Annual Report 2009

OCTODEC
INVESTMENTS LIMITED

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Contents

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 R1,15 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 R2,4 billion. Retail properties comprise 48% of the value. The portfolio consists of 99 properties with a lettable area of 446 154 m^2 on a total of 712 461 m^2 of land.

Financial highlights

5,1% increase in distributions to unitholders from 122,6 cents to 128,9 cents

41,4% of rental income received from retail shopping centres

31,1% level of gearing up from 27,9%

Salient features

The salient features of the Group for the year ended 31 August 2009 are as follows:

Figures in R'000	**2009**	Restated 2008	2007	2006	2005	2004
Investment properties and operating lease assets	**2 040 266**	2 084 666	1 899 758	1 531 806	1 159 991	749 156
Linked unitholders' funds	**1 391 251**	1 409 880	1 312 605	881 325	647 096	407 821
Long-term borrowings	**659 632**	640 105	495 543	557 253	420 726	297 811
Rental income (rental, management fee and recoveries) — earned on contractual basis*	**311 447**	269 535	226 333	179 866	142 154	129 026
Net property income — earned on contractual basis*	**168 329**	154 742	135 666	107 758	81 701	74 970
Interest received	**23 956**	22 778	13 044	8 410	5 277	8 054
Finance costs						
Secured and other loans	**80 132**	66 624	64 499	46 926	34 303	40 114
Linked unitholders	**114 533**	108 943	85 737	69 147	52 789	43 764
Capital surplus/(loss) on disposal of fixed properties	**1 534**	—	2 771	377	(15)	(1)
Dividends paid	**545**	500	392	306	227	177
Net operating income to property investments (%)	**9,3**	7,4	7,1	7,0	7,0	10,0
Net operating income to rental income (%)	**59,5**	57,4	59,9	59,9	65,4	66,7
Return on linked unitholders' funds	**8,2**	7,9	6,6	7,8	8,2	10,7
Linked units in issue ('000)	**89 297**	89 297	89 297	78 345	78 345	78 345
Distribution per linked unit (cents)	**128,9**	122,6	106,2	88,7	67,7	60,0
Net asset value per linked unit (cents)	**1 558**	1 579	1 471	1 125	826	521
Market price per linked unit year-end (cents)	**1 290**	1 580	1 805	1 199	850	490
Market capitalisation year-end	**1 151 937**	1 410 893	1 611 811	940 140	665 933	383 888

** Excludes the straight-lining of lease adjustment*

JSE trading statistics

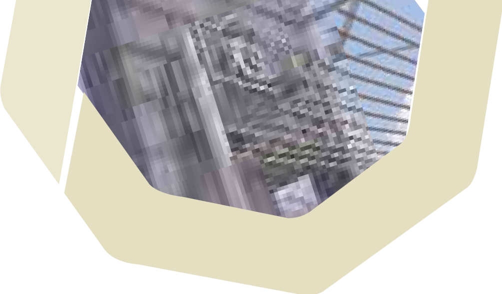
	2009	2008	2007	2006	2005	2004
Unit price — high (cents)	**1 588**	2 146	1 880	1 290	850	540
Unit price — low (cents)	**1 110**	1 140	1 085	800	480	350
Unit price — at year-end (cents)	**1 290**	1 580	1 805	1 199	850	490
Volume of units traded during the year	**18 718 902**	20 499 624	10 598 154	17 556 771	15 651 527	13 209 983
Units traded to average units in issue (%)	**21,0**	23,0	13,4	22,4	20,0	18,1
Total returns						
Opening unit price (cents)	**1 580**	1 805	1 199	850	490	365
Income return (cents)	**128,9**	122,6	106,2	88,7	67,7	60,0
Capital (loss)/return (cents)	**(290)**	(225)	606	350	360	125
Total return (cents)	**(161,1)**	(102,4)	712,2	438,7	427,7	185,0
Return: opening unit price (%)	**(10,2)**	(5,7)	59,4	51,6	87,3	50,7

Distributable earnings

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

Figures in R'000	2009	Restated 2008	2007	2006	2005	2004
Revenue — earned on contractual basis*	**311 447**	269 535	226 333	179 866	142 154	112 399
Net rental income from properties — earned on contractual basis*	**166 731**	154 742	135 666	107 758	81 701	74 970
Investment income	**29 189**	23 426	14 318	9 975	6 945	10 585
Interest received from prepaid distribution	**—**	—	2 738	—	—	—
Income before finance costs	**195 920**	178 168	152 722	117 733	88 646	85 555
Finance costs	**(80 132)**	(66 624)	(64 499)	(46 926)	(34 303)	(40 114)
Income before taxation	**115 788**	111 544	88 223	70 807	54 343	45 441
Taxation	**(667)**	(1 550)	(1 454)	(1 235)	(1 261)	(979)
Unitholders' distributable earnings	**115 121**	109 994	86 769	69 572	53 082	44 462
Trading profit	**—**	—	2 198	—	—	—
Distributable earnings	**115 121**	109 994	88 967	69 572	53 082	44 462
Distributable earnings per linked unit (cents) — weighted	**128,92**	123,18	112,60	88,80	67,75	60,80
Distribution per linked unit (cents)						
Interest	**128,26**	122,00	105,67	88,26	67,40	59,70
Dividends	**0,64**	0,60	0,53	0,44	0,30	0,30
	128,90	122,60	106,20	88,70	67,70	60,00
Growth in distribution (%)	**5,1**	15,4	19,7	31,0	12,8	26,3

** Excludes the straight-lining of lease adjustment*

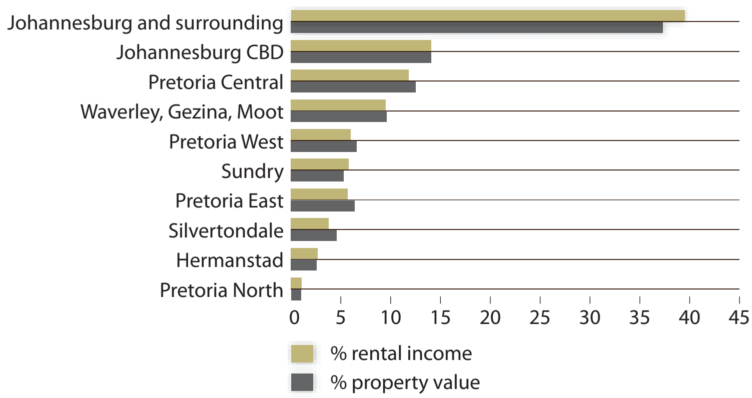


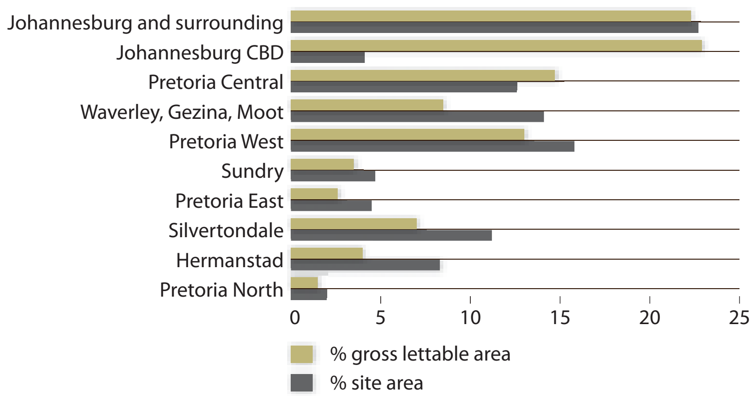
Property portfolio analysis

Geographical spread

(For details refer to pages 44 to 48)

Location	Rental income R'000	Rental income % of total portfolio	Property value R'000	Property value % of total portfolio	Gross lettable area m²	Gross lettable area % of total portfolio	Site area m²	Site area % of total portfolio
Johannesburg and surrounding	126 477	39,5	766 811	37,3	99 535	22,3	162 065	22,7
Johannesburg CBD	45 053	14,1	290 160	14,1	102 098	22,9	29 423	4,1
Pretoria Central	37 629	11,8	257 274	12,5	65 713	14,7	89 855	12,6
Waverley, Gezina, Moot	30 446	9,5	197 621	9,6	37 934	8,5	100 453	14,1
Pretoria West	19 195	6,0	135 508	6,6	57 902	13,0	112 311	15,8
Sundry	18 591	5,8	108 674	5,3	15 525	3,5	33 645	4,7
Pretoria East	18 236	5,7	131 415	6,4	11 758	2,6	31 976	4,5
Silvertondale	12 298	3,8	93 647	4,6	31 217	7,0	79 824	11,2
Hermanstad	8 796	2,7	52 707	2,6	17 937	4,0	58 874	8,3
Pretoria North	3 505	1,1	21 297	1,0	6 535	1,5	14 036	2,0
Total	**320 226**	**100,0**	**2 055 114**	**100,0**	**446 154**	**100,0**	**712 462**	**100,0**



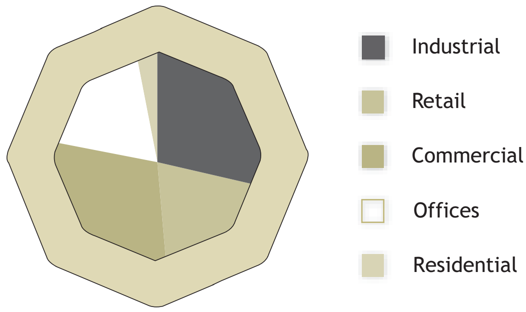


Property portfolio analysis *continued*

Sectoral information

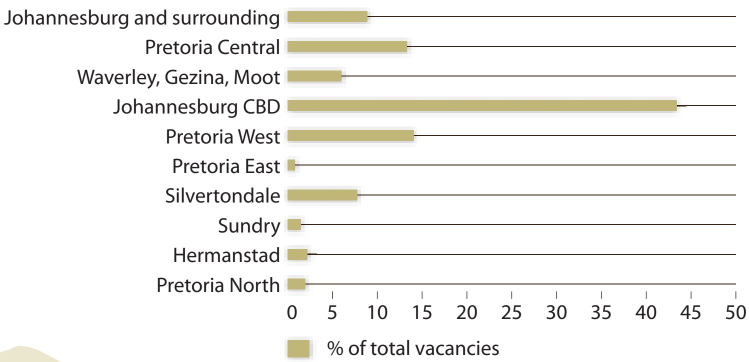
Sector	Gross lettable area m²	% of total portfolio
Industrial	128 510	28,8
Retail	88 901	19,9
Commercial	132 138	29,6
Offices	83 278	18,7
Residential	13 327	3,0
Total	**446 154**	**100,0**

% gross lettable area



Vacancies by location

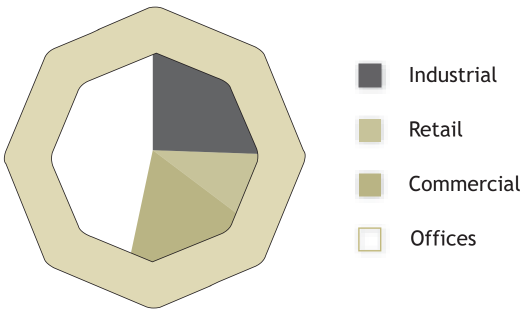
Location	m²	% of total vacancies	% of total GLA	% of total portfolio warehoused for development	% of new developments and acquisitions	Core vacancies (% of total portfolio)
Johannesburg and surrounding	8 224	8,9	1,8	–	–	1,8
Pretoria Central	12 316	13,3	2,8	(0,3)	–	2,5
Waverley, Gezina, Moot	5 526	6,0	1,2	–	–	1,2
Johannesburg CBD	40 005	43,4	9,0	(6,7)	–	2,3
Pretoria West	13 035	14,1	2,9	–	–	2,9
Pretoria East	731	0,8	0,2	–	–	0,2
Silvertondale	7 180	7,8	1,6	–	–	1,6
Sundry	1 339	1,5	0,3	–	(0,3)	–
Hermanstad	2 059	2,2	0,5	–	–	0,5
Pretoria North	1 859	2,0	0,4	–	–	0,4
Total	**92 274**	**100,0**	**20,7**	**(7,0)**	**(0,3)**	**13,4**



Vacancies by sector

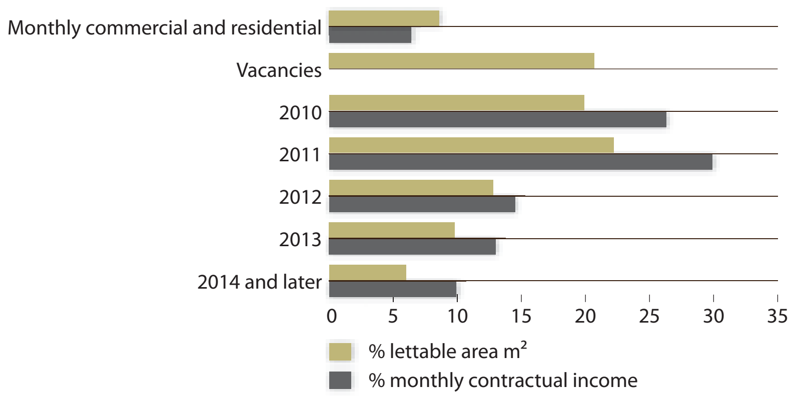
Sector	m²	% of total vacancies	% of total GLA	% of total portfolio warehoused for development	% of new developments and acquisitions	Core vacancies (% of total portfolio)
Industrial	23 803	25,8	5,3	–	–	5,3
Retail	8 720	9,5	2,0	–	–	2,0
Commercial	16 749	18,2	3,8	–	–	3,8
Offices	43 002	46,5	9,6	(7,0)	(0,3)	2,3
Total	**92 274**	**100,0**	**20,7**	**(7,0)**	**(0,3)**	**13,4**

% total vacancies



Lease expiry profile – GLA m²

Year	Lettable area m²	%	Monthly contractual rental	%
Monthly commercial and residential	38 156	8,6	1 225 283	6,4
Vacancies	92 274	20,7	–	–
2010	88 933	19,9	5 067 916	26,3
2011	99 264	22,2	5 750 293	29,9
2012	57 244	12,8	2 794 567	14,5
2013	43 631	9,8	2 509 608	13,0
2014 and later	26 652	6,0	1 914 416	9,9
Total	**446 154**	**100,0**	**19 262 083**	**100,0**



Chairman's and Managing Director's report

Introduction

The 2009 financial year can best be described as a difficult year for the economy as a whole. The global financial markets were under pressure and the effect on the world's stock markets has been a widespread devaluing of assets. Not surprisingly, consumer confidence and spending behaviour have also been affected. Against this economic backdrop, Octodec has operated cautiously over the past year with respect to acquisitions and developments, while enhancing the quality of the portfolio through selective upgrades. Despite the economic downturn and the consequent softening of rental market fundamentals, Octodec continued to produce solid results with an increase in distributable income of 5,1%, and remains well positioned for sustained growth.

Octodec once again achieved the accolade of being one of the top performing property companies as reported in the *Business Times* top 100 companies survey, and recorded the second-best JSE listed property company performance over a 10 year period with total compound annual returns to unitholders of 34%. It was also our seventh consecutive year of increased distributions paid to unitholders.

Review of financial results

The distribution to linked unitholders amounted to R115,1 million (2008: R109,5 million) for the twelve month period ended 31 August 2009. This equated to a distribution of 128,9 cents per linked unit (2008: 122,6 cents), representing growth of 5,1%. An interim distribution of 62,2 cents was paid on 25 May 2009 and the final distribution of 66,7 cents was paid on 23 November 2009.

Rental income and net rental income increased by 15,5% and 7,7% respectively, compared with the previous twelve month period ended 31 August 2008. Property expenses increased to 41,8% (2008: 37,7%) of rental income largely due to an increase in utilities expenses which were partially offset by recoveries from tenants as well as increased maintenance and repair expenses.

At 31 August 2009, the value of the investment held in IPS Investments (Proprietary) Limited ("IPS") and the 10,2% investment in Premium Properties Limited ("Premium") increased to R219,0 million and R154,0 million respectively. The income received from IPS increased to R14,5 million due to the strong performance of the properties in the portfolio. The distributions received from Premium increased to R13,3 million, mainly as a result of Premium increasing its distribution to unitholders by 12,7%.

Investment property decreased in value by R98,3 million following the valuation carried out of the entire portfolio as at 31 August 2009. The decrease in values was mainly attributable to the retail properties and was in line with expectations, given the increased vacancies, softening of rentals and increase in market capitalisation rates.

Property portfolio

Octodec is invested in the office, retail, industrial and commercial sectors and has a small residential component. Our activities in the office, retail, industrial, commercial and residential sectors accounted for 18,7%, 19,9%, 28,8%, 29,6% and 3,0%, respectively, of gross lettable area. The retail component includes the Killarney Mall, Waverley Plaza, Elardus Park and Gezina shopping centres as well as Woodmead Value Mart.

Over the last few years we have focused our growth activities on acquiring properties situated in the Pretoria and Johannesburg CBDs and surrounding areas. It has also been the strategy of the Group to invest its capital in our existing assets. Consequently, Octodec continues to enhance the value of our properties through the upgrading and the refurbishment thereof. During the year we upgraded Inner Court, which is situated in the Johannesburg CBD, at a cost of R25,3 million. This project has already generated a positive return for unitholders as the office component thereof, 10 000 sqm, is occupied in terms of a lease with a government tenant. Various other properties were upgraded at a total cost of R38 million. This included Waverley Plaza Shopping centre, Tiny Town and Protea House. The proposed greenfields residential Tiny Town development of 164 units has been postponed indefinitely in light of the current economic climate and the low yield on the project. Going forward, we will continue to extract value from our properties by selectively pursuing redevelopment and upgrade opportunities.

The core portfolio representing those properties held for 12 months and more, reflects rental income growth of 2,1%. On average no growth was achieved in rental income for the retail shopping centres due to increased vacancies and the difficulty experienced in increasing rentals. Our malls are in desirable, established locations and attract a diverse group of high-quality and creditworthy tenants but have however been affected by the weakening economy. During the year we have focused on ensuring that our shopping centres have the right mix of stores to keep up with evolving consumer demands.

Our properties in the Johannesburg and Pretoria CBDs have continued to perform well, making up 26,6% of our portfolio, and we continued to benefit from the economic growth in these CBDs. The vibrant economic growth, including employment and wage increases, as well as steady urbanisation supported the growth in the CBD properties.

During the year three Pretoria properties,Talkar in Hermanstad and 10 and 39 Rudolf Street in Sunderland Ridge, were disposed of for a consideration of R12,6 million and a profit of R1,5 million.

Overall, vacancies as a percentage of the total lettable area were 20,7% (2008: 19,4%). A large percentage of the vacancies are in respect of properties recently developed or undergoing redevelopment or refurbishment. In recent years a number of properties were acquired with large vacancies, where no or relatively little consideration was paid for the vacant space. The vacancies of the retail portfolio increased in comparison to the previous year as a result of the slowing of economic activity. We are pleased to note that, despite the average increase in the industrial and office vacancies, on average no major decline in rental income was reported. Further details of the vacancies are set out on pages 4 – 5 and 44 – 48.

The investments in IPS and Premium have a large exposure to the buoyant residential sector in the Johannesburg and Pretoria CBDs and surrounding areas which achieved strong growth during the year.

At year-end IPS had a committed residential pipeline to build in excess of 1 000 units at a cost of R500 million. Most of the residential units at Corporation Place and Kempton Place, situated in the Johannesburg CBD and Kempton Park respectively, have been completed. The units at Tayob Place in the Johannesburg CBD are expected to be completed in June 2010.

Borrowings

The market debt liquidity crunch continued to create instability in the credit market. To date, however, we have not had problems securing additional funding and maintaining our low cost of funding on our maturing loans, despite the tight credit market.

The Company's borrowing capacity is, in terms of its articles of association, limited to 67% of the fair value of the portfolio's investment properties. At year-end, Octodec gearing was at 31,1% compared with 27,9% a year ago, comfortably within the 67% limit. We also have over R100 million of unused facilities with R69 million of debt that matures during the 2010 financial year and minor commitments other than those referred to below, to fund future redevelopments and acquisitions. We have already renewed the R69 million loan at an interest rate of 1% below the prime overdraft rate. Our balance sheet is strong and we are well positioned to take advantage of redevelopment and any acquisition opportunities that may arise.

It is our policy to hedge the majority of the Group's exposure to interest rate risk. At year-end, interest rates in respect of 72,6% of borrowings have been fixed at an average interest rate of 11,5% maturing at various dates ranging from November 2009 to October 2018.

Transactions subsequent to the financial year-end

The Company concluded an agreement to acquire two properties which house McCarthy motor dealerships in terms of long leases for a total purchase consideration of R50 million. The average yield is 10,5%. A property with improvements consisting of mini industrial units was acquired in Eloff Street in the Johannesburg CBD for a total cost of R5,8 million and at a yield of 11%. These properties will add to the long-term sustainability of income streams and growth in distributions.

As announced on SENS on 27 August 2009, Octodec together with the Wapnick family ("the consortium") made a partial offer to all independent Premium linked unitholders to acquire from them up to a maximum of 10% of their Premium shareholding. 1 133 939 linked units were offered and accepted by the consortium. Octodec's holding in Premium was accordingly increased to 10,95%.

Directorate changes

We would like to take this opportunity to welcome Mr Anthony Stein and Mr Derek Cohen to the Board. They were appointed to the Board on 1 July 2009 and 1 October 2009 respectively.

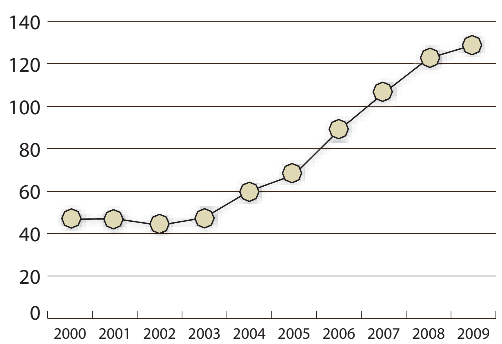
Outlook for 2010

As we move forward into 2010, we remain cautiously optimistic. Our strategy continues to focus on unlocking the value in the existing portfolio by the upgrade of properties and we will selectively invest in properties that provide long-term sustainability and profitability. Relatively low interest rates and inflation rates are forecast for the months ahead and this should provide support for an improvement in the economic environment.

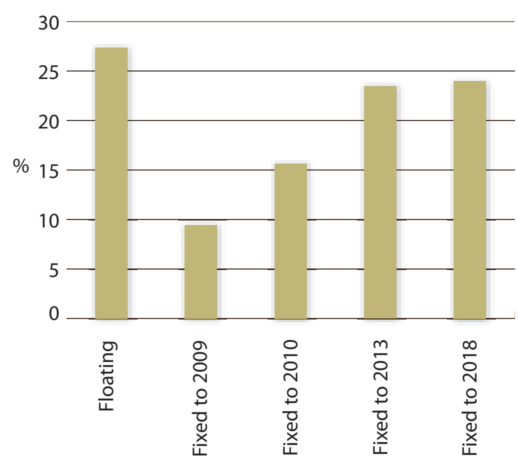
Acknowledgements

We would like to take the opportunity to express our gratitude to our fellow directors for their contribution and guidance over the past year as well as the management and staff of City Property Administration (Proprietary) Limited ("CPA"), Octodec's management company. The success of Octodec in achieving strong growth over the years is a direct result of the commitment, hard work and talent of Octodec's directors and the staff and management of CPA. We would also like to thank our unitholders for their continued support.

distribution per linked unit (cents)



fixed interest rates – expiry profile



A Wapnick
Chairman

JP Wapnick
Managing Director

9 December 2009

Corporate governance

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). Other than the fact that the Chairman is an executive director, 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 16 of this report. The Board meets at least four times per year, and now consists of four non-executive directors and three 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 Company's interest that he remains 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. At least one-third of the directors is subject to retirement by rotation and re-election by shareholders at the AGM each year. Such directors are those longest in office since their last re-election and also include directors appointed since the last AGM. A Wapnick and MZ Pollack will retire at the forthcoming annual general meeting. Both, being eligible, offer themselves for re-election. The directors' remuneration is subject to recommendation made by the Board and approval from time to time in a general meeting.

The Board has set the strategic objectives of the Company 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 judgement. 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 Company'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 judgements 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 financial and operating controls

The effectiveness of the internal control system is monitored through management overview and comprehensive reviews. The Company has recently employed the services of BDO Spencer Steward to perform the internal audit function.

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.

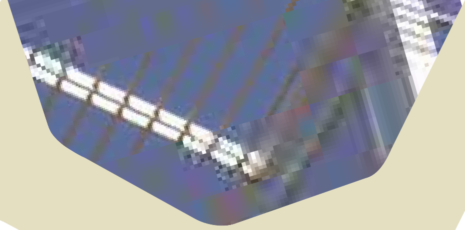
There are inherent limitations to the effectiveness of any system of internal control, including the possibility of human error and the circumvention or overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement 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 Board of directors has overall responsibility for the process of risk management. The Board has not formed a separate risk committee as it has delegated this responsibility to the audit committee. The objective of risk management is to identify, assess, manage and monitor the risks to which the Group is exposed.



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.

In consultation with expert risk consultants, risks are assessed and appropriate insurance cover purchased for all 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 currently comprises three independent non-executive directors. Mr MJ Holmes, an independent non-executive director, acts as chairman.

The external auditors and the financial director attend the meetings by invitation. This committee meets at least three times a year and 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 audit committee is responsible for approving all non-audit services to be performed by the external auditors, if and when applicable.

The committee has complied with the terms of reference during the period under review.

Meetings held

	Board meetings		**Audit committee meetings**	
	Held	Attended	Held	Attended
MZ Pollack ❖❑	4	3	4	4
MJ Holmes ❖❑	4	4	4	4
DP Cohen ❖❑*	–	–	–	–
S Wapnick ▼	4	3	4	4†
JP Wapnick #	4	4	4	2†
A Wapnick #	4	4	4	1†
AK Stein #●	–	–	–	–

 # Executive director ❖ Independent non-executive director ▼ Non-executive director ❑ Member of the audit committee † By invitation ● Appointed 1 July 2009
** Appointed 1 October 2009*

Going concern

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

Relations with unitholders

The Board understands the information needs of unitholders and places great importance on meaningful dialogue with unitholders and ensures 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 Company 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 Company, other than directors' and committee fees, which are determined by the Board and are set out on page 15 of this report. No non-executive or executive directors hold service contracts.

Code of ethics

The Company's code of ethics requires all employees within the Company to act with the 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 directors are required by the South African Companies Act, 1973, to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of the Group and Company as at the end of the financial year and the results of their operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The Group's external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and incorporate disclosure in line with the accounting policies of the Group. The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the Group and place considerable importance on maintaining a strong control environment.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the Group's cash flow forecast for the year to 31 August 2010 and, in the light of this review and the current financial position, they are satisfied that the Group has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 13 to 49, which have been prepared on the going concern basis, were approved by the Board of directors on 9 December 2009 and were signed on their behalf by:

A Wapnick
Chairman
Pretoria

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 (Pty) Limited
Company Secretary

9 December 2009
Pretoria

Report of the independent auditors

To the unitholders 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 and the consolidated balance sheet as at 31 August 2009, the income statement and the consolidated income statement, the statement of changes in equity, cash flow statement and consolidated cash flow statement for the year then ended, a summary of significant accounting policies and other explanatory notes, as set out on pages 13 to 49.

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.

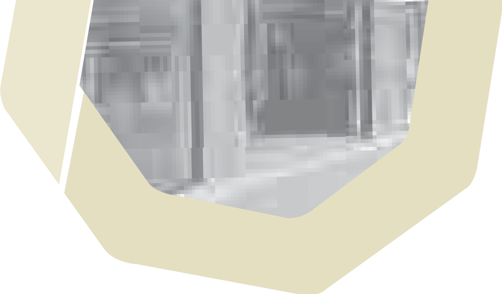
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2009, and their financial performance and their 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

Deloitte & Touche
Registered Auditors
Audit — Pretoria
Per AJ van den Berg — Partner
Deloitte Waterkloof House
221 Waterkloof Road
Waterkloof 0181
Docex 6 Pretoria
9 December 2009



Report of the audit committee

Composition of the committee

The membership of the committee comprises independent non-executive directors.
At the date of this report the members were:
MJ Holmes — Chairman
MZ Pollack
MP Cohen (appointed 1 October 2009)

Committee activities

In the financial year ended 31 August 2009, and in addition to the duties set out in the committee's terms of reference, a summary of which is provided in the corporate governance section of this annual report, the committee carried out its functions as follows:

- Nominated the appointment of Deloitte & Touche as the registered independent auditor after satisfying itself, through enquiry, that Deloitte & Touche is independent;
- Determined the fees to be paid to Deloitte & Touche and its terms of engagement;
- Ensured that the appointment of Deloitte & Touche complied with the Corporate Laws Amendments Act, No. 24 of 2006 and any other legislation relating to the appointment of auditors;
- Reviewed the external audit reports and management comments; and
- Considered any other services provided by the auditors. No other services were provided during the past financial year.

The committee has considered and satisfied itself of the appropriateness of the experience and expertise of the director responsible for financial information.

Recommendation of financial statements

The committee recommended the Group financial statements for the year ended 31 August 2009, to the Board for approval. The Board has subsequently approved the Group financial statements which will be discussed at the annual general meeting.

MJ Holmes
Chairman
Audit committee

9 December 2009

Report of the directors

To the linked unitholders of Octodec Investments Limited
The directors have pleasure in submitting their report for the year ended 31 August 2009.

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 100 000 000 linked units of 1 cent each.

At 31 August 2009 there were 89 297 472 (2008: 89 297 472) 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.

Post balance sheet events

Octodec together with the Wapnick family ("the consortium") made a partial offer to all independent linked unit holders of Premium Properties Limited to acquire from them up to a maximum of 10% of their Premium linked units.

The consortium received the following acceptances from Premium linked unitholders:

- 10% partial offer – 891 028 Premium linked units equating to 0,68% of the Premium linked units held by Premium linked unitholders; and
- excess partial offer allocations – 242 911 Premium linked units equating to 0,19% of the Premium linked units held by Premium linked unitholders. The consortium elected to accept all of the excess allocations received.

Accordingly, the consortium has acquired 1 133 939 linked units, representing 0,87% of the Premium linked units held by Premium linked unitholders through the partial offer. Accordingly, the consortium now holds 35,28% of the Premium linked units in issue, of which the Wapnick Family holds 24,33% and Octodec holds the remaining 10,95%.

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 66,67% of the directors' valuation of the consolidated property portfolio.

Subsidiaries

The Company's interest in property owning subsidiaries is fully set out on page 49.

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

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 Ms S Wapnick. Mr AK Stein was appointed on 1 July 2009 as Financial Director and Mr DP Cohen as independent non-executive director on 1 October 2009.

Summary of results for the year

	Group	
Figures in R'000	2009	Restated 2008
Operating profit	**178 706**	158 161
Fair value adjustment of investment properties	**(98 324)**	78 481
Amortisation of debenture premium	**10 669**	11 074
Profit on sale of investment properties	**1 534**	–
Investment and other income	**64 493**	50 768
Profit from ordinary activities before finance charges	**157 078**	298 484
Finance costs (excluding debenture interest)	**(80 132)**	(66 624)
Income before debenture interest	**76 946**	231 860
Debenture interest	**(114 533)**	(108 943)
(Loss)/profit before taxation	**(37 587)**	122 917
Taxation	**29 475**	(9 195)
(Loss)/income attributable to linked unitholders	**(8 112)**	113 722

Distribution to unitholders (cents)

	Dividend		Interest		Total	
	2009	2008	2009	2008	2009	2008
Interim	0,30	0,30	61,90	61,30	62,20	61,60
Final	0,34	0,30	66,36	60,70	66,70	61,00
Total	0,64	0,60	128,26	122,00	128,90	122,60

Directors' remuneration

	2009			2008		
	As a Board member	As an audit committee member	Total	As a Board member	As an audit committee member	Total
MJ Holmes	90 000	30 000	120 000	90 000	30 000	120 000
MZ Pollack	90 000	24 000	114 000	90 000	24 000	114 000
A Wapnick	90 000	–	90 000	90 000	–	90 000
JP Wapnick	90 000	–	90 000	90 000	–	90 000
S Wapnick	90 000	–	90 000	90 000	–	90 000
AK Stein	15 000	–	15 000	–	–	–
	465 000	54 000	519 000	450 000	54 000	504 000

The above remuneration is paid by the holding company.

Directors' shareholding

As far as can be accurately established, the beneficial and non-beneficial interest held by the directors in the Company at 31 August 2009 amounted to:

	2009				
	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total	%
MJ Holmes	500	66 000	28 850	95 350	0,1
MZ Pollack	280 333	–	519 667	800 000	0,9
AK Stein	30 000	120 000	–	150 000	0,2
A Wapnick	300 809	696 836	10 167 643	11 165 288	12,5
JP Wapnick	20 000	5 546 077	2 629 304	8 195 381	9,2
S Wapnick	19 920	5 128 034	2 629 304	7 777 258	8,7
	651 562	11 556 947	15 974 768	28 183 277	31,6

	2008				
	Direct beneficial	Indirect beneficial	Indirect non-beneficial	Total	%
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	10 167 643	11 165 288	12,5
JP Wapnick	20 000	5 546 077	2 629 304	8 195 381	9,2
S Wapnick	19 920	5 128 034	2 629 304	7 777 258	8,7
	621 562	11 436 947	15 970 918	28 029 427	31,4

Directors' shareholding *continued*

Increases in directors' shareholding between year-end and 9 December 2009

Date	Number of units	Price per unit (cents)	Value (R)	Extent of interest	Director
9 November 2009	25 250	1 370	345 925	Indirect non-beneficial	S Wapnick
10 November 2009	182 750	1 370	2 503 675	Indirect non-beneficial	S Wapnick
10 November 2009	42 000	1 380	579 600	Indirect non-beneficial	S Wapnick
11 November 2009	30 000	1 370	411 000	Direct beneficial	AK Stein
11 November 2009	90 000	1 370	1 233 000	Indirect non-beneficial	S Wapnick
12 November 2009	159 182	1 369	2 179 202	Indirect non-beneficial	S Wapnick
12 November 2009	100 000	1 370	1 370 000	Indirect non-beneficial	S Wapnick
13 November 2009	158 500	1 372	2 174 620	Indirect non-beneficial	JP Wapnick
13 November 2009	158 500	1 372	2 174 620	Indirect non-beneficial	S Wapnick
13 November 2009	183 000	1 372	2 510 760	Indirect non-beneficial	A Wapnick

Valuation of portfolio

Octodec's property portfolio was valued by the directors at R2,055 billion (2008: R2,089 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 and Amanda de Wet was 0,97% (2008: 0,34%) 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 1 558 cents (2008: 1 579 cents). After adding back the provision for deferred taxation of R221,8 million (2008: R251,8 million), the net asset value is 1 806 cents (2008: 1 861 cents) per linked unit. The closing price per linked unit at 31 August 2009 was 1 290 cents (2008: 1 580 cents).

Company Secretary

City Property Administration (Proprietary) Limited

CPA House
101 Du Toit Street
Pretoria, 0002

PO Box 15
Pretoria, 0001

Balance sheets

as at 31 August 2009

Figures in R'000	Notes	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
ASSETS					
Non-current assets		**2 428 105**	2 397 634	**1 366 166**	1 338 157
Investment properties	2	**2 003 782**	2 058 559	**596 674**	637 489
Operating lease assets	3	**36 484**	26 107	**7 541**	6 953
Plant and equipment	4	**14 848**	4 782	**758**	400
Listed investment	5	**154 038**	146 663	**154 038**	146 663
Investment in subsidiaries	6	**–**	–	**535 520**	490 984
Investment in associate	7	**218 953**	161 523	**71 635**	55 668
Current assets		**48 507**	20 023	**21 337**	16 688
Accounts receivable	8	**48 319**	19 633	**21 161**	16 356
Cash and cash equivalents		**188**	390	**176**	332
Total assets		**2 476 612**	2 417 657	**1 387 503**	1 354 845
EQUITY AND LIABILITIES					
Share capital and reserves		**1 006 889**	1 014 849	**479 542**	489 131
Share capital and premium	9	**68 964**	58 295	**68 964**	58 295
Non-distributable reserves	10	**894 375**	920 703	**384 662**	396 856
Distributable reserves		**43 550**	35 851	**25 916**	33 980
Non-current liabilities		**1 265 777**	1 286 947	**702 722**	758 505
Debentures and capital premium	11	**384 362**	395 031	**384 362**	395 031
Long-term borrowings	12	**659 632**	640 105	**227 821**	254 038
Deferred taxation	13	**221 783**	251 811	**90 539**	109 436
Current liabilities		**203 946**	115 861	**205 239**	107 209
Accounts payable	14	**49 419**	33 069	**17 142**	12 597
Bank overdraft	15	**26 260**	11 027	**59 559**	35 434
Short-term borrowings	12	**69 000**	16 917	**69 000**	4 917
Taxation liability		**–**	644	**271**	57
Linked unitholders for distribution		**59 267**	54 204	**59 267**	54 204
Total equity and liabilities		**2 476 612**	2 417 657	**1 387 503**	1 354 845

Income statements

For the year ended 31 August 2009

		Group		Company	
Figures in R'000	Notes	**2009**	Restated 2008	**2009**	Restated 2008
Revenue	16	**321 824**	272 954	**108 480**	96 349
Property operating costs		**(130 275)**	(101 634)	**(23 558)**	(20 522)
Net property income		**191 549**	171 320	**84 922**	75 827
Administrative expenses		**(12 843)**	(13 159)	**(21 413)**	(19 941)
Operating profit	17	**178 706**	158 161	**63 509**	55 886
Amortisation of debenture premium		**10 669**	11 074	**10 669**	11 074
Fair value adjustment of investment properties		**(98 324)**	78 481	**(41 769)**	42 835
Profit from operations		**91 051**	247 716	**32 409**	109 795
Profit on sale of investment properties		**1 534**	–	**1 534**	–
Investment income	18	**14 708**	12 000	**13 934**	11 247
Share of profit from associate	19	**49 785**	38 768	**9 248**	12 994
Investment income from subsidiaries	20	**–**	–	**61 600**	69 439
Profit from ordinary activities before finance charges		**157 078**	298 484	**118 725**	203 475
Finance costs	21	**(194 665)**	(175 567)	**(147 263)**	(135 540)
(Loss)/profit before taxation		**(37 587)**	122 917	**(28 538)**	67 935
Taxation	22	**29 475**	(9 195)	**18 797**	(5 623)
(Loss)/income attributable to linked unitholders		**(8 112)**	113 722	**(9 741)**	62 312
		Cents	Cents		
(Loss)/earnings and diluted earnings per share	24	**(9,1)**	127,4		
Earnings and diluted earnings per linked unit	24	**119,2**	249,4		
Distribution per linked unit (cents)					
Interest		**128,26**	122,00		
Dividends		**0,64**	0,60		
Total		**128,90**	122,60		

Statements of changes in equity

For the year ended 31 August 2009

Figures in R'000	Share capital and premium	Non-distributable reserves	Distributable reserves	Total
GROUP				
Balance as at 1 September 2007 as previously reported	47 221	829 938	29 341	906 500
Prior year adjustments (refer note 29)	–	16 891	–	16 891
Balance as at 1 September 2007 restated	47 221	846 829	29 341	923 391
Net income attributable to linked unitholders restated	–	–	113 722	113 722
Transfer to capital – deemed debenture premium	11 074	–	(11 074)	–
Dividends paid	–	–	(500)	(500)
Adjustment to valuation of listed investment, net of deferred tax at Capital Gains Tax rate	–	(21 764)	–	(21 764)
Transfer to non-distributable reserves				
Fair value adjustments				
– investment properties, net of deferred tax	–	64 419	(68 296)	(3 877)
– restatement of fair value adjustment (refer note 29)	–	3 877	–	3 877
– associate, net of deferred tax	–	27 342	(27 342)	–
Balance as at 31 August 2008 restated	**58 295**	**920 703**	**35 851**	**1 014 849**
Net loss attributable to linked unitholders	**–**	**–**	**(8 112)**	**(8 112)**
Reallocation of deemed debenture premium	**10 669**	**–**	**(10 669)**	**–**
Dividends paid	**–**	**–**	**(545)**	**(545)**
Adjustment to valuation of listed investment, net of deferred tax at Capital Gains Tax rate	**–**	**697**	**–**	**697**
Transfer to non-distributable reserves				
Profit on sale of investment properties	**–**	**1 534**	**(1 534)**	**–**
Fair value adjustments				
– investment properties, net of deferred tax	**–**	**(65 461)**	**65 461**	**–**
– associate, net of deferred tax	**–**	**36 902**	**(36 902)**	**–**
Balance as at 31 August 2009	**68 964**	**894 375**	**43 550**	**1 006 889**

Statements of changes in equity *continued*

For the year ended 31 August 2009

Figures in R'000	Share capital and premium	Non-distributable reserves	Distributable reserves	Total
COMPANY				
Balance as at 1 September 2007	47 221	85 605	20 649	153 475
Prior year adjustments (refer note 29)	–	295 608	–	295 608
Balance as at 1 September 2007 restated	47 221	381 213	20 649	449 083
Net income attributable to linked unitholders	–	–	62 312	62 312
Transfer to capital – deemed debenture premium	11 074	–	(11 074)	–
Dividends paid	–	–	(500)	(500)
Adjustment to valuation of listed investment, net of deferred tax at Capital Gains Tax rate	–	(21 764)	–	(21 764)
Transfer to non-distributable reserves				
Fair value adjustments				
– investment properties, net of deferred tax	–	2 396	(2 396)	–
– restatement of fair value adjustment (refer note 29)	–	35 011	(35 011)	–
Balance as at 31 August 2008 restated	**58 295**	**396 856**	**33 980**	**489 131**
Net loss attributable to linked unitholders	**–**	**–**	**(9 741)**	**(9 741)**
Transfer to capital – deemed debenture premium	**10 669**	**–**	**(10 669)**	
Dividends paid	**–**	**–**	**(545)**	**(545)**
Adjustment to valuation of listed investment, net of deferred tax at Capital Gains Tax rate	**–**	**697**	**–**	**697**
Transfer to non-distributable reserves				
Profit on sale of investment properties	**–**	**1 534**	**(1 534)**	**–**
Fair value adjustments				
– investment properties, net of deferred tax	**–**	**(14 425)**	**14 425**	**–**
Balance as at 31 August 2009	**68 964**	**384 662**	**25 916**	**479 542**

Cash flow statements

For the year ended 31 August 2009

Figures in R'000	Notes	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
Cash (utilised in)/generated from operating activities					
Cash generated from operations	25	**157 310**	164 201	**62 726**	52 396
Investment income		**23 956**	24 994	**84 782**	93 680
Finance costs		**(80 132)**	(66 624)	**(32 730)**	(26 597)
Debenture interest	26	**(109 470)**	(101 120)	**(109 470)**	(101 120)
Taxation (paid)/refunded	27	**(1 311)**	(1 657)	**–**	125
Dividends paid		**(545)**	(500)	**(545)**	(500)
Net cash (utilised in)/generated from operating activities		**(10 192)**	19 294	**4 763**	17 984
Cash utilised in investing activities					
Acquisition of investment properties, plant and equipment		**(66 017)**	(106 542)	**(11 538)**	(3 746)
– New acquisitions		**–**	(86 064)	**–**	(3 746)
– Additional developments		**(66 017)**	(20 478)	**(11 538)**	–
Proceeds on disposal of investment properties		**12 600**	–	**12 600**	–
Increase in listed investments		**(6 564)**	–	**(6 564)**	–
Investment in and amounts advanced to subsidiaries		**–**	–	**(44 536)**	(40 378)
Increase in investments and loans to associates		**(16 872)**	(56 459)	**(16 872)**	(56 459)
Net cash utilised in investing activities		**(76 853)**	(163 001)	**(66 910)**	(100 583)
Cash generated from financing activities					
Increase/(decrease) in short-term borrowings		**19 527**	(2 165)	**(26 217)**	1 922
Increase in long-term borrowings		**52 083**	144 562	**64 083**	54 911
Net cash generated from financing activities		**71 610**	142 397	**37 866**	56 833
Net decrease in cash and cash equivalents		**(15 435)**	(1 310)	**(24 281)**	(25 766)
Cash and cash equivalents at the beginning of the year		**(10 637)**	(9 327)	**(35 102)**	(9 336)
Cash and cash equivalents at the end of the year	28	**(26 072)**	(10 637)	**(59 383)**	(35 102)

Notes to the financial statements

For the year ended 31 August 2009

1. Accounting policies

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act. The annual financial statements have been prepared under the historical cost basis, except for the measurement of investment property and certain financial instruments at fair value, and incorporate the principal accounting policies, set out below. The accounting policies adopted and methods of computation are consistent with those applied in the financial statements of the previous year except for the adjustments disclosed in note 29.

1.1 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the 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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group. All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation. Certain subsidiaries are share block companies and as a result all income and expenses accrue directly to the holding company.

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 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 as determined by the directors. Independent valuations are obtained on a rotational basis to determine the reasonableness of the directors' valuations, ensuring that every property is valued every three years. This is a JSE Listing Requirement. The directors value the entire property portfolio on an annual basis. These fair values of property exclude accrued operating lease income. 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. The cost of an item of plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. 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.

The residual value and the useful life of each asset are reviewed at each financial year-end. Each part of an item of plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Depreciation is provided on all plant and equipment to write down the cost, less estimated residual value, by equal instalments 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 the income statement. Land and buildings are not depreciated.

1. Accounting policies *continued*

1.5 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any temporary investment of those borrowings; and
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense 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. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

In the Group financial statements, an investment in an associate is accounted for using the equity method, except when the asset is classified as held-for-sale. Under the equity method, the investment is initially recognised at cost and the carrying amount is increased or decreased to recognise the Group's share of the profits or losses of the investee after acquisition date. The use of the equity method is discontinued from the date the Company ceases to have significant influence over an associate.

Any impairment losses are deducted from the carrying amount of the investment in associate.

Profits and losses resulting from transactions with associates are recognised only to the extent of unrelated investors' interests in the associate. In the Company's financial statements, an investment in an associate is carried at cost less 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 assesses whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss. An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

1. Accounting policies *continued*

1.9 Impairment *continued*

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.10 Financial instruments

Initial recognition and measurement

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are recognised when the Group 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:

Trade and other receivables

Trade receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Interest income is recognised by applying the effective interest rate except for short-term receivables when the recognition of interest would be immaterial.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities

Interest bearing loans, debentures and overdrafts are recorded at the proceeds received net of direct issue costs. Finance charges are accounted for on an annual 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.

Derecognition of financial instruments

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities are derecognised when, and only when, the Group's obligations are discharged, cancelled or they expire.

1.11 Taxation

Current tax assets and liabilities

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities/(assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

Deferred tax assets and liabilities

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and it is accounted for using the balance sheet liability method.

1. Accounting policies *continued*

1.11 Taxation *continued*

Deferred tax assets and liabilities *continued*

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from:

- the initial recognition of goodwill; or
- the initial recognition of an asset or liability in a transaction which:
  - is not a business combination; and
  - at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised, unless the deferred tax asset arises from the initial recognition of an asset or liability in a transaction that:

- is not a business combination; and
- at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint ventures, to the extent that it is probable that:

- the temporary difference will reverse in the foreseeable future; and
- taxable profit will be available against which the temporary difference can be utilised.

A deferred tax asset is recognised for the carry forward of unused tax losses and unused STC credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused STC credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit/(loss) for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity; or
- a business combination.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

1.12 Cash and cash equivalents

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

1.13 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event which will probably result in an outflow of economic benefits that can be reasonably estimated. The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

1.14 Critical estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events and are believed to be reasonable under the circumstances. Areas in which estimates and judgements are made include the following:

Notes to the financial statements *continued*

For the year ended 31 August 2009

1. Accounting policies *continued*

1.14 Critical estimates and judgements *continued*

Investment property

In the application of the accounting policies, which are described in note 1, management is required to make judgements, estimates and assumptions about the fair value of investment properties that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The fair value of investment properties are obtained from the Company's property managers, City Property Administration (Pty) Limited and determined on an open market basis taking into account the expected future rental that a particular building will generate. An appropriate discount rate or valuation multiple is used that reflects the risk associated with the particular building.

Property, plant and equipment

Asset impairments

The Company evaluates its non-current assets for impairment annually whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. Judgements regarding the existence of impairment indicators are based on market conditions and operational performance of the business. Future events could cause management to conclude that impairment indicators exist.

Residual values

The Company is required to measure the residual value of an item of property, plant and equipment. An estimate is made of the amount it would receive currently for the asset if the asset was already of the age and condition expected at the end of its useful life. IAS 16 requires residual values (if material) to be estimated first at the date of acquisition and thereafter to be reviewed at each balance sheet date. If these change from the prior period, the depreciation charge is adjusted prospectively.

Useful life

The useful life of an asset is the period over which the Company expects to use the asset, and not necessarily the asset's economic life. Useful lives of assets are reviewed annually. If these change from the prior period, the depreciation charge is adjusted prospectively. The Company uses the following indicators to determine useful lives:

- Expected usage of assets;
- Expected physical wear and tear; and
- Technical or commercial obsolescence.

Provisions

Provisions are required to be recorded when the Company has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation. Best estimates, being the amount that the Company would rationally pay to settle the obligation, are recognised as provisions at balance sheet date.

1.15 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. Accounting policies *continued*

1.16 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. These changes are disclosed in note 29.

1.17 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.

1.18 Statements and interpretations not yet effective

At the date of authorisation of these annual financial statements, the International Accounting Standards Board ("IASB") issued its latest Standard, titled Improvements to International Financial Reporting Standards 2008. The Standard included many amendments to various Standards. The directors are still assessing the impact of these on the Group annual financial statements. The following Standards and Interpretations were in issue but not yet effective:

		Effective for financial years commencing on or after
IFRS 1	First Time Adoption of IFRS	1 January 2009
IFRS 2	Share-based Payments	1 January 2009
IFRS 3	Business Combinations	1 July 2009
IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 July 2009
IFRS 7	Financial Instruments: Disclosures	1 January 2009
IFRS 8	Operating Segments	1 January 2009
IFRS 9	Financial Instruments	1 January 2013
IAS 1	Presentation of Financial Statements	1 January 2009
IAS 7	Statement of Cash Flows	1 January 2010
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2009
IAS 10	Events after the Reporting Period	1 January 2009
IAS 16	Property, Plant and Equipment	1 January 2009
IAS 17	Leases	1 January 2010
IAS 18	Revenue	1 January 2009
IAS 19	Employee Benefits	1 January 2009
IAS 20	Accounting for Government Grants and Disclosure of Government Assistance	1 January 2009
IAS 23	Borrowing Costs	1 January 2009
IAS 24	Related Party Disclosures	1 January 2011
IAS 27	Consolidated and Separate Financial Statements	1 July 2009
IAS 28	Investments in Associates	1 January 2009
IAS 29	Financial Reporting in Hyperinflationary Economies	1 January 2009
IAS 31	Interest in Joint Ventures	1 July 2009
IAS 32	Financial Instruments: Presentation	1 January 2009
IAS 34	Interim Financial Reporting	1 January 2009
IAS 36	Impairment of Assets	1 January 2009
IAS 38	Intangible Assets	1 January 2009
IAS 39	Financial Instruments: Recognition and Measurement	1 July 2009
IAS 40	Investment Property	1 January 2009
IAS 41	Agriculture	1 January 2009
IFRIC 9	Reassessment of Embedded Derivatives	1 July 2009
IFRIC 11	IFRS 2 Group and Treasury Share Transactions	1 March 2009
IFRIC 15	Agreements for the Construction of Real Estate	1 January 2009
IFRIC 16	Hedges of a Net Investment in a Foreign Operation	1 October 2008
IFRIC 17	Distributions of Non-cash Assets to Owners	1 July 2009
IFRIC 18	Transfers of Assets from Customers	1 July 2009

1. **Accounting policies** *continued*

1.18 Statements and interpretations not yet effective *continued*

The Group has not early adopted any of these pronouncements. The new Standards, Amendments and Interpretations that are expected to be relevant to the Group's financial statements are as follows:

IAS 1: This statement relates to the presentation of the owner's changes in equity and introduces a statement of comprehensive income. This amendment does not affect the financial position or the results of the Group but will result in additional disclosures.

IAS 23: This amendment requires the capitalisation of borrowing costs directly attributable to the acquisition, production or construction of qualifying assets until the asset is ready for its intended use. This amendment does not affect the financial position or the results of the Group.

IFRS 8: This standard specifies how an entity should report information about operating segments in its financial position. This standard will result in additional disclosure but has no effect on the financial position.

1.19 Compound instruments

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.

1.20 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.

Operating leases — lessor

Contractual rental income is recognised on a straight-line basis over the period of the lease term.

An adjustment is made to contractual rental income earned to bring to account in the current period the difference between the rental income that the Company is currently entitled to and the rental for the period calculated on a smoothed straight-line basis.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

Income for leases is disclosed under revenue in the income statement.

	Group		**Company**	
		Restated		Restated
Figures in R'000	**2009**	2008	**2009**	2008
2. Investment properties				
Fair value				
Opening gross carrying value	**2 058 559**	1 877 070	**637 489**	591 167
Movement during the year:				
Acquisitions and subsequent expenditure	**54 613**	103 008	**11 116**	3 488
Disposals	**(11 066)**	–	**(10 162)**	–
Fair value adjustment	**(98 324)**	78 481	**(41 769)**	42 834
Closing carrying value	**2 003 782**	2 058 559	**596 674**	637 489

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 2009 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 range of capitalisation rates applied to the property portfolio is between 8,5% and 13% with an average of 9,38%. The investment properties are valued annually and the valuations are determined by the directors. A 1% decrease in the capitalisation rates would increase the property valuation by R229 million and a 1% increase in the capitalisation rates would decrease the property valuation by R181 million.

On an annual basis, independent valuations are obtained for one-third of the properties in the portfolio. Van Zyl Valuers and Amanda de Wet Attorneys 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 0,97% less than the directors' valuation. The directors are confident, taking all factors into account, that their valuations represent fair market value.

2. Investment properties *continued*

The Group has encumbered 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.

Woodmead Value Mart is situated on leasehold land. The lease commenced in January 1995. The term of the lease is 40 years and is renewable for a further 40 years.

A schedule of investment properties owned by the Group is set out on pages 44 to 48.

	Group		Company	
		Restated		Restated
Figures in R'000	**2009**	2008	**2009**	2008
3. Operating lease assets				
Opening balance	**26 107**	22 688	**6 953**	6 534
Arising during the year	**10 377**	3 419	**588**	419
Closing value	**36 484**	26 107	**7 541**	6 953
The straight-line lease adjustment balances were previously disclosed as part of investment properties but is now shown separately in order to truly reflect the nature of the account.				
4. Plant and equipment				
Opening cost	**8 672**	5 138	**1 031**	773
Opening accumulated depreciation	**(3 890)**	(3 169)	**(631)**	(566)
Opening carrying value	**4 782**	1 969	**400**	207
Movement during the year:				
Additions	**11 426**	3 534	**422**	258
Disposals	**(63)**	–	**–**	–
Depreciation charge net of disposals	**(1 297)**	(721)	**(64)**	(65)
Closing carrying value	**14 848**	4 782	**758**	400
Cost	**20 035**	8 672	**1 453**	1 031
Accumulated depreciation	**(5 187)**	(3 890)	**(695)**	(631)
Closing carrying value	**14 848**	4 782	**758**	400
5. Listed investment				
Premium Properties Limited				
13 326 674 (2008: 12 753 339 linked units at cost)	**89 086**	82 522	**89 086**	82 522
Fair value adjustment	**64 952**	64 141	**64 952**	64 141
	154 038	146 663	**154 038**	146 663
Market valuation at 31 August 2009	**154 038**	146 663	**154 038**	146 663
Fair market value represents the listed market price as at 31 August 2009. The investment has been pledged to secure banking facilities granted to the Group (see note 12).				
6. Investment in subsidiaries				
Shares at cost			**21 344**	21 344
Net amounts due by subsidiaries			**514 176**	469 640
Amounts due by subsidiaries			**533 651**	485 189
Amounts owed to subsidiaries			**(19 475)**	(15 549)
			535 520	490 984

A schedule of the Company's interest in subsidiaries is fully set out on page 49.

The aggregate net losses after tax of the subsidiaries amounts to R38 908 000 (2008: profits R77 184 000). 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.

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
7. Investment in associate				
Equity accounted				
Cost of investment	**1**	1	**1**	1
Loans to associate	**71 634**	55 667	**71 634**	55 667
Reserves since acquisition	**147 318**	105 855	**–**	–
	218 953	161 523	**71 635**	55 668
Directors' valuation	**218 953**	161 523	**71 635**	55 668
Summarised financial information of associate (100%)				
Assets				
Non-current			**1 005 274**	790 933
Current			**13 842**	11 851
			1 019 116	802 784
Equity and liabilities				
Equity capital and reserves			**368 423**	264 638
Non-current liabilities			**622 619**	490 553
Current liabilities			**28 074**	47 593
			1 019 116	802 784
Results of operations				
Rental income			**40 693**	71 589
Net income before interest			**26 483**	28 565
Interest			**(17 395)**	(26 945)
Fair value adjustment			**92 255**	68 355
Dividends			**–**	(5 540)
Profit for the period			**101 343**	64 435
Share of profit for the period			**40 537**	25 774

Details of the Group's 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 2009

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
8. Accounts receivable				
Trade debtors	**21 901**	5 821	**1 932**	2 056
Less: Provision	**(4 597)**	(3 482)	**(1 422)**	(1 176)
	17 304	2 339	**510**	880
Receivables on sale of investment property	**8 600**	–	**–**	–
Debenture interest receivable from listed investment	**6 868**	–	**–**	–
Sundry receivables	**15 547**	17 294	**20 651**	15 476
	48 319	19 633	**21 161**	16 356

All trade and other receivables are short-term in nature. The carrying amount of trade receivables is considered a reasonable approximation of fair value. Rent is paid in advance, interest is charged at prime plus 2% on the outstanding balance. The Group has provided fully for all receivables over 90 days and for individual doubtful debtors.

Before accepting any new tenant, the Group uses an internal credit scoring system to assess the potential tenant's credit quality.

8. Accounts receivable *continued*

Included in the Group's trade receivable balance are rental debtors with a carrying amount of R17 304 000 (2008: R2 339 000), which are past due at reporting date and not provided for as there has not been significant change in the credit quality and the amounts are still considered recoverable. The average age of these receivables is 19,7 days (2008: 3,2 days).

All of the Group's trade and other receivable have been reviewed for impairment. Certain trade receivables were found to be impaired and a provision of R4 597 000 (2008: R3 482 000) has been recorded accordingly. The impaired trade receivables are from tenants who are experiencing financial difficulties.

	Group		Company	
Figures in R'000	**2009**	Restated 2008	**2009**	Restated 2008
The age analysis of trade receivables outstanding is as follows				
30 days or less	**8 225**	332	**329**	247
More than 30 days and less than 60 days	**4 218**	980	**80**	224
More than 60 days and less than 90 days	**4 861**	1 027	**101**	409
	17 304	2 339	**510**	880
Reconciliation of provision for bad debts				
Opening balance	**3 482**	5 884	**1 176**	3 042
Additional provisions for the year	**2 962**	598	**1 081**	65
Provisions reversed during the year	**(1 847)**	(3 000)	**(835)**	(1 931)
Closing balance	**4 597**	3 482	**1 422**	1 176
9. Share capital and premium				
Authorised				
100 000 000 shares of one cent each	**1 000**	1 000	**1 000**	1 000
Issued				
89 297 472 (2008: 89 297 472) shares of one cent each	**892**	892	**892**	892
Share premium	**68 072**	57 403	**68 072**	57 403
Opening balance	**57 403**	46 329	**57 403**	46 329
Transfer from retained earnings	**10 669**	11 074	**10 669**	11 074
	68 964	58 295	**68 964**	58 295

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.

	Group		Company	
Figures in R'000	**2009**	Restated 2008	**2009**	Restated 2008
10. Non-distributable reserves				
Surplus on disposal of investment properties	**10 690**	9 156	**7 796**	6 262
Fair value adjustments of investment property	**683 773**	749 711	**318 113**	333 015
Fair value adjustments of investments				
Associate	**141 159**	104 257	**–**	–
Listed investment	**55 859**	54 685	**55 859**	54 685
Acquisition of loan at a discount	**2 894**	2 894	**2 894**	2 894
	894 375	920 703	**384 662**	396 856

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
11. Debenture capital and premium				
Debenture capital				
89 297 472 (2008: 89 297 472) unsecured variable rate debentures of R2,09 each	**186 631**	186 631	**186 631**	186 631
Debenture capital premium	**197 731**	208 400	**197 731**	208 400
Opening balance	**208 400**	219 474	**208 400**	219 474
Amortisation of debenture capital premium	**(10 669)**	(11 074)	**(10 669)**	(11 074)
	384 362	395 031	**384 362**	395 031

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 ordinary share for the same period. The aggregate dividend entitlement shall not be 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.

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
12. Long-term borrowings				
12.1 Loans at book value				
Secured loans				
(a) Nedbank Limited The loan expiry date is February 2011. 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.	**1 390**	1 391	**1 390**	1 391
(b) Nedbank Limited The loan expiry dates are between May 2018 and October 2018. R100 million of the loan bears interest at a fixed rate of 12,06% per annum until April 2018. R75 million of the loan bears interest at a fixed rate of 11,92% per annum until November 2013. The balance of R75 million of the loan bears interest at a fixed rate of 11,72% per annum until October 2018. The loans are secured by a mortgage bond over Erven 364 – 366, 392 – 394, 669 and 673 Killarney.	**250 000**	250 001	**–**	–
(c) 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 a pledge of shares in Premium Properties Limited and the shares of certain subsidiaries.	**2 055**	2 062	**2 055**	2 062
(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 portions 3, 4, 7, 8 and 13 of Erf 212 Silvertondale Extension 1.	**13 612**	13 618	**–**	–
(e) 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.	**2 152**	34 161	**2 152**	34 161
(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.	**3 301**	3 302	**3 301**	3 302

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
12. Long-term borrowings *continued*				
12.1 Loans at book value *continued*				
(g) Nedbank Limited The loan expiry date is November 2009. The loan bears interest at a fixed rate of 10,89% until November 2009. The loan is secured by the mortgage bond over various properties.	**69 000**	69 001	**69 000**	69 001
(h) Nedbank Limited The loan expiry date is May 2013. Interest is charged at a fixed rate of 12,72%. The loan is secured by the mortgage bond over Erf 5255 Johannesburg and Erf 1265 Marshalltown.	**53 250**	53 250	**–**	–
(i) 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 Erf 212 portions 7 and 8 Silvertondale Ext 1.	**13 596**	13 602	**–**	–
(j) Nedbank Limited The loan expiry date is April 2012. Interest is charged at 2,15% below the prime overdraft rate. The loan is secured by the mortgage bond over Erven 97, 98, 99, 412 and 413 Johannesburg.	**1 616**	1 598	**1 616**	1 598
(k) Nedbank Limited The loan expiry date is March 2013. Interest is charged at 2,15% below the prime overdraft rate. The loan is secured by the mortgage bond over various properties.	**103 232**	27 255	**103 232**	27 255
(l) Nedbank Limited The loan expiry date is June 2019. Interest is charged at 2,15% below the prime overdraft rate. The loan is secured by the mortgage bond over Erf 212 Silverton.	**34 015**	–	**–**	–
(m) Standard Bank of South Africa Limited The loan expiry date is May 2013. Interest is charged at 1,75% below the prime overdraft rate. The loan is secured by a mortgage bond over Erven 4846 – 4848 Johannesburg.	**12 000**	12 000	**–**	–
(n) Standard Bank of South Africa Limited The loan expiry date is April 2013. Interest is charged at 1,75% below the prime overdraft rate. The loan is secured by a mortgage bond over Erven 923 – 927 Johannesburg.	**12 490**	12 490	**–**	–
(o) Standard Bank of South Africa Limited The loan expiry date is April 2013. Interest is charged at a fixed rate of 13,12%. The loan is secured by the mortgage bond over Erven 3509 and 3039 Pretoria.	**40 000**	40 000	**–**	–
(p) Investec Bank Limited The loan expiry date is November 2010. R48 million of the loan bears interest at a fixed rate of 11,04% per annum to November 2010. R66,1 million of the loan bears interest at a fixed average rate of 9,65% per annum to April 2010, thereafter at a floating rate of 1,5% below the prime overdraft rate. The loan is secured by suretyships by certain subsidiaries as well as a mortgage bond over various properties and pledge of shares in Woodmead Mart (Pty) Limited.	**114 075**	120 185	**114 075**	120 185

	Group		Company	
		Restated		Restated
Figures in R'000	**2009**	2008	**2009**	2008
12. Long-term borrowings *continued*				
12.1 Loans at book value *continued*				
(q) Investec Bank Limited The loan expiry date is September 2011. Interest is charged at a floating rate of 1,5% below the prime overdraft rate. The loan is secured by suretyships received from Octodec as well as a mortgage bond over Erven 916 and 917 Johannesburg.	**2 848**	3 106	**–**	–
	728 632	657 022	**296 821**	258 955
Repayable as follows:				
One to two years	**115 466**	120 085	**115 466**	–
Three to five years	**246 540**	256 401	**112 355**	254 038
More than five years	**297 626**	263 619	**–**	–
	659 632	640 105	**227 821**	254 038
Within one year	**69 000**	16 917	**69 000**	4 917
	728 632	657 022	**296 821**	258 955

The weighted average cost of borrowings is 10,7% (2008: 11,5%), which is 0,2% below prime overdraft rate at year-end. At year-end 72,6% (2008: 81%) of the borrowings are fixed at an average rate of 11,5% (2008: 11%). The remaining loans are financed through variable rate borrowings at a weighted average of 8,4% (2008: 13,4%).

	Group		Group	
	2009	**2009**	2008	2008
Figures in R'000	**Book value**	**Fair value**	Book value	Fair value
12.2 Fair value of long-term loans				
Nedbank Limited Loan (a)	**1 390**	**1 390**	1 391	1 391
Nedbank Limited Loan (b)	**250 000**	**268 254**	250 001	236 542
Nedbank Limited Loan (c)	**2 055**	**2 055**	2 062	2 062
Nedbank Limited Loan (d)	**13 612**	**13 612**	13 618	13 618
Nedbank Limited Loan (e)	**2 152**	**2 152**	34 161	34 161
Nedbank Limited Loan (f)	**3 301**	**3 301**	3 302	3 302
Nedbank Limited Loan (g)	**69 000**	**69 123**	69 001	67 305
Nedbank Limited Loan (h)	**53 250**	**57 376**	53 250	55 664
Nedbank Limited Loan (i)	**13 596**	**13 596**	13 602	13 602
Nedbank Limited Loan (j)	**1 616**	**1 616**	1 598	1 598
Nedbank Limited Loan (k)	**103 232**	**103 232**	27 255	27 255
Nedbank Limited Loan (l)	**34 015**	**34 015**	–	–
Standard Bank of South Africa Limited Loan (m)	**12 000**	**12 000**	12 000	–
Standard Bank of South Africa Limited Loan (n)	**12 490**	**12 490**	12 490	12 490
Standard Bank of South Africa Limited Loan (o)	**40 000**	**41 124**	40 000	42 376
Investec Bank Limited Loan (p)	**114 075**	**114 690**	120 185	111 256
Investec Bank Limited Loan (q)	**2 848**	**2 816**	3 106	3 106
	728 632	**752 842**	657 022	625 728

Assumptions used in determining fair value of fixed interest loans

The average rate used to discount the cash flows on the fixed interest loans was 10,02% (2008: 11,78%) based on the quoted swap rate at year-end for the loans with similar maturities.

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
13. Deferred taxation				
The deferred tax liability arises from the following temporary differences:				
Prepayments	**–**	129	**–**	129
Tax losses created	**(12 978)**	(7 374)	**(457)**	–
Fair value adjustments				
Investment properties	**225 668**	249 600	**81 903**	99 851
Listed investments	**9 093**	9 456	**9 093**	9 456
	221 783	251 811	**90 539**	109 436
The movement for the year was as follows:				
Opening balance	**251 811**	247 627	**109 436**	107 469
Charges to income statement				
– tax loss created	**(185)**	(2 539)	**(457)**	–
Charge to income statement/non-distributable reserves	**(29 843)**	6 723	**(18 440)**	1 967
Fair value adjustment of investment property	**(29 956)**	10 185	**(18 553)**	5 429
Fair value adjustment of listed investment	**113**	(3 462)	**113**	(3 462)
Closing balance	**221 783**	251 811	**90 539**	109 436
14. Accounts payable				
Trade payables	**20 834**	16 600	**8 452**	6 180
Killarney assessment rates	**6 381**	–	**–**	–
Repairs and maintenance work in progress	**2 255**	2 266	**718**	1 129
Promotion fund accrual	**1 969**	562	**–**	–
Collection fees payable	**456**	–	**–**	–
Other payables	**17 524**	13 641	**7 972**	5 288
	49 419	33 069	**17 142**	12 597

Accounts payable approximates fair value. The Group has financial policies in place to ensure that all payables are paid within the credit framework.

15. Bank overdraft

The Group's overdraft is unsecured and bears interest at 1% (2008: 2%) below the prime overdraft rate.
An overdraft of R20 000 000 (2008: R20 000 000) has been arranged and has no terms of repayment.

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
16. Revenue				
Rental income	**267 633**	225 653	**85 196**	69 666
Straight-lining lease adjustment	**10 377**	3 419	**588**	419
Electricity and water recoveries	**42 216**	42 165	**13 615**	14 428
Rental income and recoveries	**320 226**	271 237	**99 399**	84 513
Management fees	**1 598**	1 717	**9 081**	11 836
	321 824	272 954	**108 480**	96 349

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
17. Operating profit				
Operating profit is arrived at after taking the following items into account:				
Auditors' remuneration				
Audit fee— current year	**737**	739	**737**	739
Depreciation				
Plant and equipment	**1 307**	721	**64**	65
Fees for services				
Administration fees	**9 477**	10 429	**9 477**	12 438
Collections fees	**17 954**	15 036	**5 276**	4 869
Commissions	**2 396**	2 309	**847**	732
JSE Limited	**171**	193	**171**	193
Operating lease payment — leasehold property	**3 517**	3 509	**–**	–
Staff costs	**4 717**	3 700	**895**	755
Directors' emoluments	**519**	504	**519**	504
Repairs and maintenance	**9 898**	8 455	**3 868**	3 607
18. Investment income				
Interest and dividends received				
Listed investment	**13 262**	10 486	**13 262**	10 486
Other	**1 446**	1 514	**672**	761
	14 708	12 000	**13 934**	11 247
19. Share of profit from associate				
Dividends received	**–**	2 216	**–**	2 216
Interest received	**9 248**	10 778	**9 248**	10 778
Equity accounted earnings				
Share of earnings/(losses)	**3 635**	(1 568)	**–**	–
Share of revaluation reserve	**36 902**	27 342	**–**	–
	49 785	38 768	**9 248**	12 994
20. Investment income from subsidiaries				
Dividends received	**–**	–	**–**	5 000
Interest received	**–**	–	**61 600**	64 439
	–	**–**	**61 600**	69 439
21. Finance costs				
Interest on debentures	**114 533**	108 943	**114 533**	108 943
Loans and bank overdraft	**81 359**	67 603	**32 730**	26 597
Less: Interest capitalised	**(1 227)**	(979)	**–**	–
	194 665	175 567	**147 263**	135 540

	Group		Company	
		Restated		Restated
Figures in R'000	**2009**	2008	**2009**	2008
22. Taxation				
South African normal taxation				
Current	**667**	1 549	**214**	194
Deferred taxation				
Fair value adjustments	**(29 957)**	10 185	**(18 554)**	5 429
Tax losses created	**(185)**	(2 539)	**(457)**	–
	(29 475)	9 195	**(18 797)**	5 623
Reconciliation between effective tax rate and applicable tax rate	**%**	%	**%**	%
South African normal rate of taxation	**28,0**	28,0	**28,0**	28,0
Exempt income	**39,3**	(9,3)	**12,0**	(21,3)
Rate adjustment	**(6,5)**	(10,3)	**(24,0)**	4,3
Permanent differences	**17,1**	(0,4)	**48,3**	(0,4)
Tax losses	**0,5**	(0,5)	**1,6**	(2,3)
Effective tax rate	**78,4**	7,5	**65,9**	8,3
23. Minimum future rentals receivable				
Non-cancellable rental lease agreements				
Less than one year	**218 013**	218 690	**61 621**	67 378
Later than one year and not later than five years	**311 550**	410 109	**71 697**	110 424
Later than five years	**22 936**	14 433	**423**	1 725
	552 499	643 232	**133 741**	179 527

Rental receivable represents contractual rental income excluding other recoveries for leases in existence at year-end.

24. Earnings per linked unit (cents)

The calculation of basic earnings per linked unit are based on net income attributable to linked unitholders and the number of linked units in issue during the year. The number of linked units in issue for the year under review was 89 297 472 (2008: 89 297 472).

	Group		Company	
		Restated		Restated
Figures in R'000	**2009**	2008	**2009**	2008
Earnings – net (loss)/profit after taxation	**(8 112)**	113 722		
Adjusted for:				
Amortisation of deemed debenture premium	**(10 669)**	(11 074)		
Profit on sale of investment properties	**(1 534)**	–		
Fair value adjustments				
– associate	**(36 902)**	(27 342)		
– investment properties	**87 947**	(89 462)		
– deferred taxation	**(22 486)**	21 166		
Headline earnings before debenture interest	**8 244**	7 010		
Debenture interest	**114 533**	108 943		
Headline earnings	**122 777**	115 953		

	Cents	Cents
Earnings and diluted earnings per share	**(9,1)**	127,4
Headline earnings per share	**9,2**	7,9
Earnings and diluted earnings per linked unit	**119,2**	249,4
Headline earnings per linked unit	**137,5**	129,9

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
25. Cash generated from operations				
(Loss)/profit before taxation:	**(37 587)**	122 917	**(28 538)**	67 935
Adjusted for:				
Straight-lining lease adjustment	**(10 377)**	(3 419)	**(588)**	(419)
Debenture interest	**114 533**	108 943	**114 533**	108 943
Fair value adjustment of investment properties	**98 324**	(78 481)	**41 769**	(42 835)
Capital profit on disposal of investment property	**(1 534)**	–	**(1 534)**	–
Finance costs	**80 132**	66 624	**32 730**	26 597
Amortisation of deemed debenture premium	**(10 669)**	(11 074)	**(10 669)**	(11 074)
Investment income and share of profit from associate	**(64 483)**	(50 768)	**(84 782)**	(93 680)
Depreciation	**1 307**	721	**64**	65
Operating income before working capital changes	**169 646**	155 463	**62 985**	55 532
(Decrease)/increase in accounts receivable	**(28 686)**	2 578	**(4 804)**	(1 077)
Increase/(decrease) in accounts payable	**16 350**	6 160	**4 545**	(2 059)
	157 310	164 201	**62 726**	52 396
26. Debenture interest				
Amounts unpaid at the beginning of the year	**54 204**	46 381	**54 204**	46,381
Amounts charged to the income statement	**114 533**	108 943	**114 533**	108 943
Amounts unpaid at the end of the year	**(59 267)**	(54 204)	**(59 267)**	(54 204)
	109 470	101 120	**109 470**	101 120
27. Taxation paid/(received)				
Taxation paid is reconciled to the amounts disclosed in the income statement as follows:				
Amounts unpaid/(overpaid) at the beginning of the year	**644**	752	**57**	(262)
Amounts charged to the income statement	**667**	1 549	**214**	194
Amounts unpaid at the end of the year	**–**	(644)	**(271)**	(57)
	1 311	1 657	**–**	(125)
28. Cash and cash equivalents				
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:				
Cash at bank	**188**	390	**176**	332
Bank overdraft	**(26 260)**	(11 027)	**(59 559)**	(35 434)
	(26 072)	(10 637)	**(59 383)**	(35 102)

29. Prior period adjustments

Deferred taxation has been accounted for using a blended tax rate on the revaluation of investment properties. This splits the revaluation between land and buildings and calculates deferred tax on revaluation surpluses on land at the capital gains taxation rate of 14% as the intention is to recover through sale and on buildings at 28% as the intention is to recover through use.

This is a change from previous years, but the adjustments have no effect on the distributable income to the unitholders.

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
29. Prior period adjustments *continued*				
The above resulted in adjustments as follows:				
Balance sheet items				
Decrease in opening deferred tax liabilities	–	(16 891)	–	(9 447)
Decrease in deferred tax liabilities	–	(3 877)	–	(1 799)
Increase in transfer to opening fair value reserve	–	16 891	–	9 447
Increase in transfer to fair value reserve	–	3 877	–	1 799
Income statement items				
Decrease in deferred taxation charge	–	(3 877)	–	(1 799)

The investment properties registered in the share block companies were previously accounted for in the annual financial statements of the individual share block companies, but are now recognised on Octodec's balance sheet.

Octodec has the right of the use of the assets as well as control of the assets by virtue of the share block control act.

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
The above resulted in adjustments as follows:				
Balance sheet items				
Increase in investment properties	–	–	–	625 646
Increase in operating lease asset	–	–	–	6 953
Increase in plant and equipment	–	–	–	400
Decrease in investment in subsidiaries	–	–	–	(203 462)
Increase in opening fair value reserve	–	–	–	284 362
Increase in deferred tax liabilities	–	–	–	110 164
Increase in transfer to fair value reserve	–	–	–	35 011

30. Contingencies

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.

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

The Company has given surety to Nedbank Property Finance, which at year-end amounted to R161 000 660, in favour of its associate company, IPS Investments (Proprietary) Limited.

31. Commitments

An amount of R62 515 081 (2008: R119 516 761) has been committed for by the Group in respect of capital expenditure relating to the improvement and acquisition of certain properties. These will be financed by way of existing facilities. A further amount of R82 780 499 for the redevelopment of Tiny Town has not yet been committed to.

Operating lease commitments

Figures in R'000	Group 2009	Group Restated 2008	Company 2009	Company Restated 2008
Within one year	**3 517**	3 509		
Two to five years	**14 068**	14 036		
More than five years	**77 374**	80 707		
	94 959	98 252		

The land leases above relate to Woodmead Value 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 excluding any option period.

32. Segmental information

Figures in R'000 Analysis by property usage	Industrial	Office	Retail	Commercial	Residential	Corporate unallocated	Total
2009							
Revenue							
Rentals and recoveries received	**45 147**	**61 606**	**131 204**	**62 988**	**8 904**	**–**	**309 849**
Management fees	**–**	**–**	**–**	**–**	**–**	**1 598**	**1 598**
Straight-line lease adjustment	**422**	**7 518**	**1 325**	**1 022**	**90**	**–**	**10 377**
Total revenue	**45 569**	**69 124**	**132 529**	**64 010**	**8 994**	**1 598**	**321 824**
Operating profit	**27 474**	**40 373**	**66 840**	**34 215**	**3 763**	**6 041**	**178 706**
Net revaluation of investment properties	(16 079)	6 933	(92 737)	6 395	(2 836)	-	(98 324)
Revaluation of investment properties	(15 657)	14 451	(91 412)	7 417	(2 746)	–	(87 947)
Straight-line lease adjustment	(422)	(7 518)	(1 325)	(1 022)	(90)	–	(10 377)
Amortisation of debenture premium	–	–	–	–	–	10 669	10 669
Investment income	–	–	–	–	–	64 493	64 493
Profit on sale of investment property	–	–	–	–	–	1 534	1 534
Income before financing costs and taxation	**11 395**	**47 306**	**(25 897)**	**40 610**	**927**	**82 737**	**157 078**
Assets							
Investment properties	**299 494**	**396 376**	**825 640**	**460 890**	**57 866**	**–**	**2 040 266**
Plant and equipment	**118**	**4 991**	**5 348**	**3 457**	**933**	**–**	**14 847**
Other assets (unallocated)	**–**	**–**	**–**	**–**	**–**	**421 499**	**421 499**
Total assets	**299 612**	**401 367**	**830 988**	**464 347**	**58 799**	**421 499**	**2 476 612**
Total liabilities (unallocated)	**–**	**–**	**–**	**–**	**–**	**1 469 723**	**1 469 723**

A geographical split of the revenue and investment property is disclosed on page 3.

Figures in R'000 Analysis by property usage	Industrial	Office	Retail	Commercial	Residential	Corporate unallocated	Total
2008							
Revenue							
Rentals and recoveries received	40 693	42 130	122 850	55 561	6 584	–	267 818
Management fee	–	–	–	–	–	1 717	1 717
Straight-line lease adjustment	264	2 268	609	326	(48)	–	3 419
Total revenue	40 957	44 398	123 459	55 887	6 536	1 717	272 954
Operating profit	25 470	31 197	77 321	32 294	2 939	(11 060)	158 161
Net revaluation of investment properties	29 355	22 732	(16 191)	44 524	(1 939)	–	78 481
Revaluation of investment properties	29 619	25 000	(15 582)	44 850	(1 987)	–	81 900
Straight-line lease adjustment	(264)	(2 268)	(609)	(326)	48	–	(3 419)
Amortisation of debenture premium	–	–	–	–	–	11 074	11 074
Investment income	–	–	–	–	–	50 768	50 768
Income before financing costs and taxation	54 825	53 929	61 130	76 818	1 000	50 782	298 484
Assets							
Investment properties	319 133	354 355	908 946	437 181	65 051	–	2 084 666
Plant and equipment	65	951	2 076	501	1 189	–	4 782
Other assets (unallocated)	–	–	–	–	–	328 209	328 209
Total assets	319 198	355 306	911 022	437 682	66 240	328 209	2 417 657
Total liabilities (unallocated)	–	–	–	–	–	1 423 576	1 423 576

33. 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 (Pty) Limited.

34. Financial risk management

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

34.1 Capital Management

The Company's policy is to maintain an adequate capital base so as to maintain creditor confidence and to sustain future development of the business. The capital comprises shareholders' equity, including capital and reserves. The level of dividends paid to the holding company is determined with reference to the liquidity and solvency of the Company as well as consideration of budgets and forecasts. There were no changes in the Company's approach to capital management during the year. The Company is not subject to externally imposed capital requirements.

34.2 Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade receivables. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party. Trade receivables consist of a large spread of tenants. The Group monitors the financial position of its tenants on an on-going basis. Provision is made for both specific and general bad debts and at year-end management does not consider there to be any material credit risk exposure. The carrying amount of financial assets represents the maximum credit exposure.

34.3 Interest risk

At 31 August 2009, the Group had borrowings of R728 631 958 (2008: R657 022 031) at various rates.

The weighted average interest rate for 2009 was approximately 10,7% (2008: 11,5%) and 72,6% (2008: 81%) 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. The policy is to minimise interest rate cash flow risk exposure on long-term financing.

At 31 August 2009, Octodec is exposed to changes to market interest rates through bank borrowings. 27,4% (2008: 19%) of bank borrowings are subject to variable interest rates. A breakdown of the borrowings is detailed in note 12.

The table below illustrates the sensitivity of the net result for the year and equity to reasonable changes to interest rates of ±1% and ±2% with effect from the beginning of the year. These changes are considered to be reasonably possible based on current market conditions.

Figures in R'000	**2009**	**2009**	2008	2008
Effect of 1% change	**+1%**	**-1%**	+1%	-1%
Net effect for the year	**166**	**(166)**	875	(875)
Equity	**166**	**(166)**	875	(875)
Effect of 2% change	**+2%**	**-2%**	+2%	-2%
Net effect for the year	**332**	**(332)**	1 750	(1 750)
Equity	**332**	**(332)**	1 750	(1 750)

Cash flow interest rate risk

Financial instrument	**Floating borrowings**	**Fixed borrowings**	**Total**
Current interest rate	8,35 – 8,75%	9 – 13,12%	
Due in less than one year	16 753	52 925	**69 678**
Due in one to two years	16 753	43 448	**60 201**
Due in two to three years	16 188	41 838	**58 026**
Due in three to four years	9 894	37 804	**47 698**
Due in four to five years	9 914	22 340	**32 254**
Due after five years	43 627	80 113	**123 740**

34. Financial risk management *continued*

34.4 Liquidity risk

The Company's liquidity risk is determined by funds available to cover future commitments. Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet funding requirements.

The table below analyses the Group's financial liabilities into maturity catagories based on the remaining period at the balance sheet date to the contractual maturity date. The cash flows disclosed are not discounted.

Figures in R'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	69 000	115 466	246 540	297 626
Trade and other payables	49 419	–	–	–
Bank overdraft	26 260	–	–	–
Distribution to unitholders	59 267	–	–	–

35. Related party transactions

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

The Group's related parties are as follows:

Directors: A Wapnick; JP Wapnick; S Wapnick; MZ Pollack; MJ Holmes; AK Stein

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

The Group transacted with the following related parties during the year:

35.1 City Property Administration (Proprietary) Limited

Relationship:
A company which manages the Group's property and unlisted investment portfolios and over which significant influence is exercised by certain of the abovementioned directors.

Pricing policy:
- Fixed percentage of collections made;
- 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

Management fee:		0,5% of the average market capitalisation (based on daily closing price) plus secured loans
Collection fee:	Commercial:	5% of gross receipts
	Residential:	7,5% of gross receipts
	Offices:	7,5% of gross receipts for lettable units smaller than 500m^2 and the remainder at 5% of gross receipts
Major repairs and renovations:		5%
Properties disposed of:		Institute of Estate Agents recommended tariff and in excess of R6,0 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 month's rental, whichever is the lesser in respect of existing leases
	Residential:	R500 in respect of new residential leases
Acquisition of properties:		3% of cost and if in excess of R6,0 million by agreement between parties
New construction and development:		By agreement between City Property Administration (Proprietary) Limited and Octodec.

35. Related party transactions *continued*

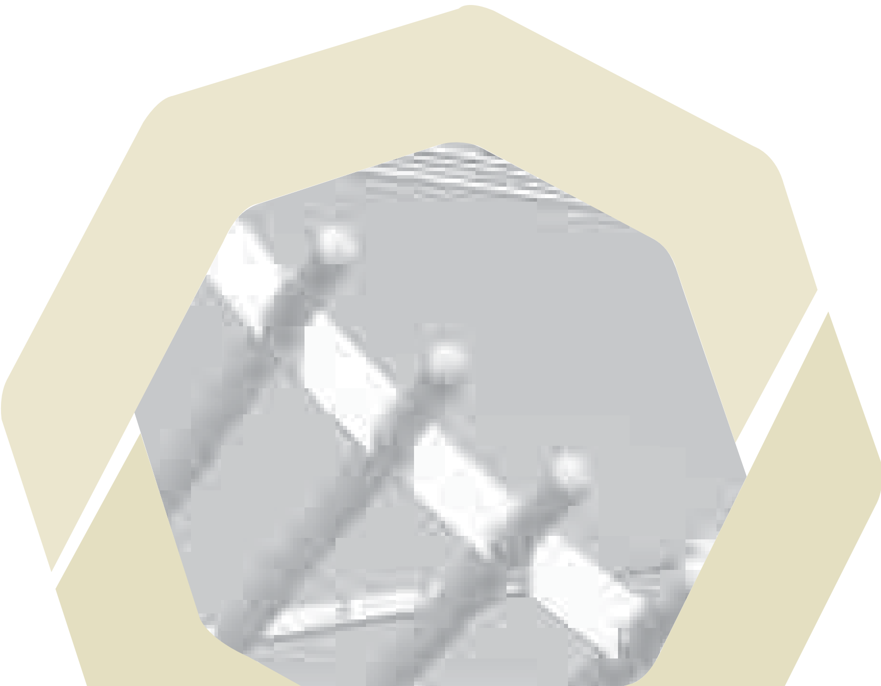
35.1 City Property Administration (Proprietary) Limited *continued*

The following related party transactions took place in the Group during the year under review:

Figures in R'000	Group **2009**	Group Restated 2008	Company **2009**	Company Restated 2008
Type of transactions:				
Expenditure				
Administration fees	**9 477**	10 429		
Collection fees	**17 954**	14 934		
Commissions paid	**2 079**	1 967		
Investment property				
Commissions paid on sale and purchase of investment property and major improvements	**1 073**	2 686		
Accounts payable				
Creditor	**1 595**	741		
35.2 Tugenhaft Wapnick Banchetti & Partners				
Relationship:				
A firm of attorneys which renders legal services and over which significant influence is exercised by S Wapnick.				
Pricing policy:				
– Market related				
Expenditure				
Professional fee	**68**	51		

35.3 **Details of directors' remuneration are set out on page 15.**

35.4 **Other related party transactions are disclosed in notes 5-7 and 17-20.**



Schedule of investment properties owned by the Group

For the year ended 31 August 2009

Property name	Address	Property value (R'000)	% of portfolio	Description of buildings	Site area (m^2)	GLA (m^2)	Property value per GLA (R)	Vacancy %
Pretoria Central								
Centre Forum •	89 Van der Walt Streets	58 788	2,9	Shops and offices	8 922	7 181	8 186	1,3
CPA House •	Cnr Du Toit, Proes and Vermeulen Streets	30 231	1,5	Shops, offices and parking	5 104	7 437	4 065	16,6
Dusku	Cnr Du Toit and Schoeman Streets	1 453	0,1	Motor showroom	334	351	4 141	–
Indacom	130 Struben Street	10 922	0,5	Shops and warehouses	3 245	2 593	1 776	8,2
	116 Struben Street			Warehouses	1 907	2 346		–
	117 Bloed Street			Shops	1 512	1 210		35,6
Letari Building	276 Proes Street	4 993	0,2	Shops, offices and warehouses	2 561	3 281	1 522	27,0
Potproes •	37 Pretorius Street	18 792	0,9	Shops, workshop and motor showroom	5 439	2 005	1 880	–
	233 Potgieter Street			Motor showroom	638	333		–
	237 Potgieter Street			Workshop and warehouse	1 914	1 000		–
	Cnr Potgieter and Pretorius Streets			Filling station, shops and workshops	22 208	6 658		46,4
Prinsben	349 Prinsloo Street	5 987	0,3	Shops	2 552	1 312	4 564	31,8
Prinstruben	360 Struben Street	6 037	0,3	Shops	2 552	1 884	3 205	47,8
Provincial House	Cnr Van der Walt and Brown Streets	7 741	0,4	Shops and offices	1 060	2 939	2 634	32,8
Scott's Corner	288 Struben and Bloed Street	16 913	0,8	Showroom and warehouse	5 104	5 371	3 149	6,3
Sharp Centre	13 Pretorius Street	3 040	0,1	Shops, office and showrooms	2 552	2 350	1 294	49,0
SKD	70 Visagie Street	6 335	0,3	Shops and warehouse	2 339	1 276	1 491	65,5
	87 Visagie Street			Offices	3 737	1 381		–
	78 Visagie Street			Shops and warehouse	1 886	1 592		69,6
Steynscor •	35 Van der Walt Street	44 264	2,2	Shops and offices	5 104	3 693	11 986	5,2
Time Place	153 Pretorius Street	29 735	1,4	Flats and shops	1 429	5 580	5 329	7,8
Tuel	501 Paul Kruger Street	3 217	0,2	Shops	740	1 065	3 021	–
Valcourt	336 Struben Street	5 590	0,3	Shops, offices and warehouses	3 480	2 562	2 182	5,7
Viskin	18 Visagie Street	3 237	0,2	Workshop	3 536	313	10 338	75,0
		257 274	**12,5**		**89 855**	**65 713**	**3 915**	**18,7**

Property name	Address	Property value (R'000)	% of portfolio	Description of buildings	Site area (m^2)	GLA (m^2)	Property value per GLA (R)	Vacancy %
Pretoria West								
Airoterp	302 DF Malan Drive	3 201	0,2	Shops	2 332	1 361	2 352	46,4
Dirk du Toit	323 Mitchell Street	6 597	0,3	Workshop	1 152	1 141	2 268	–
	325 & 327 Mitchell Street			Shop and workshop	2 856	1 768		–
Goleda	523 Carl Street	17 468	0,8	Warehouse	4 283	3 727	1 578	–
	529 Carl Street			Workshops and warehouse	1 428	1 568		29,7
	536 Mitchell Street			Filling station	2 855	518		–
	546 Mitchell Street			Filling station, shops, factories and flats	3 847	3 676		17,5
	40 Rose-Etta Street			Shops, showroom and workshops	2 674	1 583		28,8
Henwoods	403 Mitchell Street	9 177	0,4	Factories	5 710	3 446	2 663	22,8
Lasmitch	120 Mitchell Street	5 154	0,3	Warehouse and showroom	2 855	1 859	2 772	–
Lutbridge	535 Church Street	9 726	0,5	Shops and warehouse	1 428	531	1 841	–
	541 Church Street			Shops, filling station and warehouse	5 710	4 751		40,4
Metromitch •	563 Carl Street	24 759	1,2	Shops, showroom and warehouse	2 855	2 496	2 388	40,3
	552 Mitchell Street			Shops, showroom, warehouse and flats	3 765	3 381		6,7
	582 Mitchell Street			Shops and warehouses	3 827	1 648		75,2
	564 Mitchell Street			Shops and warehouse	2 855	2 842		59,8
Mitchpap	Cnr Mitchell and Ketjen Streets	9 306	0,5	Shops and warehouses	5 710	4 622	2 014	61,3
Nedwest Centre •	360 Mitchell Street	24 596	1,3	Shops, filling station, warehouses and workshops	40 740	9 286	2 649	19,0
Panag	395 Mitchell Street	5 363	0,3	Shops and workshops	2 855	1 878	2 856	42,6
Rovon	73 Rose-Etta Street	12 615	0,6	Shops, workshops and warehouses	9 719	3 855	3 272	19,6
Soutwest	71 Von Wielligh Street	7 546	0,4	Warehouses and workshops	2 855	1 965	3 840	23,3
		135 508	**6,6**		**112 311**	**57 902**	**2 340**	**22,5**
Waverley, Gezina, Mayville								
Fawn	702 Paul Kruger Street	14 616	0,7	Shops and motor valet	1 991	739	2 729	–
	789 Paul Kruger Street			Shops	7 560	4 617		6,0

Schedule of investment properties owned by the Group
continued

For the year ended 31 August 2009

Property name	Address	Property value (R'000)	% of portfolio	Description of buildings	Site area (m^2)	GLA (m^2)	Property value per GLA (R)	Vacancy %
Frederikastraat	606 Frederika Street	5 055	0,2	Shops	2 552	1 555	3 251	33,2
Gezina City •	593 Michael Brink Street	56 962	2,8	Shopping centre	43 153	16 055	3 548	38,0
Karkap	595 Frederika Street	3 836	0,2	Shops	2 552	1 163	3 299	13,0
Swemvoor	545 Voortrekkers Street	5 430	0,3	Shops and offices	2 552	2 783	1 951	45,8
	537 Voortrekkers Street			Showroom	1584			–
Troymona	1146 Hertzog Street	660	0,0	House	1 018			–
	764 32nd Avenue			House	1 276			
Waverley Plaza •	1120 Hertzog Street	111 062	5,4	Shopping centre	36 215	11 022	10 076	11,6
		197 621	**9,6**		**100 453**	**37 934**	**5 210**	**14,6**
Hermanstad								
Das	559 Moot Street	5 183	0,3	Shops	1 983	1 013	5 116	–
Erf One Eight One •	629 Kruger Street	24 123	1,2	Factories, workshops and warehouses	30 610	12 416	1 943	23,0
Hannyhof Centre	387 Van der Hoff Road	5 318	0,3	Shops	3 750	1 177	3 088	45,0
	Cnr Van der Hoff, Elsa and Hanny Streets			Shops	1 983	545		–
Hardwood	720 Rood Street	1 603	0,1	Warehouse	5 239	1 150	1 394	–
Pretboy	578 Attie Street	2 529	0,1	Factories	5 102	463	5 463	–
Talkar	386 Taljaard Street	13 951	0,7	Factories, workshops and warehouses	10 207	1 173	11 893	5,8
		52 707	**2,6**		**58 874**	**17 937**	**2 938**	**11,5**
Silvertondale								
Janvoel	266 Stormvoel Street	3 790	0,2	Shops	4 460	1 760	2 153	–
Muntstreet	329 Mundt Street	9 754	0,5	Factories	5 998	7 065	1 381	4,2
	331 Mundt Street			Factories	6 245			
Sildale Park •	Cnr Asetileen, Conveyor and Voorhamer Streets	80 103	3,9	Industrial units	63 120	22 392	3 577	17,7
		93 647	**4,6**		**79 823**	**31 217**	**3 000**	**23.0**
Pretoria North								
Erf Agt Nul Nege	Cnr Gerrit Maritz and Danie Theron Streets	3 907	0,2	Shops	2 552	1 757	2 223	51,2

Property name	Address	Property value (R'000)	% of portfolio	Description of buildings	Site area (m^2)	GLA (m^2)	Property value per GLA (R)	Vacancy %
Erf Six Five One	319 Koos de la Rey Street	2 736	0,1	Factories	2 552	1 320	2 073	38,1
North Place	284 Eeufees Street	8 843	0,4	Flats	3 828	1 896	4 664	–
Ramreg	590 Gerrit Maritz Street	912	0,0	Shops and offices	2 552	100	9 120	37,1
Tronap	457 Gerrit Maritz Street	4 899	0,2	Shops	2 552	1 462	3 351	24,8
		21 297	**1,0**		**14 036**	**6 535**	**3 259**	**28,4**
Pretoria East								
Elarduspark Shopping Centre •	837 Barnard Street	131 415	6,4	Shopping Centre	31 976	11 758	11 177	6,2
		131 415	**6,4**		**31 976**	**11 758**	**11 177**	**6,2**
Sundry								
Durban	26 Cross Street	4 411	0,2	Shops and flats	553			–
Landkirk	568 Bonita Crescent	2 533	0,1	Warehouse and workshop	2 334	1 265	2 002	–
Rentmeester Park •	74 Watermeyer Street	81 484	3,1	Offices	19 215	12 927	6 303	4,5
Tiny Town	191 Blackwood Street	237	0,0	House	1 057			–
Tiny Town	700 Church Street	13 403	0,6	Cottages	5 108	1 333	10 055	–
Tiny Town	694 Church Street, Arcadia	6 606	0,4	Vacant land	5 378			
		108 674	**5,3**		**33 645**	**15 525**	**6 275**	**4,5**
Johannesburg and surrounding								
John Street •	18 - 20 John Street	24 193	1,2	Office and shops	19 467	14 365	1 684	21,4
Killarney Mall •	34 - 54 Fourth St & Riviera Road, Killarney	517 194	25,2	Shopping centre	57 603	45 027	11 486	6,0
Kyalami Crescent •	Kyalami Business Park, Kyalami	44 462	2,2	Warehouses	21 967	9 659	4 603	–
Pretwade	Strauss Crescent, Germiston	5 321	0,3	Workshops	6 719	3 380	1 574	–
Protea Towers	Cnr Woburn and Rothsay Avenue, Benoni	3 841	0,2	Shops and offices	1 784	3 200	1 200	33,6
Selby 515 •	15 Prop Street, Selby	13 003	0,6	Warehouses	12 270	6 682	1 946	–
Woodmead Value Mart* •	Waterval Crescent, Woodmead	158 797	7,7	Shopping centre	42 255	17 222	9 221	3,1
		766 811	**37,3**		**162 065**	**99 535**	**7 704**	**8,3**
Johannesburg CBD								

Schedule of investment properties owned by the Group
continued

For the year ended 31 August 2009

Property name	Address	Property value (R'000)	% of portfolio	Description of buildings	Site area (m^2)	GLA (m^2)	Property value per GLA (R)	Vacancy %
Anderson Place	9 Harrison Street	23 069	1,1	Shops and offices	992	5 441	3 439	–
Bosman Building •	99 Eloff Street	27 736	1,3	Shops and offices	2 234	15 809	557	48,0
Elephant House •	107 Market Street	8 573	0,4	Shops and offices	991	4 750	2 658	19,7
Fine Art Court •	103 Pritchard Street	10 498	0,5	Shops and flats	250	1 529	18 140	–
Fine Art House •	105 Pritchard Street	5 765	0,3	Shops and offices	499	3 099	5 835	31,9
Inner Court •	88 Eloff Street	99 327	4,8	Shops and offices	3 735	23 911	439	–
Klamson House •	151 Commissioner Street	18 709	0,9	Shops and offices	993	5 949	969	16,9
Medical City •	106 Eloff Street	12 624	0,6	Shops and offices	979	6 652	3 213	51,3
Presmooi	Cnr Mooi, President and Pritchard Streets	8 802	0,3	Shops and offices	2 975	3 664	2 340	27,5
Rand Central •	165 Jeppe Street	18 081	0,9	Shops and offices	1 242	10 206	686	56,6
Registry House •	64 Troye Street	21 373	1,0	Shops	1 994	10 263	2 248	59,7
Reliance Centre •	107 Heidelberg Road	7 006	0,3	Shops and offices	11 397	7 000	14 190	33,0
Union Club	Cnr Bree & Joubert Streets	28 597	1,4	Shops and flats	1 142	3 825	7 477	4,2
		290 160	**14,1**		**29 423**	**102 098**	**2 842**	**39,2**
	**	**2 055 114**	**100,00**		**712 461**	**446 154**	**4 606**	**20,7**

** leasehold property ** including plant and equipment • properties securing long-term borrowings (notes 2, 12)*

Schedule of interest in subsidiaries

For the year ended 31 August 2009

Subsidiary name (Pty) Limited	**Cost of shares 2009 R**	Restated Cost of shares 2008 R	**Amounts owing by/(to) subsidiaries 2009 R**	Restated Amounts owing by/(to) subsidiaries 2008 R
Airoterp Share Block	**100**	100	**(100)**	(100)
Alert Investments Share Block	**600**	600	**(600)**	(600)
Anke Properties	**1 000**	1 000	**(3 972 078)**	25 746 500
Bronktram Properties Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Browbid Investments Share Block	**100**	100	**—**	—
Carine Properties Share Block	**107 875**	107 875	**(200)**	(200)
Cold Air Investments Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Coogers	**200**	200	**—**	—
Cradvoer Investments Share Block	**100**	100	**(100)**	(100)
Das Properties Investments Share Block	**300**	300	**(300)**	(300)
Dirk du Toit Share Block	**100**	100	**(100)**	(100)
Dusku Investments Share Block	**803 933**	803 933	**(100)**	(100)
Elarduspark Shopping Centre	**7 362 821**	7 362 821	**(1 000)**	(1 000)
Erf 181 Hermanstad Share Block	**100**	100	**(100)**	(100)
Erf 651 Pretoria North Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Erf 809 Share Block	**95**	95	**(95)**	(95)
Fawn Properties Share Block	**200**	200	**(200)**	(200)
FrederikaStraat Beleggings Share Block	**100**	100	**(100)**	(100)
Fredvoor Investments Share Block	**100**	100	**(100)**	(100)
Gezfarm Properties Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Goleda Properties Share Block	**200**	200	**(201)**	(201)
Hannyhof Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Hardwood Properties Share Block	**3**	3	**(3)**	(3)
Henwoods (Pretoria) Development Company Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Heracle Share Block	**753 047**	753 047	**(8 442)**	(8 442)
Indacom Properties Share Block	**16**	16	**(15)**	(15)
Janvoel Properties Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Karkap Properties Share Block	**100**	100	**(100)**	(100)
Killarney Mall Properties	**2 392 153**	2 392 153	**164 406 371**	143 368 230
Landkirk Properties	**20 800**	20 800	**173 268**	128 698
Lasmitch Properties Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Lutbridge Investment Share Block	**70**	70	**(70)**	(70)
Metromitch Share Block	**100**	100	**(100)**	(100)
Middlepip Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Mitchpap Share Block	**200**	200	**(200)**	(200)
Muntstreet Properties Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Nedwest Centre Share Block	**4 000**	4 000	**(4 000)**	(4 000)
Octbos Properties	**100**	100	**8 195 892**	6 677 841
Octprop Properties	**100**	100	**10 503 199**	10 503 199
Panag Investments Share Block	**200**	200	**(200)**	(200)
Potproes Properties Share Block	**3 086 426**	3 086 426	**(999)**	(999)
Presmooi	**523 031**	523 031	**139 448 289**	120 561 619
Pretboy Share Block	**100**	100	**(100)**	(100)
Pretvin Share Block	**4 000**	4 000	**(4 000)**	(4 000)
Pretwade Share Block	**2**	2	**(2)**	(2)
Prinsben Properties Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Prinstruben Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Ramreg Properties	**1**	1	**7 825 274**	6 964 580
Rovon Investments Share Block	**316 642**	316 642	**(5)**	(5)
Rumpro Investments Share Block	**1 713 213**	1 713 213	**(120)**	(120)
SKD Beleggings (Skof Vyf) Share Block	**100**	100	**(99)**	(99)
Soutwest Properties	**1 000**	1 000	**1 195 025**	1 091 106
Steynscor Share Block	**18**	18	**(18)**	(18)
Strubgel Properties Share Block	**1**	1	**(1)**	(1)
Swemvoor Share Block	**100**	100	**(100)**	(100)
Talkar Properties Share Block	**100**	100	**(100)**	(100)
Thorobred Investments Share Block	**200**	200	**(200)**	(200)
Tomnick Investments Share Block	**200**	200	**(200)**	(200)
Tomwest Share Block	**100**	100	**(100)**	(100)
Tronap Investments Share Block	**100**	100	**(100)**	(100)
Tuel Share Block	**300**	300	**(300)**	(300)
Van Ryneveld Beleggings Share Block	**200**	200	**(200)**	(200)
Viskin Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Voorhertz Share Block	**4 000**	4 000	**(4 000)**	(4 000)
Waverley Plaza Properties	**794 399**	794 399	**73 866 596**	62 085 526
Woodmead Mart	**3 438 345**	3 438 345	**112 573 693**	92 553 188
	21 344 391	21 344 391	**514 175 459**	469 640 417

Linked unitholders' analysis

For the year ended 31 August 2009

	Number of unitholders	%	Number of units	%
Unitholders' classification				
1 — 1 000 shares	218	18,73	114 124	0,13
1 001— 10 000 shares	518	44,50	2 421 942	2,71
10 001— 100 000 shares	329	28,26	10 381 654	11,63
100 001— 1 000 000 shares	79	6,79	26 548 326	29,73
1 000 001 shares and over	20	1,72	49 831 426	55,80
	1 164	**100,00**	**89 297 472**	**100,00**
Unitholders' profile				
Banks	5	0,43	733 456	0,82
Close corporations	34	2,92	2 137 068	2,39
Endowment funds	29	2,49	1 476 087	1,65
Individuals	761	65,38	10 219 787	11,44
Insurance companies	9	0,77	7 875 168	8,82
Investment companies	8	0,69	960 873	1,08
Medical aid schemes	1	0,09	49 601	0,06
Mutual funds	31	2,66	16 600 150	18,59
Nominees and trusts	162	13,92	13 669 490	15,31
Other corporations	9	0,77	38 960	0,04
Private companies	87	7,47	21 813 494	24,43
Public companies	3	0,26	107 240	0,12
Retirement funds	25	2,15	13 616 098	15,25
	1 164	**100,00**	**89 297 472**	**100,00**
Public/non-public unitholders				
Non-public shareholders				
— Directors and family	46	3,95	28 183 277	31,56
Public shareholders	1 118	96,05	61 114 195	68,44
	1 164	**100,00**	**89 297 472**	**100,00**
Beneficial unitholders holding 3% or more				
Directors and family			28 183 277	31,56
Investec			8 159 120	9,14
Liberty Group			7 217 445	8,08
Transnet Pension Fund			5 018 921	5,62
Mines Pension Fund			2 842 905	3,18

Share trading analysis

2008/2009	**Highest (cents)**	**Lowest (cents)**	**Volume traded (units)**	**Volume traded (rands)**
September 2008	1 588	1 500	1 500 308	23 123 913
October 2008	1 570	1 250	3 115 494	45 712 036
November 2008	1 317	1 226	927 610	11 790 930
December 2008	1 450	1 245	618 693	8 476 461
January 2009	1 400	1 350	1 794 029	24 629 043
February 2009	1 380	1 325	1 761 925	23 873 663
March 2009	1 400	1 285	4 943 104	66 542 072
April 2009	1 370	1 300	2 277 588	30 547 085
May 2009	1 301	1 240	381 190	4 908 600
June 2009	1 260	1 110	248 888	3 050 434
July 2009	1 225	1 168	608 091	7 219 649
August 2009	1 290	1 190	541 982	6 588 153

Notice of annual general meeting

For the year ended 31 August 2009

OCTODEC
INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1956/002868/06)
ISIN: ZAE 000005104
Share code: OCT
("Octodec" or "the Company")

Notice is hereby given that the 17th annual general meeting of linked unitholders of Octodec will be held on Friday, 5 February 2010 at 11:30am at CPA House, 101 Du Toit Street, 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' report and independent auditor's reports for the year ended 31 August 2009.
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 Alec Wapnick (77) 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 Myron Zadwell Pollack (62) is a chartered accountant and has a wealth of experience in the property industry. He serves on the board of Premium Properties Limited.
   - 2.3 Anthony Stein who is to retire pursuant to his appointment on 1 July 2009.
   - 2.4 Derek Pedoe Cohen who is to retire pursuant to his appointment on 1 October 2009.
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.
4. To approve the payment of the remuneration of the directors for the year ended 31 August 2009 as reflected on page 15 of the annual report of which this notice forms part.
5. As special business, to consider and, if deemed fit, to 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 10% (ten 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 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 the 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 action as they consider necessary to implement the resolutions set out in the notice convening the annual general meeting at which this ordinary resolution number 2 will be considered."

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 hereby 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 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 Listings Requirements, unless they have in place a repurchase programme where the dates and quantities of securities to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;

(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 Statements 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) before 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."

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 54

— Major beneficial linked unitholders — page 50

— Directors' interest in securities — page 15

— Share capital of the Company — page 31

Litigation statement
The directors of the Company whose names appear on page 54 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 Group's financial position.

Directors' responsibility statement
The directors whose names appear on page 54 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.

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

7. **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 seventeenth annual general meeting. Proxy forms should be forwarded to reach the transfer secretaries not later than 11:30 am on Wednesday, 3 February 2010.

   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 on 5 February 2010 at the registered office of the Company, CPA House, 101 Du Toit Street, 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 unit, 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

9 December 2009
Pretoria

Directorate and administration

Octodec Investments Limited
Incorporated in the Republic of South Africa
Registration number: 1956/002868/06
Share code: OCT
ISIN: ZAE 000005104

Directors
A Wapnick # (Chairman)
JP Wapnick # (Managing)
AK Stein # (Financial)
MJ Holmes ❖❑
MZ Pollack ❖❑
DP Cohen ❖❑
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 Street
Pretoria 0002

Business address
CPA House
101 Du Toit Street
Pretoria 0002

Postal address
PO Box 15
Pretoria 0001

E-mail
propworld@cityprop.co.za

Bankers
Nedbank Limited
PO Box 1144
Johannesburg 2000

Auditors
Deloitte & Touche
Registered Accountants and Auditors
Chartered Accountants (SA)
221 Waterkloof Road
Waterkloof 0181

Sponsor
Nedbank Capital
PO Box 1144
Johannesburg 2000

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

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

Transfer secretaries
Computershare Investor Services (Pty) Limited
70 Marshall Street
Marshalltown 2001
PO Box 61051
Marshalltown 2107

Form of proxy

OCTODEC
INVESTMENTS LIMITED

(Incorporated in the Republic of South Africa)
(Registration number 1956/002868/06)
ISIN: ZAE 000005104
Share code: OCT
("Octodec" or "the Company")

Annual General Meeting: 5 February 2010

For use by certificated linked unitholders or dematerialised unitholders with "own-name" registration of Octodec ("linked unitholders") at the seventeenth annual general meeting of Octodec to be held on Friday, 5 February 2010 at 11:30am ("the annual general meeting") at CPA House, 101 Du Toit Street, 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)

of (address)

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

1. or failing him/her,

2. or failing him/her,

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 resolutions 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 MZ Pollack			
2.3 AK Stein			
2.4 DP Cohen			
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 Ordinary resolution 5.2			
6. **Special resolution:** 6.1 Repurchase of linked units			

Signed at this day of 20

Signature

Form of proxy *continued*

Notes

1. Any alteration or correction made to this form of proxy, other than the deletion of alternatives, must be initialled 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 member's 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 of 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; and
   - 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 (Pty) Limited:

    Hand deliveries to:

    Computershare Investor Services (Pty) Limited
    Ground Floor
    70 Marshall Street
    Johannesburg 2001

    Postal deliveries to:

    Computershare Investor Services (Pty) Limited
    PO Box 61051
    Marshalltown 2107
    Fax: (011) 668 7712

    to be received no later than 11:30 am on Wednesday, 3 February 2010.

    Additional forms of proxy are available from the transfer secretaries on request.

Unitholder's diary

Financial year end	31 August 2009
Announcement of final dividend and debenture interest distribution	23 October 2009
Payment of dividend and debenture interest	23 November 2009
Annual general meeting	5 February 2010
Publication of interim results and announcement of interim dividend and debenture interest distribution	April 2010
Payment of interim dividend and debenture interest	May 2010

OCTODEC
INVESTMENTS LIMITED