrafts and loans, accounts receivable and payable, and loans to and from subsidiaries. In respect of all financial instruments listed above, the book value approximates fair value.

Credit risk management

Potential areas of credit risk comprise mainly of trade receivables. Trade receivables consist of a large widespread customer base. The Group monitors the financial position of its customers on an on-going basis. Provision is made for both specific bad debts and general bad debts and at year-end management did not consider there to be any material credit risk exposure, not covered by a bad debt provision.

Interest risk management

At 31 August 2007 the Group had borrowings of R514 625 000 (2006: R567 034 000) at various negotiated rates. The average interest rate for 2007 was approximately 10.4% (2006: 9.5%) and 86% of borrowings at year-end are fixed. Interest rate trends are constantly monitored and appropriate steps taken to ensure the Group's exposure to interest costs is limited.

Liquidity risk management

Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet funding requirements.

29. Related party transactions

Parties are considered to be related parties if one party has the ability to control the other party or exercise significant influence over the other party in making financial decisions.

Related parties where control existed during the year are as follows:

Directors: A Wapnick; JP Wapnick; S Wapnick; M Pollack; MJ Holmes.

Refer to page 17 – Report of directors for the directors' remuneration.

Company: City Property Administration (Proprietary) Limited, Tugendhaft, Wapnick, Banchetti and Partners

Related party with whom the Group transacted during the year.

29.1 City Property Administration (Proprietary) Limited – company which manages the Group's property and investment portfolios and over which control is exercised by the abovementioned directors.

Pricing policy: Fixed percentage of collections made, a percentage of property acquisitions and property sales, fixed percentage of the aggregate of the Group's average market capitalisation and total indebtedness to banks and other financial institutions in respect of mortgage bond loans.

Average market capitalisation (based on average market price) plus secured loans:	0.5%
Collection fee:	Commercial 4% to 5% of gross receipts Residential 7.5% of gross receipts
Major repairs and renovations:	5%
Properties disposed of:	Institute of Estate Agents tariff and in excess of R6 million by agreement between parties.
Letting fee (Commercial):	50% of the SAPOA tariff in respect of new commercial leases and R1 000 or 50% of the first months rental, whichever is the lesser in respect of existing leases.
Letting fee (Residential):	R500 in respect of new residential leases.
Acquisition of properties:	3% of cost, and if in excess of R6 million, by agreement between parties.
New construction and development:	By agreement between parties.

Notes to the annual financial statements for the year ended 31 August 2007 continued

	GROUP	
	2007 R'000	2006 R'000
<i>Expenditure</i>		
Administration fees	9 175	6 300
Collection fees	12 065	9 790
Commission paid	1 012	999
<i>Investment properties</i>		
Commissions paid on sale and purchase of investment property and major improvements	3 415	2 626
<i>Accounts payable</i>		
Creditor	4 245	–

- 29.1 Tugendhaft, Wapnick, Banchetti and Partners – company which assisted the group with some professional opinion and over which significant influence is exercised by the above mentioned director.

Pricing policy: Market related

<i>Expenditure</i>		
Professional fees	186	–

Subsidiary companies and property portfolio for the year ended 31 August 2007

Subsidiary (property name)	Address	Street N°	Property value at 31 August 2007 (R'000)	% of portfolio	Description of buildings	Site area (m²)	GLA (m2)	Vacancy %	Issued share capital	Cost of shares (R)	Amounts owing by/to subsidiaries 2007 (R'000)	Amounts owing by/to subsidiaries 2006 (R'000)
Pretoria Central												
Alert Investments – Valcourt	Struben St	336	3,698	0.2	Shops, offices and warehouses	3,480	3,399	46.9	600	600	2 536	2 536
Carine Properties – Provincial House	Van der Walt and Brown St	Cnr	6,462	0.3	Shops and offices	1,060	2,939	40.7	200	107 875	735	735
Cold Air Investments – CPA House	Du Toit, Proes and Vermeulen St	Cnr	31,153	1.6	Shops, offices and parking	5,104	7,437	4.7	1,000	1 000	22 358	21 980
Dusku Investments	Du Toit and Schoeman St	Cnr	1,051	0.1	Motor showroom	334	351	–	100	803 933	86	86
Indacom Properties	Struben St	130	9,603	0.5	Shops and warehouses	3,245	2,593	–	16	16	4 369	4 369
Indacom Properties	Struben St	116			Warehouses	1,907	2,347	–				
Indacom Properties	Bloed St	117			Shops	1,512	1,210	50.7				
Middlelip – Scott's Corner	Struben and Bloed St	288	16,683	0.9	Showroom and warehouse	5,104	5,371	–	1,000	1 000	7 739	7 705
Octbos Properties – Time Place	Pretorius St	153	30,959	1.6	Flats and shops	1,429	5,405	2.3	100	100	6 140	7 394
Potproes Properties	Pretorius St	37	14,952	0.8	Shops, workshop and motor showroom	5,439	2,005	–	1,000	3 086 426	12 746	12 747
Potproes Properties	Potgieter St	233			Motor showroom	638	333	–				
Potproes Properties	Potgieter and Pretorius St	Cnr			Workshop and warehouse	1,914	1,521	69.9				
Potproes Properties – Jetset Park	Potgieter and Pretorius St	Cnr			Filling station, shops and workshops	22,208	6,658	29.1				
Pretvin – Sharp Centre	Pretorius St	13	5,505	0.3	Shops, office and showrooms	2,552	2,115	8.4	4,000	4 000	1 606	1 605
Prinsben Properties	Struben and Prinsloo St	Cnr	4,404	0.2	Shops	2,552	1,312	13.7	1,000	1 000	3 855	3 855
Prinstruben	Struben and Prinsloo St	Cnr	7,918	0.4	Shops	2,552	1,884	3.9	1,000	1 000	3 585	3 586
Rumpro Investments – Letari Building	Proes St	276	3,711	0.2	Shops, offices and warehouses	2,561	3,281	27.9	120	1 713 213	563	563
SKD Beleggings (Skof Vyf)	Visagie St	70	6,484	0.3	Shops and warehouse	2,339	1,381	–	100	100	2 851	2 850
SKD Beleggings (Skof Vyf)	Visagie St	87			Offices	3,737	1,592	53.8				
SKD Beleggings (Skof Vyf)	Visagie St	78			Shops and warehouse	1,886	1,276	–				

Subsidiary companies and property portfolio for the year ended 31 August 2007 continued

Subsidiary (property name)	Address	Street N°	Property value at 31 August 2007 (R'000)	% of portfolio	Description of buildings	Site area (m²)	GLA (m²)	Vacancy %	Issued share capital	Cost of shares (R)	Amounts owing by/to subsidiaries 2007 (R'000)	Amounts owing by/to subsidiaries 2006 (R'000)
Steynscor	Van der Walt St	19	34,180	1.8	Shops and offices	5,104	3,693	10.0	18	18	4 403	4 402
Strubgel Properties						–	–	–	1	1	(121)	(121)
Tuel	Paul Kruger and Jacob Mare St	Cnr	3,356	0.2	Shops	740	1,065	–	300	300	1 498	842
Viskin	Visagie St	10A	3,011	0.2	Workshop	3,536	313	–	1,000	1 000	633	633
Woodmead Mart – Centre Forum	Van der Walt St, Pta	89	49 750	2.6	Shops and offices	8,922	7,170	2.8	–	–	31 635	32 163
			232,880	12.2		89,855	66,651	14.5				

Pretoria West												
Airoterp	DF Malan Dve	302	2,571	0.1	Shops	2,332	1,361	33.7	100	100	1 447	1 446
Coogers									200	200	–	–
Dirk du Toit	Mitchell St	323	5,604	0.3	Workshop	1,152	1,141	–	100	100	1 587	1 589
Dirk du Toit	Mitchell St	327			Shop and workshop	1,428	1,768	–				
Dirk du Toit	Mitchell St	325			Shop and workshop	1,428		–				
Goleda Properties	Carl St	523	17,715	0.9	Warehouse	3,663	3,727	–	200	200	6 762	6 608
Goleda Properties	Carl St	529			Workshops and warehouse	1,428	1,568	10.1				
Goleda Properties	Mitchell St	536			Filling station	2,855	1,583					
Goleda Properties	Mitchell St	546			Filling station, shops, factories and flats	3,847	3,169	0.4				
Goleda Properties	Rose-Etta St	40			Shops, showroom and workshops	2,674	415	–				
Henwoods (Pretoria) Development Company	Mitchell St	403	10,205	0.5	Factories	5,710	3,446	–	1,000	1 000	2 654	2 654
Lasmitch Properties	Mitchell St	120	4,708	0.2	Warehouse and showroom	2,855	1,859	–	1,000	1 000	937	955
Lutbridge Investments	Church St	535	9,667	0.5	Shops and warehouse	1,428	5,159	43.3	70	70	3 714	3 713
Lutbridge Investments	Church St	541			Shops, filling station and warehouse	5,710		–				
Metromitch	Carl St	563	22,060	1.2	Shops, showroom and warehouse	2,855	2,496	11	100	100	6 591	6 102
Metromitch	Mitchell St	552			Shops, showroom and warehouse	3,765	1,586	26				

Subsidiary companies and property portfolio for the year ended 31 August 2007 continued

Subsidiary (property name)	Address	Street N°	Property value at 31 August 2007 (R'000)	% of portfolio	Description of buildings	Site area (m²)	GLA (m2)	Vacancy %	Issued share capital	Cost of shares (R)	Amounts owing by/to subsidiaries 2007 (R'000)	Amounts owing by/to subsidiaries 2006 (R'000)
Metromitch	Mitchell St	582			Shops and warehouses	3,827	1,605	–				
Metromitch – Metro Court	Mitchell St	564			Shops, warehouse and flats	2,855	2,823	51.6				
Mitchpap	Mitchell and Ketjen St	Cnr	11,008	0.6	Shops and warehouses	5,710	4,622	20.3	200	200	3 475	3 476
Nedwest Centre	Mitchell St	360	23,652	1.2	Shops, filling station, warehouses and workshops	40,740	9,286	9.1	4,000	4 000	8 222	8 222
Panag Investments	Mitchell St	395	4,826	0.3	Shops and workshops	2,855	1,878	9.7	200	200	1 368	1 368
Rovon Investments	Mitchell, Rose-Etta and Soutter St	Cnr	12,370	0.7	Shops, workshops and warehouses	9,719	3,855	–	4	316 642	4 221	4 226
Soutwest Properties	Soutter, Von Wielligh and Lourentz St	Cnr	8,991	0.5	Warehouses and workshops	2,855	1,965	–	1,000	1 000	1 044	1 353
Tomwest			–	–		–	–	–	100	100	140	45
			133,377	7.0		111,691	55,312	14.4				

Waverley, Gezina, Mayville												
Fawn Properties	Paul Kruger and Fred Nicholson St, Mayville	Cnr	14,674	0.8	Shops and motor valet	1,991	739	13.7	200	200	4 009	4 009
Fawn Properties	Paul Kruger and Fred Nicholson St, Mayville	Cnr			Shops	7,560	4,617	–				
FrederikaStraat Beleggings	Frederika St and 12th Ave, Gezina	Cnr	5,483	0.3	Shops	2,552	1,564	8.6	100	100	1 489	1 489
Fredvoor Investments			–	–				–	100	100	(6)	(4)
Gezfarm Properties – Gezina City	Michael Brink St, Gezina	593	76,103	4.0	Shopping Centre	43,153	16,055	1.2	1,000	1 000	36 793	36 658
Karkap Properties	Frederika St and 12th Ave, Gezina	Cnr	3,135	0.2	Shops	2,552	1,163	11.7	100	100	1 494	1 494
Swemvoor Investments	Voortrekkers Rd and Swemmer St, Gezina		6,509	0.3	Shops and offices	2,552	2,783	–	100	100	2 632	2 631
Swemvoor Investments	Voortrekker Rd, Gezina	537			Showroom	1,584		–				
Tomnick Investments			–	–		–	–	–	200	200	(2 696)	(2 696)

Subsidiary companies and property portfolio for the year ended 31 August 2007 continued

Subsidiary (property name)	Address	Street N°	Property value at 31 August 2007 (R'000)	% of portfolio	Description of buildings	Site area (m²)	GLA (m2)	Vacancy %	Issued share capital	Cost of shares (R)	Amounts owing by/to subsidiaries 2007 (R'000)	Amounts owing by/to subsidiaries 2006 (R'000)
Troymona	Hertzog St, Waverley	1146	620	0.0	House	1,018		–	1,000	48 303	513	544
Troymona	32nd Ave, Waverley	764			House	1,276		–				
Waverley Plaza	Hertzog St, Waverley	1120	115,866	6.1	Shopping Centre	36,215	10,983	14.4	1,000	746 096	41 246	38 257
Voorhertz				–				–	4,000	4 000	(4)	(4)
			222,390	11.7		100,453	37,904	3.5				

Hermanstad												
Das Properties Investments	Mooi St	559	4,850	0.3	Shops	1,983	1,013	–	300	300	876	876
Erf One Eight One, Hermanstad	Kruger St	9238	28,869	1.5	Factories, workshops and warehouses	30,610	12,411	4.1	100	100	9 356	9 355
Hannyhof	Van der Hoff, Elsa and Hanny St	Cnr	5,308	0.3	Shops	3,750	1,177	–	1,000	1 000	1 697	1 699
Hannyhof	Van der Hoff, Elsa and Hanny St	Cnr			Shops	1,983	545	–				
Hardwood Properties	Rood St	720	1,397	0.1	Warehouse	5,239	1,150	–	3	3	32	32
Pretboy	Attie St	578	2,759	0.1	Factories	5,102	463	–	100	100	625	625
Talkar Properties	Taljaard St	360	10,674	0.6	Workshops and warehouse	2,552	6,807	29.2	100	100	4 269	4 470
Talkar Properties	Taljaard St	386			Factories, workshops and warehouses	10,207		–				
Thorobred Investments			–	–		–		–	200	200	(52)	(52)
			53,857	2.9		61,426	23,566	10.6				

Silvertondale												
Anke Properties – Sildale Park	Asetileen, Conveyor and Voorhamer St	Cnr	79,972	4.2	Industrial units	63,120	22,392	14.8	1,000	1 000	22 216	21 337
Janvoel Properties	Stormvoel St	266	3,362	0.3	Shops	4,461	1,760	–	1,000	1 000	2 886	2 978
Muntstreet Properties	Mundt St	329	8,604	0.4	Factories	5,998	6,909	–	1,000	1 000	3 566	3 575
Muntstreet Properties	Mundt St	331			Factories	6,245		–				
			91 938	4.9		79,824	31,061	10.6				

Subsidiary companies and property portfolio for the year ended 31 August 2007 continued

Subsidiary (property name)	Address	Street N°	Property value at 31 August 2007 (R'000)	% of portfolio	Description of buildings	Site area (m²)	GLA (m2)	Vacancy %	Issued share capital	Cost of shares (R)	Amounts owing by/to subsidiaries 2007 (R'000)	Amounts owing by/to subsidiaries 2006 (R'000)
Pretoria North												
Erf Agt Nul Nege	Gerrit Maritz and Danie Theron St	Cnr	5,074	0.3	Shops	2,552	1,757	–	95	95	2 321	2 321
Erf Six Five One, Pretoria North	Koos de la Rey St	319	3,965	0.2	Factories	2,552	1,320	16.7	1,000	1 000	994	994
Ramreg Properties – North Place	Euufees St	284	10,618	0.6	Flats	3,828	1,084	–	1	1	6 678	6 832
Ramreg Properties	Gerrit Maritz St	590			Shops and offices	2,552	100	28.0				
Tronap Investments	Gerrit Maritz and General Beyers St	Cnr	4,237	0.2	Shops	2,552	1,462	30.8	100	100	1 680	1 680
			23,894	1.3		14,036	5,723	12.2				

Pretoria East												
Elarduspark Shopping Centre	Barnard St	837	126,127	6.6	Shopping Centre	31,976	11,758	3.7	1,000	7 362 821	27 194	27 694
			126,127	6.6		31,976	11,758	3.7				

Sundry												
Bronktram Properties				–				–	1,000	1 000	(1 912)	(1 897)
Browbid Investments				–				–	100	100	–	–
Cradvoer Investments				–				–	100	100	(193)	(193)
Landkirk Properties	Bonita Crescent	568	2,533	0.1	Warehouse and workshop	2,334	1,265	–	1,000	20 800	213	363
Octprop Properties – Tiny Town	Church St, Arcadia	680	6,026	0.3	Vacant land	1,388	–	–	100	100	7 908	7 355
Octprop Properties	Church St, Arcadia	682			Vacant land	1,388		–				
Octprop Properties	Church St, Arcadia	682A			Vacant land	1,301		–				
Octprop Properties	Church St, Arcadia	684			Vacant land	5,378		–				
Octprop Properties	Church St, Arcadia	700			Vacant land	1,301		–				
Octprop Properties	Church St, Arcadia	191			Vacant land	1,057		–				
Van Ryneveld Beleggings	Rudolf and van Tonder St, Sunderland Ridge	Cnr	–					–	200	200	(2 445)	1 035

Subsidiary companies and property portfolio for the year ended 31 August 2007 continued

Subsidiary (property name)	Address	Street N°	Property value at 31 August 2007 (R'000)	% of portfolio	Description of buildings	Site area (m²)	GLA (m2)	Vacancy %	Issued share capital	Cost of shares (R)	Amounts owing by/to subsidiaries 2007 (R'000)	Amounts owing by/to subsidiaries 2006 (R'000)
10 Rudolph Steet	Sunderland Ridge	257	4,326	0.2	Factories	5 470	2,500	30.0	–	–	–	–
Durban	Portions 1,2,5 of Erf 12214		1,030	0.1	Shops & flats	553			–	–	–	–
			13 915	0.7		20,170	3,765	19.9				

Johannesburg and surrounding												
Heracle	Woburn and Rothsay Ave, Benoni	Cnr	1,467	0.1	Shops and offices	1,784	3,200	45.9	1,000	753 047	1 209	1 211
Killarney Mall	Fourth St & Riviera Rd, Killarney	34-54	616,031	32.2	Shopping Centre	57,603	45,027	6.5	100	2 392 153	120 718	106 620
Pretwade	Strauss Crescent, Germiston		3,794	0.2	Workshops	6,719	3,380	–	2	2	1 535	1 535
Presmooi John Street	John St	18-20	18,266	1.0	Office and shops	19,467	14,365	4.2	–	–	16 718	–
Presmooi – Kyalami Crescent	Kyalami Business Park, Kyalami		33,668	2.1	Warehouses	21,967	9,834	8.1	–	–	(2 445)	455
Presmooi – Selby 515	Prop St	15	10,379	0.5	Warehouses	12,270	6,682	24.2	–	–	(481)	235
Woodmead Mart*	Waterval Crescent, Woodmead		151,734	7.8	Shopping Centre	42,255	17,222	–	1,000	3 438 345	23 677	19 294
			835,339	43.9		162,065	99,710	6.6				

Johannesburg CBD												
Presmooi	Mooi, President and Pritchard St	Cnr	7,262	0.4	Shops and offices	2,975	3,664	–	1,000	523 031	120 604	(1 732)
Presmooi – Bosman Building	Eloff St	99	22,591	1.2	Shops and offices	2,234	15,809	63.5	–	–	3 220	3 358
Presmooi – Medical City	Eloff St	106	11,459	0.6	Shops	979	6,652	76.8	–	–	3 522	3 619
Presmooi – Klamson House	Commissioner St	151	11,892	0.6	Shops and offices	993	6,015	13.2	–	–	7 272	1 474
Presmooi – Rand Central	Jeppe St	165	14,953	0.8	Shops	1,242	10,206	80.6	–	–	5 209	5 283
Presmooi – Anderson Place	Harrison St	9	12,089	0.6	Office and shops	992	5,287	1.9	–	–	500	–
Presmooi – Elephant Place	Market st	107	9,201	0.5	Office and shops	991	4,483	38.8	–	–	–	–
Presmooi – Inner court	Eloff St	88	49,740	2.6	Office and shops	3,735	24,356	38.9	–	–	–	–

Subsidiary companies and property portfolio for the year ended 31 August 2007 continued

Subsidiary (property name)	Address	Street N°	Property value at 31 August 2007 (R'000)	% of portfolio	Description of buildings	Site area (m²)	GLA (m2)	Vacancy %	Issued share capital	Cost of shares (R)	Amounts owing by/to subsidiaries 2007 (R'000)	Amounts owing by/to subsidiaries 2006 (R'000)
Presmooi – Reliance	Heidelberg Rd, City Deep	107	6,446	0.3	Office and shops	11,397	6,768	30.4			6 087	–
Waverley Plaza – Fine Art House	Pritchard St	105	3,949	0.2	Shops and offices	499		–	–	–	99	92
Waverley Plaza – Fine Art Court	Pritchard St	103	2,132	0.1	Shops and offices	248		–	–	–	227	210
Registry House	Troye St Kerk St	64 102- 108	16,296	0.9	Shops	1,994	10,871	98.5 –	–	–	1 774 –	1 808 –
			168,010	8.8		28,279	94,111	43.9				
		**	1,901,727	100.0		699,775	429,561	19.2		21 344 391	632 203	466 606

* leasehold property

** including plant and equipment

Linked Unitholders' Analysis

for the year ended 31 August 2007

Unitholders' classification	Number of unitholdings	%	Number of units	%
1 – 1,000 shares	209	16.43	114,366	0.13
1,001 – 10,000 shares	596	46.86	2,945,966	3.30
10,001 – 100,000 shares	372	29.25	11,546,499	12.93
100,001 – 1,000,000 shares	77	6.05	27,264,820	30.53
1,000,001 shares and over	18	1.41	47,425,821	53.11
	1,272	100.00	89,297,472	100.00

Unitholders' profile				
Banks	9	0.71	2,047,909	2.29
Close corporations	33	2.59	2,317,231	2.60
Endowment funds	26	2.04	1,623,668	1.82
Individuals	864	67.94	11,999,874	13.44
Insurance company	6	0.47	654,671	0.73
Investment company	4	0.31	10,063,363	11.27
Mutual funds	36	2.83	25,122,082	28.13
Nominees and trusts	150	11.79	12,916,604	14.46
Other corporations	29	2.28	1,720,676	1.93
Pension funds	14	1.10	5,376,416	6.02
Private companies	97	7.63	15,144,538	16.96
Public companies	4	0.31	310,440	0.35
	1,272	100.00	89,297,472	100.00

Public/non-public unitholders				
Non-public shareholders	46	3.62	23,328,331	26.12
Directors and family	46	3.62	23,328,331	26.12
Public shareholders	1,226	96.38	65,969,141	73.88
	1,272	100.00	89,297,472	100.00

Beneficial unitholders holding of 3% or more		
Directors and family	23,328,331	26.12
Stanlib	11,195,005	12.54
Liberty Group	8,403,334	9.41
Investec	5,981,290	6.70
Transnet Pension Fund	2,717,021	3.04

Share trading analysis				
	Highest (cents)	Lowest (cents)	Volume traded (units)	Value traded (rands)
September 2006	1,199	1,085	1 836 829	21 340 780
October	1,235	1,125	3 561 992	40 862 620
November	1,301	1,250	1 153 476	14 657 530
December	1,348	1,290	241 816	3 155 400
January 2007	1,501	1,400	229 868	3 355 140
February	1,600	1,480	485 390	7 399 530
March	1,610	1,520	455 049	7 171 890
April	1,726	1,610	207 519	3 468 820
May	1,860	1,751	1 146 952	21 170 040
June	1,870	1,749	414 604	7 604 268
July	1,880	1,800	459 273	8 504 257
August 2007	1,870	1,770	405 386	7 291 488

Notice of Annual General Meeting for the year ended 31 August 2007



(Incorporated in the Republic of South Africa)
(Registration number 1956/002868/06)
ISIN: ZAE000005104
Share code: OCT
("Octodec" or "the Company")

Notice is hereby given that the fifteenth annual general meeting of linked unitholders of Octodec will be held on Friday 8 February 2008 at 11h30 at CPA House, 101 Du Toit St, Pretoria, for the following purposes:

1. To receive, approve and adopt the audited annual financial statements of the Company and the Group, together with the directors' and independent auditors' reports for the year ended 31 August 2007.
2. To re-elect the following directors who retire by rotation in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election:

2.1 A Wapnick

Alec Wapnick (76) is a chartered accountant and is the chairman of the Company. He has a wealth of experience in the property industry. He serves on the board of other companies and is the chairman of Premium Properties limited.

2.2 J Wapnick

Jeffrey Wapnick (46) serves on the board of other companies including Premium Properties Limited. He has a wealth of experience on the property industry.

3. To confirm the re-appointment of the auditors, Deloitte & Touche for the ensuing year and to authorise the directors to determine the auditors remuneration for the year ending 31 August 2007.
4. To approve the payment of the remuneration of the directors for the year ended 31 August 2007 as reflected on page 17 of the annual report of which this notice forms part.
5. As special business, to consider and, if deemed fit, pass with or without modification the following resolutions:

Ordinary resolution 1

To place the unissued linked units under the directors' control.

"Resolved that, the authorised but unissued linked units of the Company be placed under the control of the directors of the Company until the next annual general meeting with the authority to allot and issue linked units in the capital of the Company to such persons and upon such terms and conditions as the directors in their sole discretion deem fit, subject to sections 221(2) and 222 of the Companies Act, 61 of 1973, as amended ("the Act"), and the JSE Limited ("JSE") Listings Requirements."

Ordinary resolution 2

Approval to issue linked units for cash.

"Resolved that subject to not less than 75% of the linked unitholders present in person or by proxy and entitled to vote at the annual general meeting at which this ordinary resolution is to be considered, voting in favour thereof, the directors of the Company be and are hereby authorised by way of a general authority to issue all or any of the authorised but unissued shares, together with debentures linked thereto ("linked units"), in the capital of the Company for cash as they in their discretion deem fit, subject to the following limitations:

- this authority shall not extend beyond the later of the date of the next annual general meeting of the Company or the date of expiry of 15 (fifteen) months from the date of this annual general meeting;
- a paid press announcement giving full details, including the impact on net asset value and earnings per share, will be published at the time of any issue representing, on a cumulative basis within any one financial year, 5% (five percent) or more of the number of linked units in issue prior to such issue;
- issues in terms of this authority will not exceed 15% (fifteen percent) in the aggregate of the number of linked units in the Company's issued share capital in any one financial year. The number of linked units to be issued shall be based

Notice of Annual General Meeting for the year ended 31 August 2007 continued

on the number of linked units in issue at the date of application, less any linked units issued by the Company during the current financial year, provided that any linked units to be issued for cash pursuant to an acquisition (concluded up to the date of application) may be included as though they were linked units in issue at the date of application;

- in determining the price at which an issue of linked units will be made in terms of this authority the maximum discount permitted will be 10% (ten percent) of the weighted average traded price of such linked units, as determined over a 30-day period to the date that the price of the issue is determined or agreed by the directors;
- any such issue will only be made to public shareholders as defined by the JSE, and not to related parties; and
- the linked units which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such securities or rights that are convertible into a class already in issue.”

Ordinary resolution 3

“Resolved that the directors and secretary of the Company be and are hereby authorised to do all such things and sign all documents and take all actions as they consider necessary to implement the resolutions set out in the notice convening the annual general meeting at which this ordinary resolution 2 will be considered.”

6. Special Resolution 1

To authorise the Company and/or its subsidiaries to acquire its linked units.

“Resolved that the Company and/or any of its subsidiaries be and is here authorised by way of a general approval as contemplated in Section 85 and Section 89 of the Act to acquire the issued securities of the Company, upon such terms and conditions and in such amounts as the directors of the Company may from time to time determine but subject to the Articles of Association of the Company, the provision of the Act and the JSE Listings Requirements, where applicable, and provided that:

- (a) the repurchase of securities is implemented through the open order book of the JSE trading system, without any prior understanding or arrangement between the Company and the counter party;
- (b) this general authority shall only be valid until the Company's next annual general meeting, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution;
- (c) the Company is authorised thereto by its Articles of Association;
- (d) the general repurchase by the Company is limited to a maximum of 20% (twenty percent) in aggregate of the Company's issued capital in any one financial year;
- (e) the general repurchase by the subsidiaries of the Company is limited to a maximum of 10% (ten percent) in aggregate of the Company's issued share capital in any one financial year;
- (f) the repurchase is not made at a price greater than 10% (ten percent) above the weighted average of the market value for the securities for five business days immediately preceding the date on which the transaction was effected;
- (g) the repurchase does not take place during a prohibited period as defined in paragraph 3.67 of the JSE Listing Requirements;
- (h) the Company publishes an announcement after it or its subsidiaries has cumulatively acquired 3% (three percent) of the number of securities in issue at the time that the linked unitholders' authority for the purchase is granted and for each 3% (three percent) in aggregate of the initial number acquired thereafter;
- (i) the Company and the Group are in a position to repay their debt in ordinary course of business for a period of twelve months after the date of such repurchase;
- (j) the assets of the Company and the Group being fairly valued in accordance with South African Statement of Generally Accepted Accounting Practice, are in excess of the liabilities of the Company and the Group for a period of twelve months after the date of such repurchase;
- (k) the capital and reserves of the Company and the Group are adequate for a period of twelve months after the date of such repurchase;
- (l) the available working capital is adequate to continue the operations of the Company and the Group for a period of twelve months after the date of such repurchase;
- (m) upon entering the market to proceed with the repurchase, the Company's Sponsor has complied with its responsibilities contained in Schedule 25 of the JSE Listings Requirements;
- (n) the Company remains in compliance with paragraphs 3.37 to 3.41 of the JSE Listings Requirements concerning shareholder spread after such a repurchase; and
- (o) the Company appoints only one agent to effect any repurchase on its behalf.”

Notice of Annual General Meeting for the year ended 31 August 2007 continued

The reason for and effect of the special resolution is to authorise the Company and its subsidiaries, by way of general approval, to acquire its own issued securities, on terms and conditions and in amounts to be determined by the directors of the Company, subject to certain statutory provisions and JSE Listings Requirements.

Directors' statement regarding the utilisation of the authority sought

The directors of the Company ("the Board") have no immediate intention to use this authority to purchase the securities of the Company. However, the Board is of the opinion that this authority should be in place should it be appropriate to undertake a repurchase during the currency of the authority.

Other disclosure in terms of Section 11.26 of the JSE Listings Requirements

The following additional information, some of which may appear elsewhere in the annual report of which this notice forms part, is provided in terms of the JSE Listings Requirements for purposes of this general authority:

- Directors and management – page 51
- Major beneficial linked unitholders – page 47
- Directors' interest in securities – page 18
- Share capital of the Company – page 29

Litigation statement

The directors of the Company whose names appear on page 51 of the annual report of which this notice forms part, are not aware of any legal or arbitration proceedings, including proceedings that are pending or threatened, that may have or had in the recent past, (being at least the previous 12 months) a material effect on the Groups' financial position.

Director's responsibility statement

The directors whose names appear on page 51 of the annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information.

Material changes

Other than the facts and developments reported on in the annual report, there have been no material changes in the affairs of the financial position of the Company and its subsidiaries since the date of signature of the audit report and up to the date of notice.

7. To transact such other business as may be transacted at an annual general meeting.

8. Voting and proxies

A member entitled to attend, speak and vote at the annual general meeting may appoint a proxy to attend, speak and vote in his/her stead and the person so appointed need not be a member of the Company. A proxy form is enclosed for use at this fifteenth annual general meeting. Proxy forms should be forwarded to reach the transfer secretaries not later than Wednesday 6 February 2008.

On a show of hands, every linked unitholder of the Company present in person or represented by proxy shall have one vote for every linked unit held in the Company by such linked unitholder.

If you are a certificated or "own-name" dematerialised linked unitholder and unable to attend the annual general meeting of linked unitholders to be held at 11h30 on Friday, 8 February 2008 at the registered office of the Company, CPA House, 101 Du Toit St, Pretoria and wish to be represented thereat, you must complete and return the attached form of proxy in accordance with the instructions therein. If you have dematerialised your linked units with a Central Securities Depository Participant ("CSDP") or broker other than "own-name" registered dematerialised linked units, you must instruct your CSDP or broker to provide you with the necessary letter of representation to attend the annual general meeting or you must instruct your CSDP or broker as to how you wish to vote in this regard. This must be done in terms of the custody agreement entered into between you and the CSDP or broker.

By order of the Board

City Property Administration (Proprietary) Limited

Company Secretary

13 December 2007

Pretoria

Directorate and Administration

Octodec Investments Limited

Incorporated in the Republic of South Africa
Registration number: 1956/002868/06
Share code: OCT
ISIN: ZAE000005104

Directors

A Wapnick* (Chairman)
JP Wapnick* ° (Managing)
MJ Holmes • °
MZ Pollack • °
S Wapnick†

* Executive director

• Independent non-executive director

† Non-executive director

° Member of the Audit Committee

Secretary

City Property Administration
(Proprietary) Limited
CPA House
101 Du Toit St
Pretoria 0002

Business address

CPA House
101 Du Toit St
Pretoria 0002

Postal address

PO Box 15
Pretoria 0001

E-mail

propworld@cityprop.co.za

Bankers

Nedbank
(A division of Nedcor Bank Limited)
PO Box 1144
Johannesburg 2000

Auditors

Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)
Private Bag X6
Gallo Manor 2052

Sponsor

Nedbank Capital
PO Box 1144
Johannesburg 2000

Trustees for debenture holders

O Tugendhaft
TWB & Partners
PO Box 786728
Sandton 2146
Tel: (011) 291 5000

Transfer secretaries

Computershare Investor Services 2004 (Pty) Ltd
70 Marshall St
Marshalltown 2001
PO Box 61051
Marshalltown 2107

Unitholders' diary

31 August 2007	Financial year end
18 October 2007	Announcement of final dividend and debenture interest distribution
19 November 2007	Payment of dividend and debenture interest
8 February 2008	Annual general meeting
April 2008	Publication of interim results and announcement of interim dividend and debenture interest distribution
May 2008	Payment of interim dividend and debenture interest



Form of proxy



(Incorporated in the Republic of South Africa)
(Registration number 1956/002868/06)
ISIN: ZAE000005104
Share code: OCT
("Octodec" or "the Company")

Annual General Meeting: 8 February 2008

For use by certificated linked unitholders or dematerialised linked unitholders with "own name" registration of Octodec ("linked unitholders") at the fifteenth annual general meeting of Octodec to be held on 8 February 2008 at 11h30 ("the annual general meeting") at CPA House, 101 Du Toit St, Pretoria.

If linked unitholders have dematerialised their linked units with a Central Securities Depository Participant ("CSDP") or broker, other than with "own name" registration, they must instruct the CSDP or broker concerned to provide them with the necessary letter of representation to attend the general meeting or the linked unitholder concerned must instruct them as to how they wish to vote in this regard. This must be done in terms of the custody agreement entered into between the linked unitholder and the CSDP or broker concerned.

I/We

(Name/s in block letters)

Address

being the registered holder/s of linked units in Octodec, appoint (see note 1).

1.

2.

3. the Chairman of the annual general meeting

As my/our proxy to act for me/us and on my/our behalf at the annual general meeting which will be held for the purpose of considering, and if deemed fit, with or without modification, the resolution to be proposed thereat and at any adjournment thereof, and to vote for and/or against the resolutions and/or abstain from voting in respect of the linked units registered in my/our name/s, in accordance with the following instructions (see note 2).

	Number of votes (1 vote per linked unit)		
	In favour of	Against	Abstain
1 To receive, approve and adopt the annual financial statements			
2. To re-elect the following directors:			
2.1 A. Wapnick			
2.2 J. Wapnick			
3. To confirm the re-appointment of the auditors			
4. To approve the payment of remuneration to directors			
5 Ordinary resolutions:			
5.1 To place the unissued linked units under the control of the directors			
5.2 Issue of linked units for cash			
5.3 Authorising the directors and secretary of the Company to implement Resolution 5.2			
6. Special Resolution:			
6.1 Repurchase of linked units			

Signed at _____ this _____ day of _____ 20 _____

Signature _____

Notes

1. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialed by the signatory(ies).
2. A member entitled to attend and vote may insert the name of a proxy or the names of two alternative proxies of the member's choice in the space provided, with or without deleting "the Chairman of the annual general meeting". A proxy need not be a member of the Company. The person whose name stands first on the form of proxy and who is present at the meeting will be entitled to act as proxy to the exclusion of those whose names follow.
3. A member is entitled to one vote on a show of hands and, on a poll, one vote in respect of each linked unit held. A member's instructions to the proxy must be indicated by inserting the relevant number of votes exercisable by the member in the appropriate box(es). Failure to comply with this will be deemed to authorise the proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit in respect of all the members' votes.
4. A vote given in terms of an instrument of proxy shall be valid in relation to the annual general meeting notwithstanding the death of the person granting it, or the revocation of the proxy, or the transfer of the linked units in respect of which the vote is given, unless an intimation in writing of such death, revocation or transfer is received by the transfer secretaries not less than 48 hours before the commencement of the annual general meeting.
5. The Chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received other than in compliance with these notes.
6. The completion and lodging of this form of proxy will not preclude the relevant member from attending the meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such member wish to do so.
7. Documentary evidence establishing the authority of a person signing the form of proxy in a representative capacity must be attached to this form of proxy, unless previously recorded by the Company or transfer secretaries or unless this requirement is waived by the Chairman of the annual general meeting.
8. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her capacity are produced or have been registered by the Company.
9. Where there are joint holders of linked units:
 - Any one holder may sign the form of proxy
 - The vote(s) of the senior members (for that purpose seniority will be determined by the order in which the names of members appear in the Company's register of linked members who tender a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint member(s).
10. Forms of proxy should be lodged with, mailed to or faxed to Computershare Investor Services 2004 (Pty) Ltd:

Hand deliveries to:

Computershare Investor Services
2004 (Pty) Ltd
Ground Floor
70 Marshall St
Johannesburg, 2001

Postal deliveries to:

Computershare Investor Services 2004
2004 (Pty) Ltd
P O Box 61051
Marshalltown, 2107
Fax: (011) 360 5390

To be received no later than 11h30 on Wednesday, 6 February 2008.



CPA House
101 Du Toit St
Pretoria 0002

PO Box 15
Pretoria 0001

propworld@cityprop.co.za