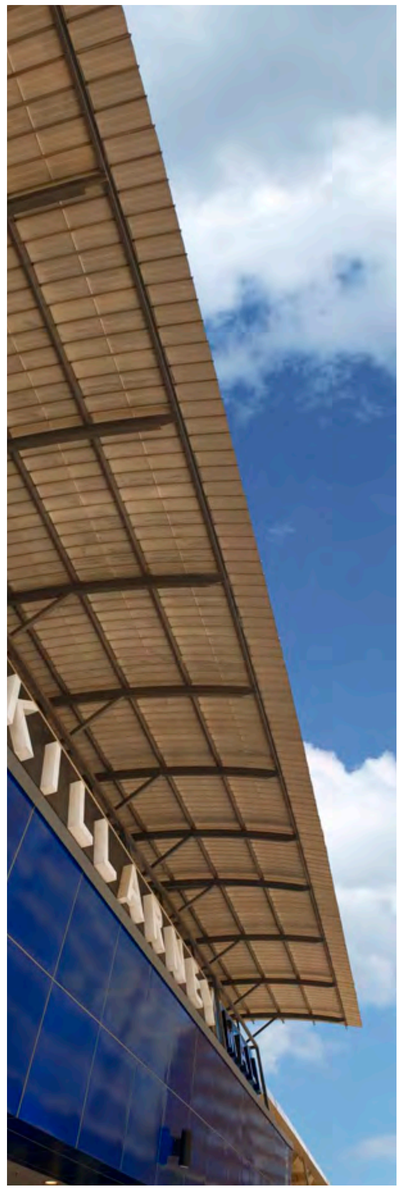


OCTODEC
INVESTMENTS LIMITED

Integrated Report
for the year ended 31 August 2011

Integrated Report 2011

Contents

Scope of the report

integrated reporting

Integrated reporting is the future of corporate reporting – it allows for a more informed assessment of a company's long-term viability. This is Octodec's first integrated report. It shows the interconnections between strategy, financial performance and the social, environmental and economic context in which our company operates.

We view the reporting requirements as dictated by the JSE Listings Requirements and the new Companies Act that was implemented on 1 May 2011 as a means to continually improve our communication with our stakeholders in the short, medium and long term.

The financial information provided in the annual financial statements commencing on page 27 has been prepared in line with International Financial Reporting Standards (IFRS). Financial information included elsewhere in this report has been extracted from the figures included in the annual financial statements.

This integrated report covers the period 1 September 2010 to 31 August 2011 and includes all of Octodec's operations and subsidiaries.

We are committed to improving our reporting in subsequent editions of our integrated report. Nonetheless, we believe that this integrated report is a credible first step on the journey towards best practice, and provides stakeholders with a balanced view of our activities.

Octodec Investments Limited is a property loan stock company listed on the JSE Limited under "Financials – Real Estate Holdings" with a market capitalisation of R1,42 billion.

Highlights

for the year ended 31 August 2011

15,2% ⌃
Increase in rental income earned on contractual basis

129,30 cents
Distributions to unitholders

39,6% ⌃
Level of gearing up from 33,8%

- Property portfolio valued over R2,4 billion
- Retail properties comprise 36% of the portfolio value
- Portfolio consists of 109 properties
- Lettable area of 493 477 m² on a total of 741 714 m² of land
- Acquired The Tannery Industrial Park in Silverton for a total purchase price of R153,75 million
- One of the top-performing JSE-listed companies as reported in the *Sunday Times* Top 100 Listed Companies survey over a 10-year period

Group profile

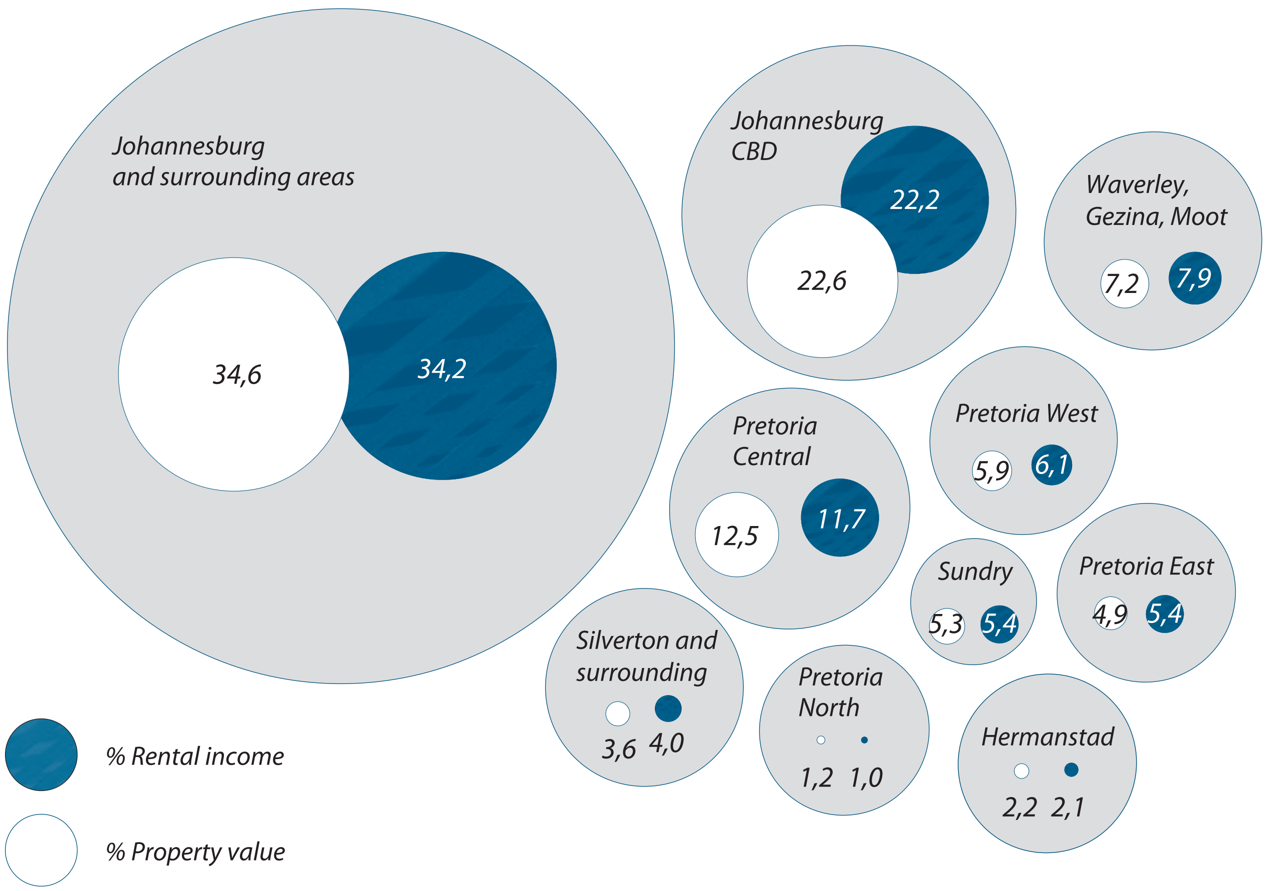
Octodec provides the investor with the opportunity to participate directly in the income and capital growth of a professionally managed portfolio of quality retail, industrial, commercial, office and residential properties. It uses the positive elements of gearing to maximise returns to unitholders.

The portfolio consists mainly of multi-tenanted buildings situated predominantly in Pretoria and Johannesburg. It is the policy of Octodec to invest in areas of high growth, and in properties with turnaround potential or redevelopment prospects. Octodec has appointed City Property as administrators and managers of the portfolio.

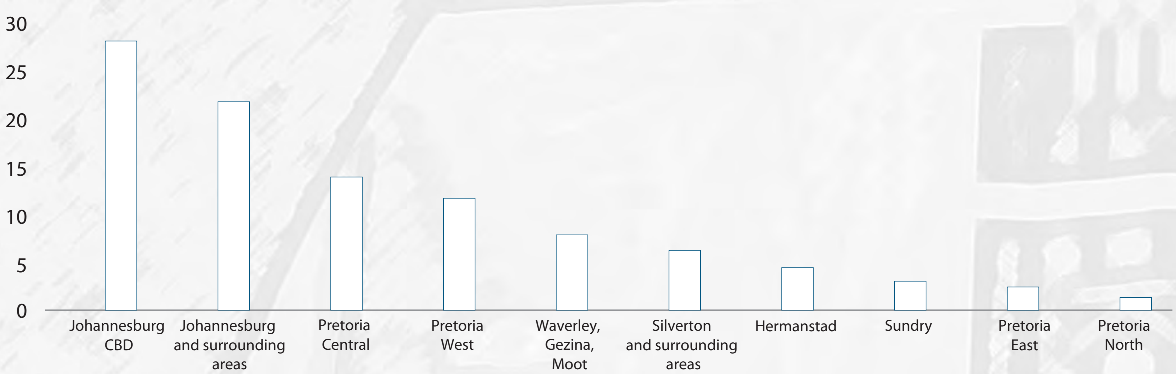
Octodec has made solid progress in growing its property portfolio, notably in the CBDs of Johannesburg and Pretoria and delivering on the strategy of upgrading and re-developing its properties and thereby improving on the quality of its portfolio. A proactive approach to managing assets to enhance value creation has been a key feature over the last few years. The Board of directors also strengthened governance structures in line with recommendations of King III Code.

Property portfolio analysis

The following information is intended to give the reader an overview of the Group at a glance.



Gross lettable area (%)



Geographical spread

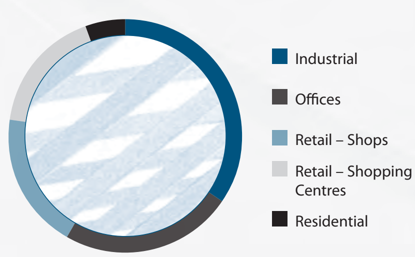
(For details refer to pages 60 to 65)

	Rental income		Property value		Gross lettable area		Site area	
Location	**R'000**	**% of total portfolio**	**R'000**	**% of total portfolio**	**m²**	**% of total portfolio**	**m²**	**% of total portfolio**
Johannesburg and surrounding areas	99 971	34,6	842 036	34,2	107 196	21,7	171 238	23,1
Johannesburg CBD	65 196	22,6	547 408	22,2	136 162	27,6	41 766	5,6
Pretoria Central	36 174	12,5	288 782	11,7	68 277	13,8	96 316	13,0
Waverley, Gezina, Moot	20 798	7,2	193 993	7,9	38 848	7,9	100 453	13,5
Pretoria West	17 162	5,9	150 401	6,1	57 284	11,6	112 311	15,1
Sundry	15 298	5,3	133 718	5,4	14 782	3,0	33 645	4,5
Pretoria East	14 190	4,9	131 694	5,4	11 652	2,4	31 976	4,3
Silverton and surrounding areas	10 443	3,6	98 947	4,0	30 683	6,2	79 823	10,8
Hermanstad	6 492	2,2	49 686	2,1	22 061	4,5	58 874	7,9
Pretoria North	3 200	1,2	24 300	1,0	6 532	1,3	15 312	2,2
Total	**288 924**	**100,0**	**2 460 965**	**100,0**	**493 477**	**100,0**	**741 714**	**100,0**

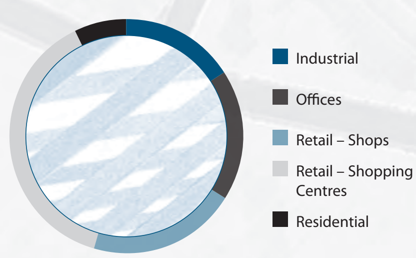
Sectoral information

	Gross lettable area		Rental income	
Sector	**m²**	**% of total portfolio**	**R'000**	**% of total portfolio**
Industrial	171 478	34,7	39 669	13,7
Offices	117 948	23,9	59 162	20,5
Retail – Shops	94 196	19,1	68 783	23,8
Retail – Shopping centres	85 454	17,3	97 538	33,8
Residential	24 401	5,0	23 772	8,2
Total	**493 477**	**100,0**	**288 924**	**100,0**

Total gross lettable area (%)



Total rental income (%)



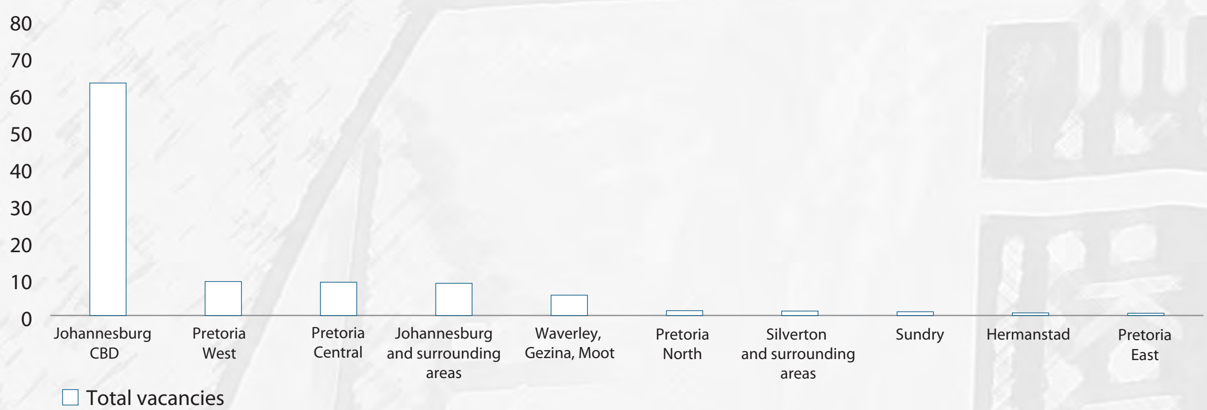
Property portfolio analysis *(continued)*

Vacancies by location

Location	m²	% of total vacancies	% of total GLA	% of total portfolio earmarked for development	% of new developments and acquisitions	*Core vacancies (% of total portfolio)
Johannesburg CBD	48 347	61,6	9,8	(3,0)	(3,8)	3,0
Pretoria West	7 467	9,5	1,5	–	–	1,5
Johannesburg and surrounding areas	7 294	9,3	1,5	–	–	1,5
Pretoria Central	7 049	9,0	1,4	(0,3)	–	1,1
Waverley, Gezina, Moot	4 499	5,7	0,9	–	–	0,9
Pretoria North	1 029	1,3	0,2	–	–	0,2
Silverton and surrounding areas	963	1,2	0,2	–	–	0,2
Sundry	850	1,1	0,2	–	–	0,2
Hermanstad	576	0,7	0,1	–	–	0,1
Pretoria East	461	0,6	0,1	–	–	0,1
Total	**78 535**	**100,0**	**15,9**	**(3,3)**	**(3,8)**	**8,8**

** Core vacancies are total vacant space less vacant areas planned for redevelopment, current projects of redevelopment as well as recent properties purchased with vacancies*

Vacancies by location (%)



Overall vacancies in Octodec's portfolio continued to decrease during the year under review, decreasing to 15, 9% (2010: 17,8%). The decrease in vacant space is largely due to improved letting after the upgrading of properties. Most of the vacancies are offices situated in the Johannesburg CBD. This is mainly due to tenants vacating several of the properties to allow Octodec to start upgrades and refurbishments as well as properties that were acquired with high vacancies where or no little consideration was paid for the vacant space.

Major office vacancies in the Johannesburg CBD during the year include the following:

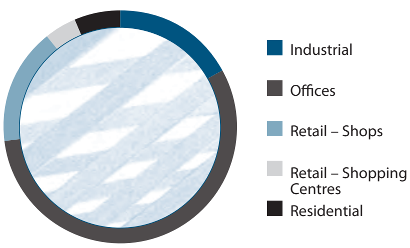
- Bosman Building (GLA 15 809m²) – most of the 9 660 m² of vacant space is in the unrefurbished office block where redevelopment opportunities are being explored.
- Dan's Place (GLA 10 651m²) was almost completely vacated during the year as the property is being converted to residential apartments.
- Elephant House (GLA 4 834m²) was upgraded during the year. The upgrade was completed in August 2011 and is being actively marketed to fill the office and ground floor retail space.
- Medical City (GLA 8 015m²) – most of the 5 100m² of vacant space is in the office block where a residential conversion opportunity is being explored.

Vacancies by sector

Sector	m²	% of total vacancies	% of total GLA	% of total portfolio earmarked for development	% of new developments and acquisitions	*Core vacancies (% of total portfolio)
Offices	45 579	58,0	9,3	(2,5)	(2,8)	4,0
Industrial	13 967	17,8	2,8	(0,1)	–	2,7
Retail – Shops	13 034	16,6	2,6	(0,7)	(0,6)	1,3
Retail – Shopping centres	3 699	4,7	0,7	–	–	0,7
Residential	2 256	2,9	0,5	–	(0,4)	0,1
Total	**78 535**	**100,0**	**15,9**	**(3,3)**	**(3,8)**	**8,8**

** Core vacancies are total vacant space less vacant areas planned for redevelopment, current projects of redevelopment as well as recent properties purchased with vacancies*

Total vacancies (%)



Lease expiry profile – GLA m²

Year	Lettable area m²	%	Monthly contractual rental	%
Monthly commercial and residential	75 166	15,3	3 605 420	15,4
Vacancies	78 535	15,9	–	–
2012	121 617	24,6	6 419 945	27,3
2013	89 789	18,2	4 997 986	21,3
2014	58 690	11,9	3 814 931	16,2
2015	25 717	5,2	1 791 665	7,6
2016 and later	43 963	8,9	2 853 857	12,2
Total	**493 477**	**100,0**	**23 483 804**	**100,0**

Lease expiry profile – GLA m² (%) and monthly contractual income (%)

Financial performance

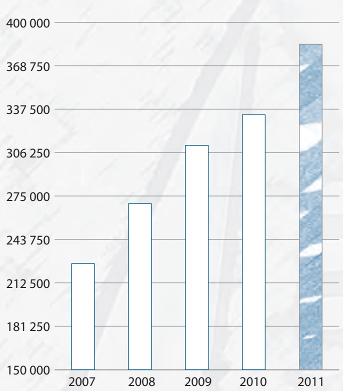
Salient financial features

The salient financial features of the Group for the year ended 31 August 2011 are as follows:

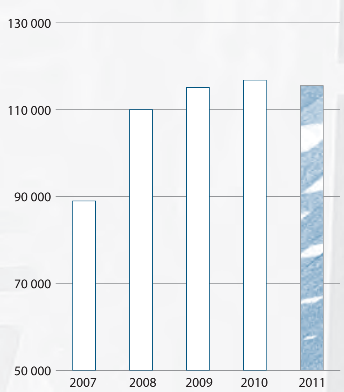
	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Investment properties	**2 416 173**	2 259 476	2 040 266	2 084 666	1 899 758	1 531 806
Linked unitholders' funds	**1 605 981**	1 514 779	1 391 251	1 409 880	1 312 605	881 325
Long-term borrowings	**962 119**	754 635	659 632	640 105	495 543	557 253
Rental income (rental, IPS management fee and recoveries) – earned on contractual basis*	**384 345**	333 498	311 447	269 535	226 333	179 866
Net property income – earned on contractual basis*	**177 063**	168 139	168 328	154 742	135 666	107 758
Interest received (investment income and from associate)	**29 806**	28 060	23 956	22 778	13 044	8 410
Interest paid						
Secured and other loans	**111 346**	90 457	80 132	66 624	64 499	46 926
Linked unitholders	**114 890**	116 131	114 533	108 943	85 737	69 147
Profit on sale of investment properties	**464**	–	1 534	–	2 771	377
Dividends paid	**580**	580	545	500	392	306
Net operating profit to property investments (%)	**7,3**	7,4	9,3	7,4	7,1	7,0
Net operating profit to rental income (%)	**46,1**	50,4	59,5	57,4	59,9	59,9
Return on linked unitholders' funds (%)	**7,2**	7,7	8,2	7,9	6,6	7,8
Linked units in issue ('000)	**89 297**	89 297	89 297	89 297	89 297	78 345
Distribution per linked unit (cents)	**129,3**	130,7	128,9	122,6	106,2	88,7
Net asset value per linked unit (cents)	**1 798**	1 840	1 687	1 579	1 471	1 125
Market price per linked unit year-end (cents)	**1 595**	1 754	1 290	1 580	1 805	1 199
Market capitalisation year-end	**1 424 295**	1 566 278	1 151 937	1 410 893	1 611 811	940 140

** Excludes the straight-lining of lease adjustment*

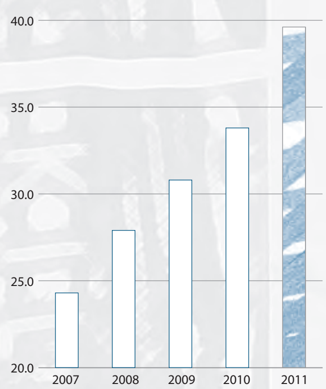
Revenue trend (R`000)



Distribution trend (R`000)



Gearing trend (%)



Distributable earnings

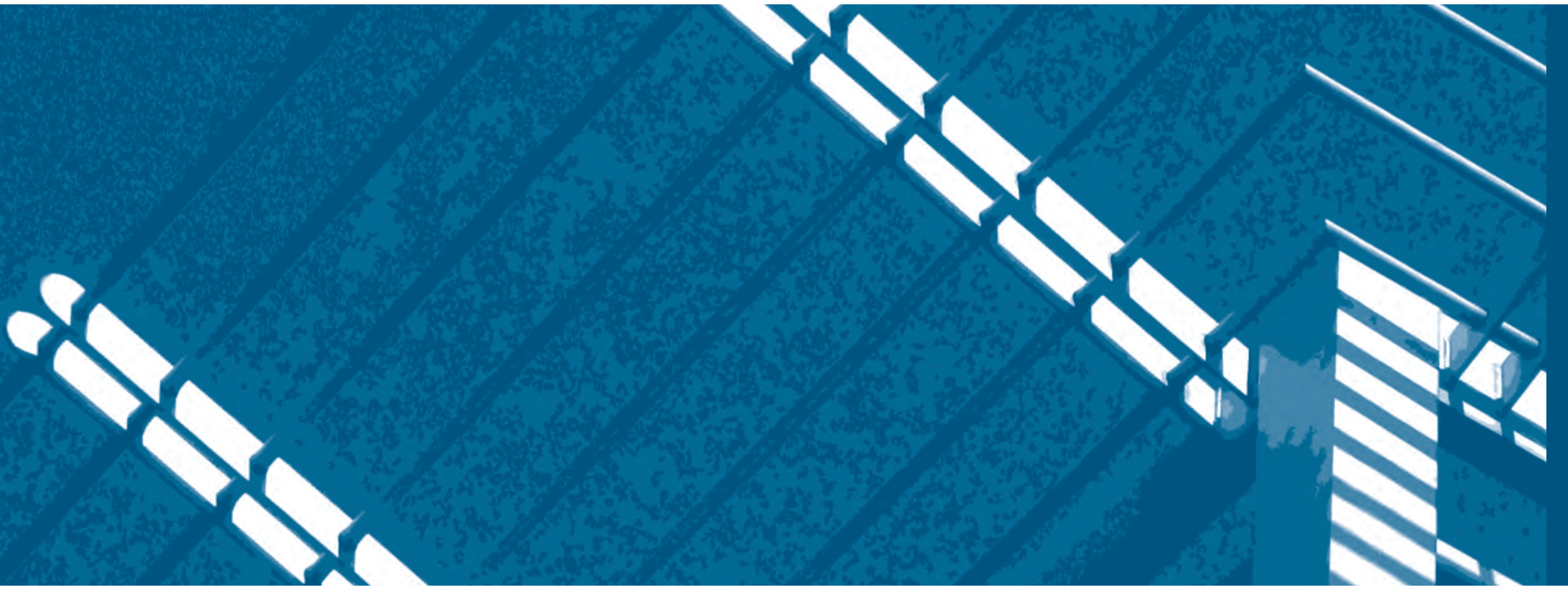
The following additional information is provided and is aimed at disclosing to the users the basis on which the distribution is calculated.

	2011 R'000	2010 R'000	2009 R'000	2008 R'000	2007 R'000	2006 R'000
Revenue – earned on contractual basis*	**384 345**	333 498	311 447	269 535	226 333	179 866
Net rental income from properties – earned on contractual basis*	**177 063**	168 140	166 731	154 742	135 666	107 758
Investment income	**38 601**	33 581	29 189	23 426	14 318	9 975
Interest received from prepaid distribution	**–**	–	–	–	2 738	–
Income before finance costs	**215 664**	201 721	195 920	178 168	152 722	117 733
Finance costs	**(100 004)**	(84 395)	(80 132)	(66 624)	(64 499)	(46 926)
Income before taxation	**115 660**	117 326	115 788	111 544	88 223	70 807
Taxation	**(175)**	(512)	(667)	(1 550)	(1 454)	(1 235)
Unitholders' distributable earnings	**115 485**	116 814	115 121	109 994	86 769	69 572
Trading profit	**–**	–	–	–	2 198	–
Distributable earnings	**115 485**	116 814	115 121	109 994	88 967	69 572
Distributable earnings per linked unit – weighted (cents)	**129,33**	130,81	128,92	123,18	112,60	88,80
Distribution per linked unit (cents)						
Interest	**128,66**	130,05	128,26	122,00	105,67	88,26
Dividends	**0,64**	0,65	0,64	0,60	0,53	0,44
	129,30	130,70	128,90	122,60	106,20	88,70
Growth in distribution (%)	**(1,1)**	1,4	5,1	15,4	19,7	31,0

** Excludes the straight-lining of lease adjustment*

JSE trading statistics

	2011	2010	2009	2008	2007	2006
Unit price – high (cents)	**2 045**	1 850	1 588	2 146	1 880	1 290
Unit price – low (cents)	**1 400**	1 285	1 110	1 140	1 085	800
Unit price – at year-end (cents)	**1 595**	1 754	1 290	1 580	1 805	1 199
Volume of units traded during the year	**19 800 655**	27 461 902	18 718 902	20 499 624	10 598 154	17 556 771
Units traded to average units in issue (%)	**22,2**	30,8	21,0	23,0	13,4	22,4
Total returns						
Opening unit price (cents)	**1 754**	1 290	1 580	1 805	1 199	850
Income return (cents)	**129,3**	130,7	128,9	122,6	106,2	88,7
Capital (loss)/return (cents)	**(159)**	464	(290)	(225)	606	350
Total return (cents)	**(29,0)**	594,7	(161,1)	(102,4)	712,2	438,7
Return: Opening unit price (%)	**(1,7)**	46,1	(10,2)	(5,7)	59,4	51,6



Chairman's and Managing Director's report

In this section

Introduction

Octodec's ability to manage competitive and economic challenges and, at the same time, achieve acceptable financial results is testament to the on-going successful execution of its strategy of improving and enhancing the value of our properties with upgrades and the selective acquisition of properties that complement our portfolio.

Economic conditions and consumer confidence continued to decline during the year under review. Despite a challenging environment, we accomplished the following:

- Increased rental income resulting from increasing demand for letting of CBD property;
- A number of successful refurbishment and redevelopment programmes, to extract further value from underlying property assets and improve leasing;
- Overall enhancement of the quality of the portfolio as a result of these projects;
- The successful letting of a number of properties that had been vacant for a considerable period; and
- The acquisition and transfer of five properties during the year for a total consideration of R96,9 million. A further three properties were acquired, two of which were transferred after the year-end.

The performance of our property portfolio continues to be relatively strong, despite the weak economic environment. We are pleased to report that Octodec once again achieved the accolade of being a top-performing JSE-listed company as reported in the *Sunday Times Business Times* Top 100 Companies Survey. This recognises our record of sustained growth with a total compounded annual return to unitholders of 32,8% over the past 10-year period to 30 September 2011.

Corporate governance and sustainability

The adoption of the King Report on Governance for South Africa ("King III') and the introduction of the new Companies Act from 1 May 2010 presented Octodec with the opportunity to strengthen its governance structures. During the year, we formally constituted our risk committee as a committee of the Board.

We are presenting Octodec's first integrated report, providing information regarding the financial and non-financial aspects of our business.

Octodec is committed to the highest level of corporate governance, integrity and ethics.

Distribution to unitholders

Octodec's distributions are based on earnings derived from the property portfolio and investment income. They exclude capital profits. Octodec paid linked unitholders an interim and final distribution per linked unit of 65,10 cents and 64,20 cents respectively. The total distribution for the year of 129,30 cents per linked unit equates to a decrease of 1,1% on the amount paid for the previous corresponding reporting period. The interim distribution was paid on 23 May 2011 and the final distribution on 21 November 2011.

Financial results

Octodec delivered a distributable profit of R115,5 million, down 1,1% on the FY2010 distribution.

Rental income and net property income increased by 15,2% and 6,4% respectively compared to FY2010. Our core portfolio, comprised of properties held during the prior year, reflects net property income growth of 3,0%.

Octodec's investment in IPS continued to provide acceptable earnings growth with profits earned from the associate

We are pleased to report that Octodec once again achieved the accolade of being a top-performing JSE-listed company as reported in the Sunday Times Business Times Top 100 Companies Survey. This recognises our record of sustained growth with a total compounded annual return to unitholders of 32,8% over the past 10-year period to 30 September 2011.

company, excluding capital profits, increasing to R12,7 million (1,2% up on FY2010).

Property operating costs increased to 48,4% (FY2010: 44,1%) of revenue. This was primarily driven by an increase in the cost of utilities and assessment rate expenses as well as repairs and maintenance costs incurred to improve the lettability of various vacant properties. Although the leases allow for the recovery of the amount of increased utilities and assessment rates from tenants, the increases in these items have a negative effect on rentals achievable on the expiry of leases or the negotiation of new leases.

Provision for bad debt write-offs has reduced, with fewer tenants being in default resulting from much improved collection processes being put in place.

Finance costs increased by R18,8 million primarily relating to the funding of various acquisitions and redevelopments, as well as additional interest rate swaps entered into at a premium to floating interest rates. This was undertaken to fix future rates in a low interest rate environment.

We recorded a decrease in the fair value of investment properties by an adjustment of R22,0 million relating primarily to Killarney Mall.

Property portfolio

Octodec invests in the retail, industrial and office property sectors and holds a small residential component in its portfolio. Shopping centres comprise 36,0% of the value of the portfolio and contributed 33,8% to rental income.

We continued to expand our portfolio and upgrade our properties during the year, whilst remaining focused on our core markets in the Pretoria and Johannesburg CBDs and surrounding areas.

R95,2 million was invested in the upgrade and redevelopment of existing properties during the financial year. This included Killarney Mall and Reliance, the industrial mini factory complex in City Deep.

At Killarney Mall, the cinema complex and adjacent restaurant area were redeveloped and launched in June 2011, including four new restaurants. The office block upgrade was completed and is now substantially let. The investment in this upgrade totalled R48,3 million and, while it is not expected to be yield enhancing in the short term, it has extended the life span of this core asset and underpins its sustained future performance.

The redevelopment of Dan's Place residential units in the Johannesburg CBD commenced during the year under review. Octodec's investment of R45 million will create 143 residential units set for completion in March 2012 and will yield a return of 9,9% once fully let.

Waverley Plaza, Woodmead Value Mart and Elardus Park all outperformed expectations in FY2011, achieving almost 100% occupancy levels and healthy rental growth. In August 2011 Gezina City Shopping Centre achieved 95,1% occupancy after the letting of 5 390m^2 for a five-year period.

New leasing of properties and relatively low-cost refurbishments have been a consistent feature of Octodec's strategy and have had a positive influence on both capital growth and income streams. Examples include the upgrade of Klamson House in the Johannesburg CBD and Reliance. The redevelopment of Elephant House in the Johannesburg CBD was completed in October 2011. The market response to this office block has been favourable and a significant increase in rental income is anticipated.

Our properties in the Johannesburg and Pretoria CBDs are well positioned to take advantage of the growth being experienced in inner cities.

Our properties in the Johannesburg and Pretoria CBDs are well positioned to take advantage of the growth being experienced in inner cities.

Chairman's and Managing Director's report *(continued)*

Sound growth in tenant occupancy levels has been achieved. As at 31 August 2011 the vacancies across the entire portfolio consisted of 15,9% of the total lettable area. Many of our properties are fully let. However our vacancy level is distorted by a number of properties situated in the Johannesburg CBD which have high vacancies. These properties were acquired where or no little or on consideration was paid for the vacant space. The most notable examples are Bosman Building, Medical City and Dan's Place which account for 30,7% of the vacancies.

Octodec's investment in IPS has provided it with a substantial exposure to the buoyant residential sector in the Pretoria and Johannesburg CBDs and surrounding areas. As anticipated, the performance of the IPS portfolio was negatively impacted by the phased take-up of its recently completed mixed-use developments.

Details of these IPS developments are:

Property	Effective shareholding interest (%)	Date of completion	Location	Total cost (R'm)	Vacancy as at 31 August 2011 %
Tali's Place (residential)	40	July 2010	Johannesburg CBD	106,0	42,4
Kempton Place (mixed-use)	20	October 2010	Kempton Park CBD	282,5	35,0
Beatrix Place (residential)	40	November 2011	Arcadia, Pretoria	45,9	Completed 1 October 2011

As at the date of this report, significant progress has been made in reducing the vacancies of the IPS portfolio.

The property acquisition market during the year under review was highly competitive. However we were able to identify investments which we are confident should produce consistent long-term value for our unitholders. Nine properties were acquired by Octodec for a total purchase price of R311,5 million, providing a weighted average yield of 9,8%.

Further details of the properties are set out below:

Name of property	Physical address	Description	Rentable area m²	Purchase price including costs R'million	Initial yield %	Date of transfer
Medical Towers	179 Jeppe Street, Johannesburg CBD	Retail and offices	5 638	15,2	11,2	5 October 2010
Essenby	175 Jeppe Street, Johannesburg CBD	Retail and residential units	7 254	34,7	10,1	5 October 2010
Temple Court	169 Jeppe Street, Johannesburg CBD	Retail and residential units	2 136	8,9	10,5	13 October 2010
Kerk Street	Cnr Kerk and Joubert Street, Johannesburg CBD	Retail and residential units	4 808	32,0	8,0	25 November 2010
Raschers	70 Loveday Street, Johannesburg CBD	Retail	1 005	6,1	10,7	12 May 2011
			20 841	96,9		
The Tannery Industrial Park*	309 Derdepoortweg, Silverton, Pretoria	Industrial	35 990	153,8	10,4	1 November 2011
FNB Centurion	2023 Hendrik Verwoerd Drive, Centurion	Retail	1 874	24,8	9,6	17 November 2011
Shoprite Johannesburg CBD	Cnr Von Brandis, President, Eloff and Pritchard Streets, Johannesburg	Retail and offices	34 224	36,0	7,2	Not yet transferred
			92 929	311,5	9,8	

** The Tannery Industrial Park adds further diversification to the portfolio as well as increasing its investment in industrial property. It was approximately 94% let on acquisition*

During 2011, Octodec disposed of Das Property Investments Shareblock (Pty) Ltd for a net purchase price of R4,3 million, resulting in a net gain of R0,5 million.

An important part of our success is the development of new properties and the renovation or redevelopment of existing properties. Octodec has various redevelopment projects earmarked for completion in the 2012 financial year, which are progressing well. We are confident that the continued improvement of our properties will deliver further value to our unitholders in the years ahead.

Octodec has three major development projects in progress:

- Cambridge store: 5 233m^2 in the Pretoria CBD to be occupied by Cambridge, part of the Walmart Group, and other retailers, scheduled to open in August 2012; and
- Dan's Place: 10 651m^2 residential conversion, scheduled for completion in March 2012.

In addition to these developments various upgrades are underway, including:

- The upgrade of Temple Court and Essenby in the Johannesburg CBD, consisting of retail and residential premises expected to be completed in March 2012 at an investment cost of R6,2 million and R4,8 million respectively; and
- The upgrade of our recently acquired Kerk Street property in the Johannesburg CBD where construction is due to commence early in 2012 at an estimated cost of R12,7 million. The property consists of a retail and residential component. The residential component is currently unlettable and will be regenerated with this upgrade.

Borrowings and interest

Borrowings increased during FY2011 primarily because of acquisition, redevelopment and upgrade costs. It is Octodec's policy to manage its debt funding risk by fixing the majority of its exposure to interest rate fluctuations. The Group had substantial hedging in place at 31 August 2011, with 65,6% of debt subject to fixed interest rates at a weighted average rate of 10,6% per annum and with maturity dates ranging from April 2013 to October 2018. During the year interest rates in respect of a further R200 million of debt were fixed.

As at 31 August 2011, we had fixed rate swap agreements in place in respect of an amount of R415 million with a weighted average fixed pay rate of 9,36% per annum and a weighted average variable receive rate of 7,13% per annum.

The LTV increased to 39,6% at 31 August 2011 (2010: 33,8%). The Group has the capacity to further increase borrowings to fund its expansion opportunities.

Looking ahead

Due to the rapid deterioration in financial markets over the last few years and the consequent weakening of trading conditions, the year ahead will undoubtedly be tougher. However, the strategies we have put in place over the last few years should deliver improved returns to unitholders.

Our focus for the coming year will be to build on the solid progress already made, continuing to improve and enhance the value of properties within Octodec's existing portfolio through further active management and selective upgrade opportunities.

Directorate changes

Alec Wapnick retired as executive chairman and director of Octodec from 30 September 2011, a position he has held for 21 years during which his contribution to the Company has been immense. Sharon Wapnick, who has served on the Octodec Board of directors since 1994, took up the position of non-executive Chairman with effect from 1 October 2011.

Tribute to Mr Alec Wapnick

A visionary and exceptional man, during his 55 years in the property industry Mr Wapnick listed four property loan stock companies on the Johannesburg Stock Exchange, namely Tomkor Limited, Richway Retail Limited (through mergers and acquisitions, Richway's properties were ultimately acquired by Growthpoint Properties Limited), Octodec and Premium.

Over the years, Mr Wapnick has made a valuable and significant contribution to property development in Pretoria, Johannesburg and the surrounding areas.

He first made his mark on the property industry by undertaking the redevelopment of Pretoria West into a productive, light industrial and warehouse node where Mr Wapnick pioneered the mini-unit factory concept in South Africa.

Instrumental in the creation of the landmark Brooklyn Mall in Pretoria, Mr Wapnick was responsible for the site assembly and development of the first two phases of Brooklyn Mall. He undertook the management of this prized South African retail property asset, which has, over the years, been highly sought-after by astute property funds.

He led the way with value shopping in South Africa, developing Woodmead Value Mart, which has gone on to become one of the most successful developments of its kind in South Africa and gave birth to some of today's leading retailers, including Hi-Fi Corporation and Incredible Connection.

Another highlight was the acquisition by Octodec of Killarney Mall.

Since its inception over 40 years ago with six staff members, Mr Wapnick has been the cornerstone of City Property, a residential and commercial property management company which today counts two JSE-listed property invested companies, Premium and Octodec amongst its major clients, in addition to a large number of private clients.

City Property now employs nearly 400 people and its managed portfolio comprises more than 600 buildings and well over 1 million square metres.

Chairman's and Managing Director's report **(continued)**

Mr Wapnick pioneered the conversion of redundant and derelict office blocks in the Pretoria CBD into secure and desirable residential accommodation. After perfecting his model in Pretoria and armed with his belief in the life of the inner city, he took his successful recipe of regeneration to Johannesburg. He has embarked on similar projects in other areas, in joint ventures, including Kempton Park.

Mr Wapnick's contribution to upliftment in our city centres is substantial.

When corporate South Africa fled the CBDs of Johannesburg for Sandton and Pretoria for the city's eastern region, City Property remained committed to CBD users. In Mr Wapnick's eyes, the city centres still demonstrated vibrant life, a full future and a sound investment opportunity and he remained passionately committed to urban renewal – both to the physical and social fabric of the cities by providing quality, well-run accommodation in which residents can be proud, comfortable and secure.

Over the years he and his team have built and converted over 4 000 brand-new CBD flats and, in addition, City Property manage a further 6 000 residential apartments in the Gauteng CBDs.

Mr Wapnick describes converting dilapidated unused office blocks into desirable and safe rental accommodation for thousands of people as most gratifying. His contribution was recognised in 2003 when the Pretoria Business Chamber named him Pretorian of the year. During 2008 Mr Wapnick received an honorary award from the Johannesburg Development Agency in the category: "Believing in Joburg", for his contribution to regenerating the Johannesburg CBD. He was awarded the Tuks Alumni Laureate Award for 2008 – the highest award of the Alumni of the University of Pretoria.

On behalf of the Board we would like to express our profound gratitude and appreciation to Mr Wapnick for his immeasurable contribution to the founding, growth and development of Octodec. Mr Wapnick has been a guiding force within the Company, which has greatly benefited from his mentoring, leadership and wise counsel.

His passion, integrity, fair and considered approach and his work ethic have been an example to all with whom he has worked.

Closing

Our sincere appreciation is offered to our fellow directors for their contribution and guidance over the past year. We would also like to thank City Property, its management and staff for all their hard work and dedication.

We acknowledge our investors, who have shared in our vision, recognised the benefits of a long-term view, and supported Octodec in pursuing its strategy.

We look forward to successfully delivering sustainable performance in 2012 and growing long-term value for our unitholders.

Group structure

OCTODEC INVESTMENTS LIMITED

- ***100%*** held subsidiaries as reflected on page 68
- ***40%*** shareholding interest in IPS Investments (Pty) Limited
- ***14,2%*** shareholding interest in Premium Properties Ltd

Board and management structure

Octodec's asset and property management company is City Property. A new management agreement was entered into and approved by shareholders in January 2011 for a seven year period, commencing on 1 July 2011. City Property is owned by the Wapnick family, who have a significant interest in Octodec, resulting in an alignment of interests which is beneficial to Octodec shareholders. City Property has a dedicated and experienced executive management team who are responsible for the property and asset management of Octodec. The Company and Board structures of Octodec are as follows:

Board of directors

- City Property executive management
- Risk committee
- Audit committee

Directorate

Non-executive directors

S Wapnick – Chairman
Qualification: BA LLB *(cum laude)*
Date of appointment: 4 October 1994

Sharon (48) is also the chairman of Premium Properties Limited and holds various other directorships of unlisted companies including IPS Investments (Pty) Limited. She has considerable experience in the property industry with particular emphasis on legal related matters. Sharon is a senior partner of Tugendhaft Wapnick Banchetti & Partners.

MZ Pollack
Qualification: CA(SA)
Date of appointment: 4 October 1994
Member of audit committee
Member of risk committee

Myron (64) has considerable experience in the property industry and serves on the boards of Premium Properties Limited and IPS Investments (Pty) Limited.

Independent non-executive directors

MJ Holmes
Qualification: CA(SA) M Com
Date of appointment: 6 July 1990
Chairman of audit committee
Chairman of risk committee

Mike (73) has over forty years of banking and corporate finance experience. He serves on the boards of Premium Properties Limited and IPS Investments (Pty) Limited.

DP Cohen
Qualification: AEP (Unisa)
Date of appointment: 1 October 2009
Member of audit committee
Member of risk committee

Derek (60) has many years' experience in banking and finance and serves on the boards of other companies, including Premium Properties Limited and IPS Investments (Pty) Limited.

Executive directors

JP Wapnick – Managing Director
Qualification: BCom
Date of appointment: 2 October 1998
Member of risk committee

Jeffrey (51) is responsible for the effective management of the Group with a strong emphasis on the upgrades and development of properties. He is also the managing director of Premium Properties Limited and holds various other directorships of unlisted companies including IPS Investments (Pty) Limited and City Property Administration (Pty) Limited where he is the managing director. He has a wealth of experience in the property industry.

AK Stein – Financial Director
Qualification: CA(SA)
Date of appointment: 1 July 2009
Member of risk committee

Anthony (44) is also the financial director of Premium Properties Limited and responsible for the overall financial management of City Property Administration (Pty) Limited. He is also the treasurer of the Property Loan Stock Association. He has considerable experience in finance and in a listed company environment as well as in the property industry.

Group strategic objectives

The strategy of the Octodec Group is focused on:

- Enhancing the profitability of the existing portfolio.
- Building a diversified property portfolio in Gauteng.
- Maintaining a balanced exposure to the office, retail, residential and industrial property sectors.
- Pursuing acquisitions that add not only improved profitability but also strategic value to ensure that new investments enhance the value of our existing portfolio, thereby adding growth and sustainability in the areas in which we operate.
- Maintaining and growing distributions to unitholders.
- Managing risks to minimise volatility of distributions (by ensuring sustainable lease structures and optimising operating income).
- Reducing vacancies and managing lease expiries and arrears.
- Pursuing high standards of corporate citizenship and sustainable development with a focus on training, corporate social responsibility and minimising environmental impacts of operations.

Identification of key risks

The formal process of risk management has been implemented during the year under review. Octodec has focused its efforts on analysing the risks which could impact on its ability to deliver on its strategy and sustainability. The management of risk is critically important to the on-going success of the Group. The Octodec Group regards risk as the impact of uncertainty on objectives that could be related to projects and project execution, health and safety, the environment, the economy, commerce, and talent management, among others.

The major business risks, which are managed through the Group's risk management process, are summarised in the table below:

Risk	Risk description (potential)	Control processes to mitigate risk
Economic	Slowdown of the South African economy	Diversification of portfolio
Skills talent	The sourcing of skilled resources	Succession planning and retention plans introduced across the Group by City Property Administration
Reputation	Damage to reputation impacts on long-term growth and sustainability	Behave in an ethical and fair manner with all stakeholders
Acquisition of properties	Acquired properties impact negatively on financial performance and reputation	Robust acquisition screening process in place
Tenant default	Inability of tenants to pay rentals and operating costs	Credit control and assessment as well as regular monitoring and engagement
Damage to property	Impact negatively on financial performance and net asset value	Regular monitoring and adequate insurance cover
Municipal services delivery	Inability of tenants to trade which could result in their inability to pay rentals and operating costs	Back-up plans for utilities and engagement with municipality
Cost escalations such as utilities, assessment rates and labour related costs	Impact of cost increase on tenant's ability to service rental liabilities, increasing lease default risk	Measures to reduce consumption and recover costs from tenants Encouraging and educating tenants on ways of reducing consumption resulting in savings
Liquidity and refinancing	Insufficient cash resources to meet interest payments on due dates Inability to refinance borrowings on expiry	Engagement with banks and spreading the maturity dates of loans Cash flow management Diversifying sources of funding
Vacancies	Impact on revenue streams, resulting in failure to meet budgets and deteriorating building values	Emphasis on retention of tenants on lease expiries Continued engagement with tenants Willingness to negotiate lease terms to retain tenants
Interest rates (Octodec's debt)	Increase in interest rates will have a negative impact on financial results	Swap agreements and fixed rate contracts entered into, which have fixed interest rates

Stakeholders and major business impacts

Octodec is aware that it cannot achieve its strategic objectives in isolation. The Group operates within a complex environment which is impacted by the economic trends, while it is also influenced by the broad spectrum of stakeholders who interact with the Group and its operations every day.

Taking cognisance of these factors, the Group has put in place the necessary checks and balances to optimise its performance in this environment and to support its ability to have a positive long-term impact on all its stakeholders.

Our stakeholders include shareholders, analysts, tenants, suppliers, government, communities, our employees and special interest groups such as industry associations. Mutual trust and understanding is imperative and we use specific means of communication for each stakeholder group.

Stakeholder group	Impact/Consideration	Method of communication
Shareholders and investment community	Octodec has only a handful of shareholders holding a significant share of the issued share capital	• Annual and interim reports • Annual General Meeting • Media releases • Stock Exchange News Service ("SENS") • Results presentations • On-going communication with analysts and fund managers
Commercial banks	• Ability to service debt • Ability to refinance maturing facilities • Adherence to financial covenants	Report to financial stakeholders
Property and asset management company	• Compliance with management agreements • Timeous payment of fees	On-going communication and reporting
Occupiers of property (tenants)	• Terms and conditions of lease agreement • Safe and secure environment • Complementary mix of tenants • Compliance with OHS Act, Building Act and other regulations	On-going communication with and reporting to tenants
Suppliers	Our stated objective is to gain preferred supplier status by always delivering on time. Our suppliers are essential to our success and the following performance deliverables are essential: • Pricing • Quality • Reliability	Regular customer interaction Specific initiatives in place to enhance our supplier relationships include: • Identification of tenant needs • Staff training programmes • Focus on quality, cost and service • Supplier performance is monitored regularly
Government	Government impacts on the Group in many ways, both directly and indirectly (e.g. taxes, legislation, tenants)	Engaging with government at national, provincial, council and local levels
Communities	The Group operates in many communities	Constructive and transparent engagement
Employees	Concerns of health and safety and fair working conditions as well as career development opportunities	Engaging with its employees by a variety of means: • Direct communication • Performance and development reviews • Octodec's website and City Property intranet and monthly newsletters • Emails and general publications • Staff presentations
Special interest groups	The Group engages several other stakeholders including industry associations	Engages with industry associations as opinion leaders on particular issues of great importance

Octodec's ethos

The Group is committed to the highest ethical standards of business conduct and the Group's value system expects all of its employees to maintain high standards of integrity and ethics in dealing with suppliers, tenants, business partners, stakeholders, government and society at large. The Group does not tolerate any form of corruption, violation of law or unethical business practices. It advocates confidentiality in respect of information regarding employees and information regarding the Group. The Board recognises that good corporate governance is vital to the sustainable growth of Octodec. The Group's corporate governance structures and procedures as well as its Code of Conduct and Ethics are detailed in the Corporate governance report set out on pages 18 to 20 of this integrated report.

We strive to continuously deliver sustainable growth to stakeholders by the on-going pursuit of operational efficiencies which enable continued value creation for shareholders as well as a consistent focus on quality growth and prudent acquisitions. Further we strive to the unwavering commitment to protecting our reputational integrity.

Sustainability review

The directors acknowledge the importance of prioritising socially and environmentally aware practices alongside financial reporting and are committed to sustainable transformation as a business imperative to ensure that the Group makes a positive contribution to the South African economy, its stakeholders, the environment and the communities within which it operates.

Stakeholder engagement

As the Octodec Group continues to create shareholder value, it recognises that one cannot operate in isolation and stakeholder engagement is crucial to its on-going success in delivering on its strategic objectives.

Maintenance and upgrades

One of the key objectives in terms of which we achieve our strategy, is the continuous maintenance of our properties. This process helps to ensure that our tenants are operating in an environment that remains acceptable to their customers.

Economic impacts

Octodec provides employment to almost 60 people, who are employed at its properties. City Property employs the executive management and support staff for the operations, including property management, finance, strategic, human resources and compliance.

Octodec indirectly contributes to wealth creation and skills development of the South African economy through the employment opportunities which it provides. The Group's extensive procurement of services and products for its properties from its suppliers also has a positive impact on the domestic economy.

In line with its strategy to upgrade and redevelop its properties the Group has assisted in the creation of new jobs.

Environmental impact

Although the Group's major activities do not pose a significant threat to the environment, the Group remains mindful of the relevant environmental, health and safety legislation to ensure that it manages all aspects of its environmental impacts.

Octodec is committed to ensuring it takes preventative measures to protect the environment. A dedicated member of the senior executive management team at City Property is responsible for environmental management.

In line with its philosophy of being a responsible corporate citizen, Octodec is constantly introducing ways in which its activities can be of benefit to the environment. Various initiatives are in place in the Group, which are aimed at reducing the environmental impact, especially in the areas of water and electricity usage. The current economic climate, environmental considerations and the energy crises necessitate an emphasis on energy management and a well considered programme can result in direct financial benefit for our property portfolio and tenants alike. The increasing cost of energy and the risk of supply interruptions have been an area of concern for the commercial property industry.

The impact of Eskom's supply problems has led to significant increases in energy costs. The following processes and initiatives are in place:

- An energy management programme is in place that monitors energy spend, efficiency and operational sustainability;
- Due consideration is being given to our electrical and architectural designs in new developments and residential conversions;
- Management is actively engaging with Eskom to explore various options available within Eskom's integrated demand management programme;

- We actively educate our tenants on energy conservation
- The employees and tenants are encouraged to switch off lights when they do not occupy the premises and certain properties have engaged with lighting consultants to change light bulbs to LED and energy savers;
- The installation of test meters at selected properties as a control measure for council meter readings;
- The allocation of responsibility to a senior executive of City Property to focus on some of the environmental issues;
- A water conservation programme is in place that monitors the consumption of water to measure water wastages, enabling early detection of system defects that can be rectified to minimise potential losses and impact on the environment; and
- In our new developments and residential conversions new initiatives are being investigated and implemented in order to reduce and monitor water consumption.

Corporate social responsibility

Octodec has recently developed a corporate social investment policy and has allocated a budget to assist in improving the lives of disadvantaged communities in the Pretoria and Johannesburg CBDs. The key focus is to provide underprivileged children with access to certain basic necessities such as food, clothing and education.

Transformation and black economic empowerment ("BEE")

Octodec recognises its responsibility to comply with the Department of Trade and Industry's Codes of Good Practice, both from the perspective of good corporate citizenship and to fulfil its tenants' procurement requirements.

We realise that BEE is an important factor in securing long-term government leases, and is a factor in building a sustainable relationship with the communities around our properties.

Octodec is currently considering a number of BEE partnerships.

We are committed to developing and supporting black enterprises in support of BEE policy.

Our BEE procurement policy includes procurement of all goods and services required for the daily running of Octodec's properties, including routine maintenance, refurbishment projects and future expansions. Our objective is to promote local small business and in particular entrepreneurship in previously disadvantaged communities and hence we strive to maximise purchases in the following areas:

- Black Economic Empowerment (BEE).
- Small Medium and Micro Enterprises (SMME).
- Local Business.

That said, the primary task of the procurement function remains unchanged, namely to find reliable, cost effective suppliers and hence our procurement programme will always be commercially oriented with the use of non-value adding suppliers being avoided.

Social impact

The community

Octodec, as one of the larger property owners in the Johannesburg and Pretoria CBDs, plays an important role in the on-going regeneration of these CBDs and therefore believes that it has a responsibility to continue to assist in the upliftment of these CBDs. Octodec continues to improve the quality of the properties and to offer affordable rentals as well as developing residential accommodation that is of a high quality, secure, located close to major public transport and that is affordable. The on-going programme of developments has contributed to creating an attractive environment for business and tenants; thus creating an environment for economic sectors to thrive in the inner city and encourage sustainable growth.

People matters

Our staff remain our greatest asset as employees can assist in ensuring that the Company remains competitive, its service levels remain high and its business is conducted in an ethical and ultimately, profitable manner. Octodec's commitment to its employees spans across a variety of sustainability issues including employment equity, health and safety, basic human rights, HIV/Aids and skills development, guided by prevailing legislation.

The Group is committed to the development and career advancement of its people through such measures as leadership development and training. A comprehensive approach has been undertaken to grow and nurture the talent of our building staff by providing maintenance and repair training courses, communication skills and training to enhance our customer friendly approach to make sure that we stay ahead of the competition.

Employment equity

Group recruitment policies are codified in accordance with the Employment Equity Act to attract the necessary competencies while creating equal employment opportunities.

Engagement and communication with employees

We understand the importance of engaging with our employees and make use of a range of communications tools in order to reach different employee groups within the business:

- Direct communication with all staff;
- Performance and development discussions;
- Newsletter and general communications;
- Group-wide briefings and presentations; and
- Participation in various forums and initiatives.

One of the risk committee's roles is to assist the Board in monitoring all aspects of sustainability. A risk register summarises the significant risks faced by Octodec, taking into account the likelihood of occurrence, the potential impact and the related mitigating factors and controls. The risk register is reviewed and updated on an on-going basis to ensure that risks that affect our long-term operational and financial performance are managed.

Corporate governance

Principles and commitments

The Board of directors ("the Board") ensures that the business is conducted with integrity and high ethical standards. The Board supports and substantially complies with the principles of effective corporate governance as set out in the King Code of Governance Principles ("King III").

The Board acknowledges its statutory, regulatory and ethical responsibilities as set out by the Companies Act and the JSE Limited Listings Requirements.

Board of directors

The constitution of the Board is set out on page 13 of this report. The Board meets as often as circumstances dictate, but at least four times a year, and presently consists of two non-executive directors, two independent non-executive directors and two executive directors. 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. Appointments to the Board are done in a formal and transparent manner and are a matter for deliberation by the whole Board. At least one-third of the directors are 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 include directors appointed since the last AGM. Messrs MZ Pollack and AK Stein will retire at the forthcoming annual general meeting. All, 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 sets the strategic objectives of the Company and determines investment and performance criteria.
It is also responsible for the proper management, control, compliance and ethical conduct of the business of the Company.

The roles and responsibilities of the Chairman and the Managing Director, and the responsibilities of executive and non-executive directors, are separated ensuring that no individual director can exercise unfettered powers of decision-making.

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 Group'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.

The Board has implemented a formal evaluation process to perform regular self-evaluations of the Board and committees. The performance and conduct of the respective committees and members are evaluated. Any specific matters or concerns are addressed and dealt with by the Board and the committee Chairman.

Independence assessment

The directors carried out an informal evaluation to establish whether they satisfy the objective independence criteria of King III. Mr MJ Holmes and Mr DP Cohen are independent according to the King III definition.

Ms S Wapnick is not considered independent in terms of the King III definition by virtue of the fact that she is a representative of a shareholding in excess of 5%. As per the recommendations of King III, Octodec has appointed a lead independent director (Mr DP Cohen) to compensate for the lack of an independent non-executive chairman. Mr MZ Pollack is likewise not considered independent in terms of the King III definition by virtue of the fact that his shareholding is material to his personal wealth.

Of the two directors that satisfy the objective independence requirements, Mr MJ Holmes has served a term exceeding nine years. The Board is of the opinion that Mr MJ Holmes's long association with the group had in no way impaired his independence.

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 outsourced its internal audit function to BDO Spencer Steward.

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 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 is assisted by the audit and risk committees in ensuring that appropriate risk management processes are in place. 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 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.

Investment committee

A separate investment committee has not been formed as the Board carries out the function of considering acquisitions, disposals and developments.

Audit committee

The committee currently comprises three non-executive directors, two of which are independent .

	Position	Date of appointment
MJ Holmes	Chairman	14 April 1997
MZ Pollack	Member	4 October 1994
DP Cohen	Member	1 October 2009

The external and internal auditors as well as other directors 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 internal and 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 internal audit function is outsourced and operates as approved by the audit committee.

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

Risk committee

The risk committee was formally constituted during the current year as a committee of the Board. The committee currently comprises three non-executive directors, MJ Holmes as Chairman, MZ Pollack and DP Cohen, as well as the Managing Director, JP Wapnick and the financial director, AK Stein. The role of the committee is to assist the Board to ensure that the Group has implemented an effective policy and plan for risk management that will enhance the Group's ability to achieve its strategic objectives. It is responsible for reviewing the Group's risk exposure and the control systems, ensuring that risk policies and strategies are effectively managed. Specifically, the committee is responsible for overseeing the development, effective implementation and annual review of the risk management plan and making recommendations to the Board regarding the risk tolerance levels.

An external advisor was appointed to assist the committee in identifying risk areas and mitigating controls as well as the implementation of a risk management plan.
The committee has its own terms of reference outlining its purpose, composition, responsibilities and authority. These were adopted by the Board during the year.

Corporate governance *(continued)*

IT governance
An IT governance policy which is aligned with the technology needs of the Company has been formalised by City Property administration. This policy is further supplemented by governance based policies such as acceptable IT use policies, information confidentiality policies, systems and user support, system availability, security, virus protection, business continuity plans and back-up and disaster recovery plans.

IT risks are incorporated into the risk register and are considered by the audit and risk committees.

Nomination committee
A separate nomination committee has not been formed as the Board carries out the function of the nomination committee and is responsible for reviewing the scope and composition of the Board and its committees. The Board considers on an on-going basis the appointment of executive and non-executive directors, new committee members, succession planning and identifying persons to fill committee and Board vacancies as and when they arise. Following the recommendation of King III, a separate committee is currently being considered.

Meetings held

	Board meetings		Audit committee meeting		Risk committee meeting	
	Held	Attended	Held	Attended	Held	Attended
DP Cohen❖❑×	5	5	3	3	3	3
MJ Holmes❖❑×	5	5	3	3	3	3
MZ Pollack▲❑×	5	5	3	3	3	3
AK Stein#×	5	5	3	3†	3	3
A Wapnick#*	5	–	–	–	–	–
JP Wapnick#×	5	5	3	3†	3	3
S Wapnick◆	5	5	3	3†	–	–

Executive director
❖ *Independent non-executive director*
▲ *Non-executive director*
◆ *Non-executive director – appointed as Chairman on 1 October 2011*
❑ *Member of the audit committee*
× *Member of risk committee*
† *By invitation*
* *Resigned as Chairman on 30 September 2011*

Remuneration committee
Octodec has contracted out the management of building staff to City Property. City Property employs the executive management and support staff for the operations, including property management, finance, strategic, human resources and compliance. Octodec has therefore not formed a remuneration committee.

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

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

The Board is 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.

Directors' remuneration
As the executive directors are paid by City Property, 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 25 of this report. Independent external studies as well as industry comparisons are used to ensure that the Board and committee members are fairly remunerated. No non-executive or executive directors hold service contracts.

Code of ethics
The Group's code of ethics requires all employees within the Group to act with the utmost good faith and integrity in all transactions and with all stakeholders with whom they interact. It commits the Group and employees to sound business practices and compliance with legislation. There have been no significant areas of non-compliance during the period under review.

Social and ethics committee
In terms of the new Companies Act, a listed company should establish a social and ethics committee within one year of the new Companies Act becoming effective. Octodec is in the process of establishing such a committee and this process will be completed before 30 April 2012.

Legal compliance
The Board, as part of its ethical leadership commitment, ensures that there are sufficient management capacity and controls in place to ensure that all relevant laws and salient industry practices are complied with. The administration of the legal compliance system is vested in an official of City Property with the appropriate legal qualifications, supported by a designated legal firm that is mandated to furnish the Company with all relevant new legislation and amendments. Compliance controls vest with senior management of City Property who are required to report to the risk committee.

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, 2008, 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 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 13 December 2012 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 24 to 70, which have been prepared on the going concern basis, were approved by the Board of directors on 13 December 2011 and were signed on their behalf by:

S Wapnick
Chairman

JP Wapnick
Managing Director

Pretoria

Certification by Company Secretary

The Company Secretary hereby certifies, in compliance with section 88(2)(e) of the Companies Act 2008, 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

13 December 2011
Pretoria

Independent auditors' report

To the linked unitholder of Octodec Investments Limited

We have audited the Group annual financial statements and annual financial statements of Octodec Investments Limited, which comprise the consolidated and separate statements of financial position as at 31 August 2011, and the consolidated and separate statements of comprehensive income, the consolidated and separate statements of changes in equity and consolidated and separate statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, and the directors' report, as set out on pages 24 to 59 and 68 to 69.

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 the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 about 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 policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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, these financial statements present fairly, in all material respects, the consolidated and separate financial position of Octodec Investments Limited as at 31 August 2011, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards, and in the manner required by the Companies Act of South Africa.

Deloitte & Touche
Registered Auditor
Per: AJ van den Berg
Partner

13 December 2011

Deloitte Waterkloof House
221 Waterkloof Road
Waterkloof 0181
Docex 6 Pretoria

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
DP Cohen

Committee activities

In the financial year ended 31 August 2011, 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, with the designated partner being Mr AJ van den Berg, 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;
- Considered any other services provided by the auditors. No other services were provided during the past financial year;
- Assessed the work done by the internal auditors so as to ensure their independence and effectiveness; and
- Reviewed the internal audit and risk management reports, and, where relevant, recommendations being made to the Board.

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

Recommendation of financial statements

The committee recommended the Group financial statements for the year ended 31 August 2011, 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

13 December 2011

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 2011.

Preparation of the annual financial statements

The audited annual financial statements were prepared under the supervision of Mr AK Stein CA(SA), in his capacity as Group Financial Director in accordance with the International Financial Reporting Standards and the Companies Act.

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 150 000 000 (2010: 100 000 000) linked units of 1 cent each. A special resolution was passed at the annual general meeting held on 4 February 2011 whereby the authorised share capital was increased by the creation of 50 000 000 new linked units of 1 cent each.

As at 31 August 2011 there were 89 297 472 (2009: 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 statement of financial position events

Mr A Wapnick resigned from the Board at 30 September 2011. Ms S Wapnick assumed the position of Chairman with effect from 1 October 2011.

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 68 and 69.

Management contract and administration

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

Summary of results for the year

	GROUP	
	2011 **R'000**	2010 restated R'000
Operating profit	**181 361**	168 321
Fair value adjustment of investment properties	**(22 026)**	82 771
Amortisation of debenture premium	**10 669**	10 669
Profit on sale of investment properties	**464**	–
Investment and other income	**51 762**	48 233
Profit from ordinary activities before finance costs	**222 230**	309 993
Finance costs (excluding debenture interest)	**(111 347)**	(90 458)
Income before debenture interest	**110 883**	219 535
Debenture interest	**(114 890)**	(116 130)
(Loss)/profit before taxation	**(4 007)**	103 405
Taxation	**1 130**	(8 049)
(Loss)/income attributable to linked unitholders	**(2 877)**	95 356

Distribution to unitholders (cents)

	Dividend		Interest		Total	
	2011	2010	**2011**	2010	**2011**	2010
Interim	**0,32**	0,32	**64,78**	64,78	**65,10**	65,10
Final	**0,32**	0,33	**63,88**	65,27	**64,20**	65,60
	0,64	0,65	**128,66**	130,05	**129,30**	130,70

Directors' remuneration (Rand)

	2011			2010		
	As a board member	**As an audit committee member**	**Total**	As a board member	As an audit committee member	Total
MJ Holmes	**160 000**	**40 000**	**200 000**	112 000	37 500	149 500
MZ Pollack	**160 000**	**40 000**	**200 000**	112 000	30 000	142 000
DP Cohen	**160 000**	**40 000**	**200 000**	102 667	30 000	132 667
A Wapnick	**200 000**	**–**	**200 000**	112 000	–	112 000
JP Wapnick	**200 000**	**–**	**200 000**	112 000	–	112 000
S Wapnick	**200 000**	**–**	**200 000**	112 000	–	112 000
AK Stein	**200 000**	**–**	**200 000**	112 000	–	112 000
	1 280 000	**120 000**	**1 400 000**	774 667	97 500	872 167

The Board approved annual payments to directors and committee members as follows :

	For the period 1 September 2010 – 31 August 2011 (per annum) R
Board Chairman	**200 000**
A Wapnick (resigned 30 September 2011)	
Independent non-executive directors	
DP Cohen	**160 000**
MJ Holmes	**160 000**
Non-executive director	
MZ Pollack	**160 000**
Non-executive director	
S Wapnick	**200 000**
Audit committee members	
DP Cohen	**40 000**
MJ Holmes	**40 000**
MZ Pollack	**40 000**
Executive directors	
JP Wapnick	**200 000**
AK Stein	**200 000**

There are no service contracts in place with the directors of Octodec. The total salaries paid by City Property for Messrs A Wapnick, JP Wapnick and AK Stein, the executive directors of Octodec who are employed by City Property, are set out below. These amounts are based on an approximation of the time spent on Octodec in relation to their employment at City Property for the year ended 31 August 2011.

	2011				2010			
	Salary R	**Pension fund contributions R**	**Bonus R**	**Total R**	Salary R	Pension fund contributions R	Bonus R	Total R
AK Stein	**203 553**	**13 907**	**250 000**	**467 460**	190 574	13 147	154 000	357 721
A Wapnick	**223 909**	**–**	**722 000**	**945 909**	223 909	–	722 000	945 909
JP Wapnick	**187 081**	**–**	**722 000**	**909 081**	187 081	–	722 000	909 081
	614 543	**13 907**	**1 694 000**	**2 322 450**	601 563	13 147	1 598 000	2 212 711

Report of the directors (continued)

Directors' shareholdings

The beneficial and non-beneficial interest held by the directors in the Company at 31 August 2011 amounted to:

	2011				
	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	**80 000**	**120 000**	**–**	**200 000**	**0,2**
A Wapnick	**300 809**	**77 470**	**11 102 708**	**11 480 987**	**12,9**
JP Wapnick	**20 000**	**6 416 199**	**3 215 394**	**9 651 593**	**10,8**
S Wapnick	**19 920**	**5 953 319**	**3 824 375**	**9 797 614**	**11,0**
	701 562	**12 632 988**	**18 690 994**	**32 025 544**	**35,9**

	2010				
	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	60 000	120 000	–	180 000	0,2
A Wapnick	300 809	77 470	11 038 478	11 416 757	12,8
JP Wapnick	20 000	6 416 199	3 215 394	9 651 593	10,8
S Wapnick	19 920	5 953 319	3 824 375	9 797 614	11,0
	681 562	12 632 988	18 626 764	31 941 314	35,8

Changes in directors' shareholdings after year-end

		Number of units purchased	**Price per unit cents**	**Value R**	**Director**
10 November 2011	Indirect beneficial	**25 000**	**1 400**	**350 000**	**MZ Pollack**
10 November 2011	Indirect beneficial	**40 000**	**1 400**	**580 000**	**AK Stein**
10 November 2011	Direct beneficial	**4 000**	**1 400**	**56 000**	**AK Stein**

Valuation of portfolio

Octodec's property portfolio was valued by the directors at R2,461 billion (2010: R2,290 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 2,6% (2010: 3,61%) more 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 1 798 cents (2010: 1 840 cents). After adding back the provision for deferred taxation of R137,7 million (2010: R141,9 million), the net asset value is 1 953 cents (2010: 1 998 cents) per linked unit. The closing price per linked unit at 31 August 2011 was 1 595 cents (2010: 1 754 cents).

Corporate governance

The Board endorses the contents of the King Report on Corporate Governance for South Africa (King III).

Segmental reporting

Refer to note 33 on pages 53 to 54.

Auditors

Deloitte & Touche have expressed their willingness to continue in office and resolutions proposing their reappointment will be submitted at the AGM.

Company Secretary

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

Statements of financial position

as at 31 August 2011

	Notes	GROUP 2011 R'000	GROUP Restated 2010 R'000	GROUP Restated 2009 R'000	COMPANY 2011 R'000	COMPANY Restated 2010 R'000	COMPANY Restated 2009 R'000
Assets							
Non-current assets		**3 023 244**	2 797 736	2 447 723	**1 693 300**	1 562 700	1 332 867
Investment properties	2	**2 375 336**	2 222 810	2 003 782	**685 064**	672 284	596 674
Operating lease assets	3	**40 837**	36 666	36 484	**9 839**	7 842	7 541
Plant and equipment	4	**13 397**	17 067	8 562	**241**	419	203
Lease costs capitalised	5	**31 396**	13 409	6 286	**1 915**	828	555
Listed investment	6	**310 390**	266 078	154 038	**310 390**	266 078	154 038
Investment in subsidiaries	7	**–**	–	–	**643 027**	560 651	502 221
Investment in associate	8	**251 888**	241 706	238 571	**42 824**	54 598	71 635
Current assets		**42 040**	45 787	48 507	**18 299**	16 679	21 337
Accounts receivable	9	**41 670**	45 467	48 319	**18 058**	16 384	21 161
Cash and cash equivalents		**370**	320	188	**241**	295	176
Total assets		**3 065 284**	2 843 523	2 496 230	**1 711 599**	1 579 379	1 354 204
Equity and liabilities							
Share capital and reserves		**1 242 957**	1 268 970	1 122 340	**559 931**	579 872	512 955
Share capital and reserves	10	**90 302**	79 633	68 964	**90 302**	79 633	68 964
Non-distributable reserves	11	**1 106 314**	1 143 659	1 009 826	**455 926**	478 567	418 075
Distributable reserves		**46 341**	45 678	43 550	**13 703**	21 672	25 916
Non-current liabilities		**1 462 887**	1 270 256	1 169 944	**851 210**	770 439	669 309
Debenture capital and premium	12	**363 024**	373 693	384 362	**363 024**	373 693	384 362
Long-term borrowings	13	**962 119**	754 635	659 632	**428 930**	332 254	227 821
Deferred taxation	14	**137 744**	141 928	125 950	**59 256**	64 492	57 126
Current liabilities		**359 440**	304 297	203 946	**300 458**	229 068	171 940
Accounts payable	15	**67 611**	54 377	49 419	**24 406**	18 877	17 142
Bank overdraft	16	**23 167**	21 619	26 260	**23 167**	21 619	26 260
Short-term borrowings	13	**211 529**	170 017	69 000	**195 695**	130 017	69 000
Taxation liability		**–**	–	–	**57**	271	271
Linked unitholders for distribution		**57 133**	58 284	59 267	**57 133**	58 284	59 267
Total equity and liabilities		**3 065 284**	2 843 523	2 496 230	**1 711 599**	1 579 379	1 354 204

Statements of comprehensive income

for the year ended 31 August 2011

		GROUP		COMPANY	
	Notes	**2011 R'000**	2010 R'000	**2011 R'000**	2010 R'000
Revenue	17	**388 516**	333 680	**116 286**	105 634
Property operating costs		**(185 891)**	(147 180)	**(47 949)**	(40 711)
Net property income		**202 625**	186 500	**68 337**	64 923
Administrative expenses		**(21 264)**	(18 179)	**(9 459)**	(3 137)
Operating profit	18	**181 361**	168 321	**58 878**	61 786
Amortisation of debenture premium		**10 669**	10 669	**10 669**	10 669
Fair value adjustment of investment properties		**(22 026)**	82 771	**8 921**	14 945
Profit from operations		**170 004**	261 761	**78 468**	87 400
Profit on sale of investment property		**464**	–	**464**	–
Investment income	19	**25 902**	21 029	**25 075**	20 167
Share of profit from associate	20	**25 860**	27 203	**3 904**	7 031
Investment income from subsidiary	21	**–**	–	**66 160**	57 712
Profit from ordinary activities before finance costs		**222 230**	309 993	**174 071**	172 310
Finance costs	22	**(226 237)**	(206 588)	**(172 439)**	(157 744)
(Loss)/profit before taxation		**(4 007)**	103 405	**1 632**	14 566
Taxation	23	**1 130**	(8 049)	**1 564**	1 078
(Loss)/income attributable to linked unitholders		**(2 877)**	95 356	**3 196**	15 644
		Cents	Cents		
Earnings and diluted (loss)/earnings per share	25	**(3,2)**	106,8		
Earnings and diluted earnings per linked unit	25	**125,4**	236,8		

Statements of changes in equity

for the year ended 31 August 2011

	Notes	Share capital and premium R'000	Non-distributable reserves R'000	Distributable reserves R'000	Total R'000
Group					
Balance as at 1 September 2009 as previously reported		68 964	894 375	43 550	1 006 889
Change in accounting policy	30	–	115 451	–	115 451
Restated balances as at 1 September 2009		68 964	1 009 826	43 550	1 122 340
Restated total comprehensive income for the year		–	–	95 356	95 356
As previously reported		–	–	82 923	82 923
Prior year adjustment	30	–	–	12 433	12 433
Reallocation of deemed debenture premium		10 669	–	(10 669)	–
Dividends paid		–	–	(580)	(580)
Adjustment to valuation of listed investment, net of deferred tax at Capital Gains Tax rate		–	51 854	–	51 854
Transfer to non-distributable reserves					
Fair value adjustments					
– Investment properties, net of deferred tax		–	71 694	(71 694)	–
As previously reported		–	60 756	(60 756)	–
Prior year adjustment	30	–	10 938	(10 938)	–
– Associate, net of deferred tax		–	14 650	(14 650)	–
As previously reported		–	13 155	(13 155)	–
Prior year adjustment	30	–	1 495	(1 495)	–
– Interest rate derivatives, net of deferred tax		–	(4 365)	4 365	–
Restated balance as at 31 August 2010		**79 633**	**1 143 659**	**45 678**	**1 268 970**
Total comprehensive loss for the year		**–**	**–**	**(2 877)**	**(2 877)**
Reallocation of deemed debenture premium		**10 669**	**–**	**(10 669)**	**–**
Dividends paid		**–**	**–**	**(580)**	**(580)**
Adjustment to valuation of listed investment, net of deferred tax at Capital Gains Tax rate		**–**	**(22 556)**	**–**	**(22 556)**
Profit on sale of investment properties		**–**	**464**	**(464)**	**–**
Transfer to non-distributable reserves					
Fair value adjustments					
– Investment properties, net of deferred tax		**–**	**(20 246)**	**20 246**	**–**
– Associate, net of deferred tax		**–**	**13 160**	**(13 160)**	**–**
– Interest rate derivatives, net of deferred tax		**–**	**(8 167)**	**8 167**	**–**
Balance as at 31 August 2011		**90 302**	**1 106 314**	**46 341**	**1 242 957**
Company					
Balance as at 1 September 2009 as previously reported		68 964	384 662	25 916	479 542
Change in accounting policy	30	–	33 413	–	33 413
Restated balances as at 1 September 2009		68 964	418 075	25 916	512 955
Restated total comprehensive income for the year		–	–	15 644	15 644
As previously reported		–	–	13 528	13 528
Prior year adjustment	30	–	–	2 096	2 096
Reallocation of deemed debenture premium		10 669	–	(10 669)	–
Dividends paid		–	–	(580)	(580)
Adjustment to valuation of listed investment, net of deferred tax at Capital Gains Tax rate		–	51 854	–	51 854
Transfer to non-distributable reserves					
Fair value adjustments					
– Investment properties, net of deferred tax		–	13 003	(13 003)	–
As previously reported		–	10 907	(10 907)	–
Prior year adjustment	30	–	2 096	(2 096)	–
– Interest rate derivatives, net of deferred tax		–	(4 365)	4 365	–
Restated balance as at 31 August 2010		**79 633**	**478 567**	**21 672**	**579 872**
Total comprehensive income for the year		**–**	**–**	**3 196**	**3 196**
Reallocation of deemed debenture premium		**10 669**	**–**	**(10 669)**	**–**
Dividends paid				**(580)**	**(580)**
Adjustment to valuation of listed investment, net of deferred tax at Capital Gains Tax rate		**–**	**(22 556)**	**–**	**(22 556)**
Profit on sale of investment properties		**–**	**464**	**(464)**	**–**
Transfer to non-distributable reserves					
Fair value adjustments					
– Investment properties, net of deferred tax		**–**	**7 582**	**(7 582)**	**–**
– Interest rate derivatives, net of deferred tax		**–**	**(8 131)**	**8 131**	**–**
Balance as at 31 August 2011		**90 302**	**455 926**	**13 703**	**559 931**

Statements of cash flows

for the year ended 31 August 2011

		GROUP		COMPANY	
	Notes	**2011 R'000**	2010 R'000	**2011 R'000**	2010 R'000
Cash generated from operating activities					
Cash generated from operations	26	**200 573**	179 113	**59 716**	68 072
Investment income		**29 805**	28 060	**96 737**	84 910
Finance costs		**(100 005)**	(84 395)	**(46 256)**	(35 551)
Debenture interest paid	27	**(116 041)**	(117 114)	**(116 041)**	(117 114)
Taxation paid	28	**(175)**	(512)	**(214)**	–
Dividends paid		**(580)**	(580)	**(580)**	(580)
Net cash generated from/(utilised in) operating activities		**13 577**	4 571	**(6 638)**	(264)
Cash utilised in investing activities					
Acquisition of investment properties, plant and equipment		**(177 555)**	(144 778)	**(7 659)**	(60 743)
– New acquisitions		**(96 983)**	(114 398)	**–**	(52 333)
– Additional developments		**(80 572)**	(30 380)	**(7 659)**	(8 410)
Lease costs		**(20 669)**	(10 272)	**(1 485)**	(486)
Proceeds on disposal of investment properties		**4 255**	–	**4 255**	–
Increase in listed investments		**(70 534)**	(51 742)	**(70 534)**	(51 742)
Investment in and amounts advanced to subsidiaries		**–**	–	**(82 376)**	(58 430)
Decrease in investments and loans to associates		**11 774**	17 037	**11 774**	17 037
Net cash utilised in investing activities		**(252 729)**	(189 755)	**(146 025)**	(154 364)
Cash generated from financing activities					
Increase in short-term borrowings		**30 170**	95 002	**96 676**	104 433
Increase in long-term borrowings		**207 484**	94 955	**54 385**	54 955
Net cash generated from financing activities		**237 654**	189 957	**151 061**	159 388
Net (decrease)/increase in cash and cash equivalents		**(1 498)**	4 773	**(1 602)**	4 760
Cash and cash equivalents at the beginning of the year		**(21 299)**	(26 072)	**(21 324)**	(26 084)
Cash and cash equivalents at the end of the year	29	**(22 797)**	(21 299)	**(22 926)**	(21 324)

Notes to the financial statements

for the year ended 31 August 2011

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 30.

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 reporting 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 Listings 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 statements of comprehensive income.

Notes to the financial statements *(continued)*

for the year ended 31 August 2011

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.

Derivatives

Derivative financial instruments are recognised initially at fair value and reported subsequently at fair value in the statement of financial position. Changes in fair value are recognised in profit or loss.

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 is accounted for using the balance sheet liability method.

Notes to the financial statements *(continued)*

for the year ended 31 August 2011

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 Revenue recognition

Rental income

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

Income from investments

Interests are recognised on a time proportion basis that takes into account the effective yield on the asset.

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

1.13 Cash and cash equivalents

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

1. Accounting policies *(continued)*

1.14 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.

1.15 Critical estimates and judgements

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

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 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 statement of financial position date.

1.16 Segmental reporting

The Group earns revenue in the form of property rentals and recoveries from tenants. 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.

Notes to the financial statements *(continued)*

for the year ended 31 August 2011

1. Accounting policies *(continued)*

1.16 Segmental reporting *(continued)*

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

Segment assets and liabilities do not include deferred income taxes.

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

1.17 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. These changes are disclosed in note 30.

1.18 Business combinations

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

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

1.19 New Standards and interpretations

1.19.1 Standards and Interpretations effective and adopted in the current year

In the current year, the Group has adopted the following standards and interpretations that are effective for the current year and that are relevant to its operations:

		Effective for financial years commencing on or after
IAS 27 (Amended)	Consolidated and Separate Financial Statements	1 July 2010
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010
2009 Annual Improvements Project :		
Amendments to IFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2010
Amendments to IFRS 8	Operating Segments	1 January 2010
Amendments to IAS 1	Presentation of Financial Statements	1 January 2010
Amendments to IAS 7	Statement of Cash Flows	1 January 2010
Amendments to IAS 17	Leases	1 January 2010
2010 Annual Improvements Project :		
Amendments to IFRS 3	Business Combinations	1 July 2010

The revisions and amendments did not have any material impact on the financial statements of the Group.

1. Accounting policies *(continued)*

1.19 New Standards and interpretations *(continued)*

1.19.2 Standards and interpretations early adopted

The Group has chosen to early adopt the following standards and interpretation:

		Effective for financial years commencing on or after
Amendments to IAS12	Deferred Tax: Recoverability of Underlying Assets	1 January 2012

The impact of the amendment is set out in the change in accounting policy note (note 30).

1.19.3 Standards and interpretations not yet effective

The Group has chosen not to early adopt the following standards and interpretations, which have been published and are mandatory for the Group's accounting periods beginning on or after 1 September 2011 or later periods:

		Effective for financial years commencing on or after
IFRS 9	Financial Instruments	1 January 2013
IAS 24 (Revised)	Related Party Disclosures	1 January 2011
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
2010 Annual Improvements Project :		
Amendments to IFRS 7	Financial Instruments: Disclosures	1 January 2011
Amendments to IAS 31	Interests in Joint Ventures	1 July 2010

It is unlikely that the standards and amendments will have a material impact on the Group's annual financial statements.

1.20 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.

1.21 Leases

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

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 statement of comprehensive income.

Notes to the financial statements *(continued)*

for the year ended 31 August 2011

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	**2011 R'000**	2010 R'000	2009 R'000
2. Investment properties						
Fair value						
Opening gross carrying value	**2 222 810**	2 003 782	2 058 559	**672 284**	596 674	637 489
Movement during the year:	**152 526**	219 028	(54 777)	**12 780**	75 610	(40 815)
Acquisitions and subsequent expenditure	**178 343**	136 257	54 613	**7 650**	60 665	11 115
Disposals	**(3 791)**	–	(11 066)	**(3 791)**	–	(10 161)
Fair value adjustment	**(22 026)**	82 771	(98 324)	**8 921**	14 945	(41 769)
Closing carrying value	**2 375 336**	2 222 810	2 003 782	**685 064**	672 284	596 674

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 2011 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 8,25% and 13% with a weighted average of 10,83%. 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 R285 million and a 1% increase in the capitalisation rates would decrease the property valuation by R210 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 2,6% (2010: 3,6%) more than the directors' valuation. The directors are confident, taking all factors into account, that their valuations represent fair market value.

The Group has encumbered certain of its investment properties to secure general banking facilities. 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 at the election of Woodmead Value Mart (Pty) Limited.

A schedule of investment properties owned by the Group is set out on pages 60 to 65.

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	**2011 R'000**	2010 R'000	2009 R'000
3. Operating lease assets						
Opening balance	**36 666**	36 484	26 107	**7 842**	7 541	6 953
Arising during the year	**4 171**	182	10 377	**1 997**	301	588
	40 837	36 666	36 484	**9 839**	7 842	7 541

	GROUP			COMPANY		
	2011	2010	2009	**2011**	2010	2009
	R'000	R'000	R'000	**R'000**	R'000	R'000
4. *Plant and equipment*						
Opening cost	**25 334**	13 664	6 549	**1 189**	898	831
Opening accumulated depreciation	**(8 267)**	(5 102)	(3 805)	**(770)**	(695)	(631)
Opening carrying value	**17 067**	8 562	2 744	**419**	203	200
Movement during the year:						
Additions	**–**	11 670	7 178	**–**	291	67
Disposals	**–**	–	(63)	**–**	–	–
Depreciation charge	**(3 670)**	(3 165)	(1 297)	**(178)**	(75)	(64)
	13 397	17 067	8 562	**241**	419	203
Cost	**25 334**	25 334	13 664	**1 189**	1 189	898
Accumulated depreciation	**(11 937)**	(8 267)	(5 102)	**(948)**	(770)	(695)
Closing carrying value	**13 397**	17 067	8 562	**241**	419	203
5. *Lease costs capitalised*						
Opening balance	**13 409**	6 286	2 039	**828**	555	200
Additions	**20 669**	10 272	5 210	**1 485**	486	488
Amortisation	**(2 682)**	(3 149)	(963)	**(398)**	(213)	(133)
	31 396	13 409	6 286	**1 915**	828	555
6. *Listed investment*						
Premium Properties Limited 21 631 461 (2010: 16 987 658) linked units at cost	**211 362**	140 828	89 086	**211 362**	140 828	89 086
Fair value adjustment	**99 028**	125 250	64 952	**99 028**	125 250	64 952
	310 390	266 078	154 038	**310 390**	266 078	154 038
Market valuation at 31 August 2011	**310 390**	266 078	154 038	**310 390**	266 078	154 038

Fair market value represents the listed market price as at 31 August 2011 less income accrued for dividends and interest. 17 423 667 (2010: 17 423 667) of the linked units have been pledged to secure banking facilities granted to the Group (see note 13).

	GROUP			COMPANY		
	2011	2010	2009	**2011**	2010	2009
	R'000	R'000	R'000	**R'000**	R'000	R'000
7. *Investment in subsidiaries*						
Shares at cost				**33 091**	21 338	21 344
Net amounts due by subsidiaries				**609 936**	539 313	480 877
Amounts due by subsidiaries				**624 857**	546 697	500 352
Amounts owed to subsidiaries				**(14 920)**	(7 384)	(19 475)
Net investment in subsidiaries				**643 027**	560 651	502 221

A schedule of the Company's interest in subsidiaries is fully set out on pages 68 to 69.

The aggregate net losses after tax of the subsidiaries amounts to R26 205 064 (2010: profit R50 936 027). The Group has pledged and ceded the shares and loan accounts of certain of its subsidiary companies to secure banking facilities granted to the Group (see note 13).

Notes to the financial statements (continued)

for the year ended 31 August 2011

	GROUP 2011 R'000	Restated 2010 R'000	Restated 2009 R'000	COMPANY 2011 R'000	2010 R'000	2009 R'000
8. Investment in associate						
Equity accounted						
Cost of investment	**1**	1	1	**1**	1	1
Loans to associate	**42 823**	54 597	71 634	**42 823**	54 597	71 634
Reserves since acquisition	**209 064**	187 108	166 936	**–**	–	–
	251 888	241 706	238 571	**42 824**	54 598	71 635
Directors' valuation	**251 888**	241 706	238 571	**42 824**	54 598	71 635
Summarised financial information of associate (100%)						
Assets						
Non-current	**1 310 524**	1 180 130	1 005 274			
Investment properties	**1 174 096**	1 042 937	831 235			
Operating lease assets	**7 538**	6 953	5 984			
Property, plant and equipment	**2 087**	6 948	77 563			
Lease costs capitalised	**2 108**	2 886	3 245			
Investment in joint ventures	**124 695**	120 406	87 247			
Current	**5 982**	11 190	13 842			
	1 316 506	1 191 320	1 019 116			
Equity and liabilities						
Equity capital and reserves	**522 663**	467 770	417 340			
Share capital	**2**	2	2			
Reserves	**496 214**	447 168	404 157			
Retained income	**26 447**	20 600	13 181			
Non-current liabilities	**760 591**	687 796	573 702			
Shareholder loan accounts	**107 058**	136 493	179 084			
Mortgage bonds	**567 395**	473 657	325 889			
Deferred taxation	**86 138**	77 646	68 729			
Current liabilities	**33 252**	35 754	28 074			
	1 316 506	1 191 320	1 019 116			
Results of operations						
Rental income	**62 571**	51 493	40 693			
Net income before interest	**21 075**	21 280	26 483			
Interest	**(18 860)**	(18 064)	(17 395)			
Fair value adjustment	**52 675**	47 215	103 455			
Profit for the period	**54 890**	50 431	112 543			
Share of profit for the period (see note 20)	**21 956**	20 172	45 017			

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 2011

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	**2011 R'000**	2010 R'000	2009 R'000
9. *Accounts receivable*	**3 928**	14 610	17 304	**986**	1 732	510
Trade debtors	**7 845**	21 069	21 901	**1 878**	3 651	1 932
Less: Provision	**(3 917)**	(6 459)	(4 597)	**(892)**	(1 919)	(1 422)
Receivables on sale of investment property	**–**	–	8 600	**–**	–	–
Debenture interest receivable from listed investment	**11 919**	10 023	6 868	**11 919**	10 023	–
Sundry receivables	**25 823**	20 834	15 547	**5 153**	4 629	20 651
	41 670	45 467	48 319	**18 058**	16 384	21 161

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 the balance is assessed on an individual basis.

Before accepting any new tenant, the Group uses an internal credit scoring system to assess the potential tenant's credit quality. Improved debt collection procedures resulted in a significant decrease in debtor balances during the year.

Included in the Group's trade receivable balance are rental debtors with a carrying amount of R3 927 981 (2010: R14 610 000), 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 3,7 days (2010: 16,1 days).

All of the Group's trade and other receivables have been reviewed for impairment. Certain trade receivables were found to be impaired and a provision of R3 917 240 (2010: R6 459 000) has been recorded accordingly. The impaired trade receivables are from tenants who are experiencing financial difficulties.

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	**2011 R'000**	2010 R'000	2009 R'000
The age analysis of trade receivables outstanding is as follows						
30 days or less	**2 710**	7 226	8 225	**683**	1 081	329
More than 30 days less than 60 days	**754**	3 784	4 218	**195**	300	80
More than 60 days less than 90 days	**464**	3 600	4 861	**108**	351	101
	3 928	14 610	17 304	**986**	1 732	510
Reconciliation of provision for bad debts						
Opening balance	**6 459**	4 597	3 482	**1 919**	1 422	1 176
Additional provisions for the year	**2 727**	4 926	2 962	**989**	1 297	1 081
Provisions reversed during the year	**(5 269)**	(3 064)	(1 847)	**(2 016)**	(800)	(835)
Closing balance	**3 917**	6 459	4 597	**892**	1 919	1 422
10. *Share capital and premium*						
Authorised						
150 000 000 (2010: 100 000 000) shares of one cent each	**1 500**	1 000	1 000	**1 500**	1 000	1 000
Issued						
89 297 472 (2010: 89 297 472) shares of one cent each	**892**	892	892	**892**	892	892
Share premium	**89 410**	78 741	68 072	**89 410**	78 741	68 072
Opening balance	**78 741**	68 072	57 403	**78 741**	68 072	57 403
Transfer from retained earnings	**10 669**	10 669	10 669	**10 669**	10 669	10 669
	90 302	79 633	68 964	**90 302**	79 633	68 964

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.

Notes to the financial statements *(continued)*

for the year ended 31 August 2011

	GROUP			COMPANY		
	2011 R'000	Restated 2010 R'000	Restated 2009 R'000	**2011 R'000**	Restated 2010 R'000	Restated 2009 R'000
11. Non-distributable reserves						
Surplus on disposal of investment properties	**11 154**	10 690	10 690	**8 260**	7 796	7 796
Fair value adjustments of investment property	**831 054**	851 300	779 606	**372 111**	364 529	351 526
Fair value adjustments of interest rate derivatives	**(12 532)**	(4 365)	–	**(12 496)**	(4 365)	–
Fair value adjustments of investments						
Associate	**188 587**	175 427	160 777	**–**	–	–
Listed investment	**85 157**	107 713	55 859	**85 157**	107 713	55 859
Acquisition of loan at a discount	**2 894**	2 894	2 894	**2 894**	2 894	2 894
	1 106 314	1 143 659	1 009 826	**455 926**	478 567	418 075
12. Debenture capital and premium						
Debenture capital						
89 297 472 (2010: 89 297 472) unsecured variable rate debentures of R2,09 each	**186 631**	186 631	186 631	**186 631**	186 631	186 631
Debenture capital premium	**176 393**	187 062	197 731	**176 393**	187 062	197 731
Opening balance	**187 062**	197 731	208 400	**187 062**	197 731	208 400
Amortisation of debenture capital premium	**(10 669)**	(10 669)	(10 669)	**(10 669)**	(10 669)	(10 669)
	363 024	373 693	384 362	**363 024**	373 693	384 362

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.

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	**2011 R'000**	2010 R'000	2009 R'000
13. Long-term borrowings						
13.1 Loans at book value						
Secured loans						
(a) Nedbank Limited The loan expiry date is February 2016. Interest is charged at 2,15% below the prime overdraft rate. The loan is secured by the pledge and cession of shares and loan accounts of certain subsidiaries as well as mortgage bonds over certain properties.	**1 390**	1 390	1 390	**1 390**	1 390	1 390
(b) Nedbank Limited The loan expiry dates are between November 2013 and October 2018. R100 million of the loan bears interest at a fixed rate of 12,06% per annum until May 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**	250 000	250 000	**–**	–	–
(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 and cession of shares in Premium Properties Limited and the shares of certain subsidiaries.	**44 667**	40 255	2 055	**44 667**	40 255	2 055
(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 a mortgage bond over portion 3, 4, 7, 8 and 13 of Erf 212 Silvertondale Extension 1.	**13 619**	13 614	13 612	**–**	–	–
(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 mortgage bonds over various properties.	**65 136**	65 138	2 152	**65 136**	65 138	2 152

Notes to the financial statements *(continued)*

for the year ended 31 August 2011

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	**2011 R'000**	2010 R'000	2009 R'000
13. Long-term borrowings *(continued)*						
13.1 Loans at book value *(continued)*						
(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 mortgage bonds over various properties.	**11 307**	2 306	3 301	**11 307**	2 306	3 301
(g) *Nedbank Limited* The loan expiry date is February 2016. Interest is charged at 1% below the prime overdraft rate. The loan is secured by mortgage bonds over various properties.	**69 000**	69 000	69 000	**69 000**	69 000	69 000
(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 a mortgage bond over Erf 5255 Johannesburg and Erf 1265 Marshalltown.	**53 250**	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 a mortgage bond over Erf 212 portion 7 and 8 Silvertondale Ext 1.	**13 598**	3 599	13 596	**–**	–	–
(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 a mortgage bond over Erf 97, 98, 99, 412 and 413 Johannesburg.	**11 750**	11 750	1 616	**11 750**	11 750	1 616
(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 mortgage bonds over various properties.	**103 186**	105 194	103 232	**103 186**	105 194	103 232
(l) *Nedbank Limited* The loan expiry date is June 2019. Interest is charged at 2% below the prime overdraft rate. The loan is secured by a mortgage bond over Erf 212 Silverton.	**34 021**	34 021	34 015	**–**	–	–
(m) *Nedbank Limited* The loan expiry date is March 2015. Interest is charged at 1% below the prime overdraft rate. The loan is secured by mortgage bonds over various properties.	**39 998**	40 000	–	**39 998**	40 000	–

	GROUP 2011 R'000	GROUP 2010 R'000	GROUP 2009 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000	COMPANY 2009 R'000
13. Long-term borrowings *(continued)*						
13.1 Loans at book value *(continued)*						
(n) ***Nedbank Limited*** The loan expiry date is December 2015. Interest is charged at 1% below the prime overdraft rate. The loan is secured by mortgage bonds over various properties.	**99 600**	40 851	–	**–**	–	–
(o) ***Nedbank Limited*** The loan expiry date is December 2013. Interest is charged at 1,15% below the prime overdraft rate. The loan is secured by bonds over various properties.	**47 949**	–	–	**47 949**	–	–
(p) ***Nedbank Limited*** The loan expiry date is May 2016. Interest is charged at 1,3% below the prime overdraft rate. The loan is secured by bonds over various properties.	**32 000**	–	–	**32 000**	–	–
(q) ***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	12 000	**–**	–	–
(r) ***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 Erf 923 – 927 Johannesburg.	**12 490**	12 490	12 490	**–**	–	–
(s) ***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 a mortgage bond over Erven 3509 and 3039 Pretoria.	**40 000**	40 000	40 000	**–**	–	–
(t) ***Investec Bank Limited*** The loan expiry dates are between September 2011 and March 2014. R63 million of the loan bears interest at 1,5% below the prime overdraft rate until November 2011. The balance of R118 million of the loan bears interest at 1% below the prime overdraft rate until March 2014. The loan is secured by suretyships of certain subsidiaries as well as mortgage bonds over various properties and pledge and cession of shares in Woodmead Mart (Pty) Limited.	**180 887**	121 176	114 075	**180 887**	121 176	114 075

Notes to the financial statements *(continued)*

for the year ended 31 August 2011

	GROUP			COMPANY		
	2011 R'000	2010 R'000	2009 R'000	**2011 R'000**	2010 R'000	2009 R'000
13. Long-term borrowings *(continued)*						
13.1 Loans at book value *(continued)*						
(u) *Investec Bank Limited*	**2 277**	2 556	2 848	**–**	–	–
The loan expiry date is May 2012. Interest is charged at 1,5% below the prime overdraft rate. The loan is secured by a suretyship from Octodec as well as a mortgage bond over Erf 916 and 917 Johannesburg.						
(v) *ABSA Bank Limited*	**17 212**	–	–	**–**	–	–
The loan expiry date is April 2017. R11 million of the loan bears interest at 1,5% below the prime overdraft rate, R4 million at 0,58% above the prime overdraft rate and the balance of R2 million at 4,25% below the prime overdraft rate. The loan is secured by a mortgage bond over sections 1 – 3 of Erf 5187 Johannesburg.						
	1 155 337	918 590	728 632	**607 270**	456 209	296 821
Interest rate derivatives	**18 311**	6 062	–	**17 355**	6 062	–
	1 173 648	924 652	728 632	**624 625**	462 271	296 821
Repayable as follows:						
One to two years	**220 968**	187 153	115 466	**103 186**	180 998	115 466
Two to five years	**496 608**	352 399	246 540	**308 389**	145 194	112 355
More than five years	**244 543**	215 083	297 626	**17 355**	6 062	–
	962 119	754 635	659 632	**428 930**	332 254	227 821
Within one year	**211 529**	170 017	69 000	**195 695**	130 017	69 000
	1 173 648	924 652	728 632	**624 625**	462 271	296 821

The weighted average annual cost of borrowings was 9,7% (2010: 9,9%), which was 0,7% above the prime overdraft rate at year-end.

At year-end 65,6% (2010: 59,7%) of the borrowings were fixed at a weighted average annual interest rate of 10,8% (2010: 10,91%). The remaining loans were financed through variable interest rate borrowings at a weighted average annual interest rate of 7,6% (2010: 8,5%).

	Nominal amount R'000	Interest rate per annum %
Fixed rate borrowings expiry		
April 2013	40 000	13,12
May 2013	53 250	12,72
November 2013	75 000	11,92
April 2018	100 000	12,06
October 2018	75 000	11,72
	343 250	12,18

13. Long-term borrowings *(continued)*

13.1 Loans at book value (continued)

	Nominal amount R'000	Interest rate per annum %
Interest rate derivative maturity:		
January 2014	15 000	11,99
August 2017	200 000	8,96
September 2017	50 000	9,31
January 2018	50 000	9,43
May 2018	50 000	10,13
August 2018	50 000	9,40
Total hedged borrowings	758 250	10,64
Variable rate borrowings (net)	397 087	7,60
Variable rate borrowings	812 087	
Less: Interest rate derivative contracts	(415 000)	
Total borrowings	1 155 337	9,70
Fair value adjustment	18 311	
Total gearing	1 173 648	

13.2 Fair value of long-term loans

	GROUP		GROUP	
	2011 Book value R'000	**2011 Fair value R'000**	2010 Book value R'000	2010 Fair value R'000
Nedbank Limited Loan (a)	**1 390**	**1 390**	1 390	1 390
Nedbank Limited Loan (b)	**250 000**	**269 683**	250 000	260 764
Nedbank Limited Loan (c)	**44 667**	**44 667**	40 255	40 255
Nedbank Limited Loan (d)	**13 619**	**13 619**	13 614	13 614
Nedbank Limited Loan (e)	**65 136**	**65 136**	65 138	65 138
Nedbank Limited Loan (f)	**11 307**	**11 307**	2 306	2 306
Nedbank Limited Loan (g)	**69 000**	**69 000**	69 000	69 000
Nedbank Limited Loan (h)	**53 250**	**56 223**	53 250	56 190
Nedbank Limited Loan (i)	**13 598**	**13 598**	3 599	3 599
Nedbank Limited Loan (j)	**11 750**	**11 750**	11 750	11 750
Nedbank Limited Loan (k)	**103 186**	**103 186**	105 194	105 194
Nedbank Limited Loan (l)	**34 021**	**34 021**	34 021	34 021
Nedbank Limited Loan (m)	**39 998**	**39 998**	40 000	40 000
Nedbank Limited Loan (n)	**99 600**	**99 600**	40 851	40 851
Nedbank Limited Loan (o)	**47 949**	**47 949**	–	–
Nedbank Limited Loan (p)	**32 000**	**32 000**	–	–
Standard Bank of South Africa Limited (q)	**12 000**	**12 000**	12 000	12 000
Standard Bank of South Africa Limited (r)	**12 490**	**12 490**	12 490	12 490
Standard Bank of South Africa Limited (s)	**40 000**	**42 466**	40 000	40 000
Investec Bank Limited (t)	**180 887**	**180 887**	121 176	121 291
Investec Bank Limited (u)	**2 277**	**2 277**	2 556	2 556
ABSA Bank Limited (v)	**17 212**	**17 212**	–	–
	1 155 337	**1 180 459**	918 590	932 409

Assumptions used in determining fair value of fixed interest loans

The average interest rate used to discount the cash flows on the fixed interest loans was 9,55% (2010: 10,16%) based on the quoted swap rate at year-end for the loans with similar maturities. The average credit risk margin used was 1,65% (2010: 1,81%) based on the Group's most recent fixed rate loan agreements with Nedbank Limited.

Notes to the financial statements *(continued)*

for the year ended 31 August 2011

	GROUP			COMPANY		
	2011 R'000	Restated 2010 R'000	Restated 2009 R'000	**2011 R'000**	Restated 2010 R'000	Restated 2009 R'000
14. Deferred taxation						
The deferred tax liability arises from the following temporary differences:						
Tax losses created	**(20 649)**	(14 694)	(12 978)	**(2 166)**	(1 212)	(457)
Allowances	**8 569**	(84)	–	**235**	(806)	–
Fair value adjustments						
Investment properties	**141 087**	140 867	129 835	**52 182**	50 671	48 490
Interest rate derivatives	**(5 127)**	(1 697)	–	**(4 859)**	(1 697)	–
Listed investments	**13 864**	17 536	9 093	**13 864**	17 536	9 093
	137 744	141 928	125 950	**59 256**	64 492	57 126
The movement for the year was as follows:						
Opening balance	**141 928**	125 950	138 037	**64 492**	57 126	68 486
Charges to statements of comprehensive income						
Tax loss created	**(5 955)**	(1 716)	(185)	**(954)**	(755)	(457)
Allowances	**8 653**	(84)	–	**1 041**	(806)	–
Charge to statements of comprehensive income/non-distributable reserves						
Fair value adjustments	**(6 882)**	17 778	(11 902)	**(5 323)**	8 927	(10 903)
Investment property	**220**	11 032	(12 015)	**1 511**	2 181	(11 016)
Interest rate derivatives	**(3 430)**	(1 697)	–	**(3 162)**	(1 697)	–
Listed investments	**(3 672)**	8 443	113	**(3 672)**	8 443	113
Closing balance	**137 744**	141 928	125 950	**59 256**	64 492	57 126
15. Accounts payable						
Trade payables	**28 345**	26 633	20 834	**12 376**	9 967	8 452
Killarney assessment rates	**–**	–	6 381	**–**	–	–
Repairs and maintenance work in progress	**3 366**	3 128	2 255	**863**	802	718
Commission and collection fees payable	**4 746**	–	456	**1 040**	–	–
Other payables	**31 154**	24 616	19 493	**10 127**	8 108	7 972
	67 611	54 377	49 419	**24 406**	18 877	17 142

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

16. Bank overdraft

The Group's overdraft is unsecured and bears interest at 1% (2010: 1%) below the prime overdraft rate.

An overdraft facility of R20 000 000 (2010: R20 000 000) has been arranged and is reviewable on an annual basis

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
17. Revenue earned on contractual basis				
Rental income	**288 924**	273 162	**79 720**	77 425
Straight-line lease adjustment	**4 171**	182	**1 997**	301
Recoveries and other income	**93 823**	58 738	**25 687**	17 583
Rental income and recoveries	**386 918**	332 082	**107 404**	95 309
Management fees	**1 598**	1 598	**8 882**	10 325
	388 516	333 680	**116 286**	105 634
18. Operating profit				
Net rental income from properties is arrived at after taking the following items into account:				
Auditors' remuneration				
Audit fee – current year	**1 026**	890	**1 026**	890
Depreciation and amortisation				
Plant and equipment	**3 670**	3 165	**178**	75
Lease costs	**2 682**	3 149	**398**	213
Fees for services				
Administration fees	**13 200**	10 555	**13 200**	10 555
Collections fees	**22 628**	19 353	**6 152**	5 693
Commissions	**4 310**	3 203	**1 516**	1 215
Provision for losses in subsidiaries	**–**	–	**5 071**	–
Operating lease payment – leasehold property	**4 107**	3 889	**–**	–
Staff costs	**5 654**	3 836	**1 198**	955
Directors' emoluments	**1 400**	872	**1 400**	872
Repairs and maintenance	**21 917**	18 943	**9 429**	6 893
19. Investment income				
Interest received				
Listed investment	**24 173**	19 641	**24 173**	19 642
Other	**1 729**	1 388	**902**	525
	25 902	21 029	**25 075**	20 167
20. Share of profits from associate				
Interest received	**3 904**	7 031	**3 904**	7 031
Equity accounted earnings	**21 956**	20 172	**–**	–
Share of earnings	**8 796**	5 522	**–**	–
Share of revaluation reserve	**13 160**	14 650	**–**	–
	25 860	27 203	**3 904**	7 031

Interest was received at an average annual rate of 9%.

	GROUP 2011 R'000	GROUP 2010 R'000	COMPANY 2011 R'000	COMPANY 2010 R'000
21. Investment income from subsidiaries				
Dividends received	**–**	–	**3 000**	–
Interest received	**–**	–	**63 160**	57 712
	–	–	**66 160**	57 712
22. Finance costs				
Interest on debentures	**114 890**	116 131	**114 890**	116 131
Interest rate derivatives	**11 342**	6 062	**11 293**	6 062
Loans and bank overdraft	**103 218**	84 395	**46 849**	35 551
Less: interest capitalised	**(3 213)**	–	**(593)**	–
	226 237	206 588	**172 439**	157 744

Notes to the financial statements (continued)

for the year ended 31 August 2011

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
23. Taxation				
South African normal taxation				
Current	**175**	512	**–**	–
Deferred taxation				
Fair value adjustments	**(4 004)**	9 337	**(1 651)**	483
Allowances	**8 654**	(84)	**1 041**	(806)
Tax losses created	**(5 955)**	(1 716)	**(954)**	(755)
	(1 130)	8 049	**(1 564)**	(1 078)
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	**78,6**	(8,4)	**(157,4)**	(20,5)
Rate adjustment – IAS 12	**23,7**	(11,2)	**56,8**	(14,4)
Permanent differences	**9,5**	1,0	**(23,2)**	–
Tax losses	**(112,0)**	(1,6)	**–**	(0,5)
Effective tax rate	**(28,2)**	7,8	**(95,8)**	(7,4)

	GROUP		COMPANY	
	2011 R'000	2010 R'000	**2011 R'000**	2010 R'000
24. Minimum future rentals receivable				
Non-cancellable rental lease agreements				
Less than one year	**238 676**	225 812	**72 669**	67 939
Later than one year and not later than five years	**395 481**	370 496	**103 809**	97 520
Later than five years	**74 779**	93 608	**21 852**	26 384
	708 936	689 916	**198 330**	191 843

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

25. *(Loss)/earnings per linked unit (cents)*

The calculation of basic earnings per linked unit is 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 (2010: 89 297 472).

	GROUP 2011	GROUP 2010
Earnings – net (loss)/profit after taxation	**(2 877)**	95 356
Adjusted for:		
Amortisation of deemed debenture premium	**(10 669)**	(10 669)
Profit on sale of investment properties	**(464)**	–
Fair value adjustments		
Associate	**(13 160)**	(14 650)
Investment properties	**17 728**	(82 953)
Deferred taxation	**2 518**	11 259
Headline loss before debenture interest	**(6 924)**	(1 657)
Debenture interest	**114 890**	116 131
Headline earnings	**107 966**	114 474
	Cents	Cents
Earnings and diluted (loss)/earnings per share	**(3,2)**	106,8
Headline loss per share	**(7,8)**	(1,9)
Earnings and diluted earnings per linked unit	**125,4**	236,8
Headline earnings per linked unit	**120,9**	128,2

	GROUP		COMPANY	
		Restated		
	2011	2010	**2011**	2010
	R'000	R'000	**R'000**	R'000
26. Cash generated from operations				
(Loss)/profit before taxation:	**(4 007)**	103 405	**1 632**	14 566
Adjusted for:				
Straight-lining lease adjustment	**(4 171)**	(182)	**(1 997)**	(301)
Debenture interest	**114 890**	116 131	**114 890**	116 131
Fair value adjustment of investment properties	**22 026**	(82 771)	**(8 921)**	(14 945)
Fair value adjustment of interest rate derivatives	**11 342**	6 062	**11 293**	6 062
Capital profit on disposal of investment property	**(464)**	–	**(464)**	–
Finance costs	**100 005**	84 395	**46 256**	35 551
Amortisation of deemed debenture premium	**(10 669)**	(10 669)	**(10 669)**	(10 669)
Investment income and share of profit from associate	**(51 761)**	(49 727)	**(96 737)**	(84 910)
Depreciation and amortisation	**6 352**	3 165	**576**	75
Operating income before working capital changes	**183 543**	171 305	**55 859**	61 560
Decrease/(increase) in accounts receivable	**3 796**	2 852	**(1 674)**	4 778
Increase in accounts payable	**13 234**	4 957	**5 531**	1 734
Cash generated from operations	**200 573**	179 113	**59 716**	68 072
27. Debenture interest paid				
Amounts unpaid at the beginning of the year	**58 284**	59 267	**58 284**	59 267
Amounts charged to the income statement	**114 890**	116 131	**114 890**	116 131
Amounts unpaid at the end of the year	**(57 133)**	(58 284)	**(57 133)**	(58 284)
	116 041	117 114	**116 041**	117 114
28. Taxation paid				
Taxation paid is reconciled to the amounts disclosed in the statements of comprehensive income as follows:				
Amounts unpaid at the beginning of the year	**–**	–	**271**	271
Amounts charged to the income statement	**175**	512	**–**	–
Amounts unpaid at the end of the year	**–**	–	**(57)**	(271)
	175	512	**214**	–
29. Cash and cash equivalents				
Cash and cash equivalents included in the cash flow statements comprise the following balance sheet amounts:				
Cash at bank	**370**	320	**241**	295
Bank overdraft	**(23 167)**	(21 619)	**(23 167)**	(21 619)
	(22 797)	(21 299)	**(22 926)**	(21 324)

Notes to the financial statements (continued)

for the year ended 31 August 2011

30. Change in accounting policy

Octodec and its associate IPS have early adopted the amendment to IAS 12. In terms of the amendment, if a deferred tax liability or asset arises from investment property that is measured using the fair value model in IAS 40, there is rebuttable presumption that the carrying amount will be recovered through sale. Previously a blended tax rate was used with the land component attracting the CGT rate of 14% and the improvement attracting the income tax rate of 28%. This has resulted in the adjustments as reflected below :

	GROUP		COMPANY	
	2010 R'000	2009 R'000	2010 R'000	2009 R'000
Statements of financial position				
Investment in associate				
Balance as previously reported	220 593	218 953	54 598	71 635
Adjustment	21 113	19 618	–	–
Restated balance	241 706	238 571	54 598	71 635
Non-distributable reserves				
Balance as previously reported	1 015 775	894 375	443 058	384 662
Adjustment	127 884	115 451	35 509	33 413
Restated balance	1 143 659	1 009 826	478 567	418 075
Deferred tax liability				
Balance as previously reported	248 700	221 783	100 001	90 539
Adjustment	(106 772)	(95 833)	(35 509)	(33 413)
Restated balance	141 928	125 950	64 492	57 126
Statements of comprehensive income				
Income from associate				
Balance as previously reported	25 708	49 785	7 031	9 248
Adjustment	1 495	4 480	–	–
Restated balance	27 203	54 265	7 031	9 248
Taxation charge				
Balance as previously reported	(18 987)	29 475	(1 018)	18 797
Adjustment	10 938	(17 941)	2 096	(7 537)
Restated balance	(8 049)	11 534	1 078	11 260

31. 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 a surety to Nedbank Property Finance, which at year-end amounted to R223 039 660, in favour of its associate company, IPS Investments (Proprietary) Limited.

32. Commitments

An amount of R54 614 103 (2010: R168 676 275) has been committed by the Group in respect of capital expenditure relating to the improvement and acquisition of certain properties. These developments will be financed by way of existing facilities.

	GROUP	
	2011 R'000	2010 R'000
Operating lease commitments:		
Within one year	**4 224**	3 764
Two to five years	**16 896**	15 056
More than five years	**84 480**	79 044
	105 600	97 864

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.

33. Segmental information

Analysis by property usage	Industrial R'000	Office R'000	Retail R'000	Commercial R'000	Residential R'000	Corporate unallocated R'000	Total R'000
2011							
Revenue							
Rentals and recoveries received	53 972	77 987	132 228	89 436	29 124	–	382 747
Management fee	–	–	–	–	–	1 598	1 598
Straight-line operating lease adjustment	28	(478)	1 815	2 333	473	–	4 171
Total revenue	54 000	77 509	134 043	91 769	29 597	1 598	388 516
Operating profit	27 680	41 950	60 565	51 285	14 011	(14 130)	181 361
Net revaluation of investment properties	12 642	17 030	(56 385)	10 747	(6 060)	–	(22 026)
Revaluation of investment properties	12 670	16 552	(54 570)	13 080	(5 587)	–	(17 855)
Straight-line operating lease adjustment	(28)	478	(1 815)	(2 333)	(473)	–	(4 171)
Amortisation of debenture premium	–	–	–	–	–	10 669	10 669
Profit on sale of investment property	–	–	–	–	–	464	464
Investment income	–	–	–	–	–	51 762	51 762
Profit from ordinary activities before financing costs and taxation	40 322	58 980	4 180	62 032	7 951	48 765	222 230
Assets							
Investment properties	346 419	489 850	808 170	605 332	166 402	–	2 416 173
Plant and equipment	702	10 450	27 433	4 737	1 471	–	44 793
Other assets (unallocated)	–	–	–	–	–	604 318	604 318
Total assets	347 121	500 300	835 603	610 069	167 873	604 318	3 065 284
Total liabilities (unallocated)	–	–	–	–	–	1 822 327	1 822 327

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

Notes to the financial statements *(continued)*

for the year ended 31 August 2011

33. Segmental information *(continued)*

Analysis by property usage	Industrial R'000	Office R'000	Retail R'000	Commercial R'000	Residential R'000	Corporate unallocated R'000	Total R'000
2010							
Revenue							
Rentals and recoveries received	48 862	71 559	123 762	74 446	13 271	–	331 900
Management fee	–	–	–	–	–	1 598	1 598
Straight-line operating lease adjustment	(273)	1 568	460	(1 515)	(58)	–	182
Total revenue	48 589	73 127	124 222	72 931	13 213	1 598	333 680
Operating profit	27 415	37 673	71 429	42 522	7 461	(18 179)	168 321
Net revaluation of investment properties	22 395	45 439	(6 738)	23 198	(1 523)	–	82 771
Revaluation of investment properties	22 122	47 007	(6 278)	21 683	(1 581)	–	82 953
Straight-line operating lease adjustment	273	(1 568)	(460)	1 515	58	–	(182)
Amortisation of debenture premium	–	–	–	–	–	10 669	10 669
Investment income	–	–	–	–	–	48 232	48 232
Profit from ordinary activities before financing costs and taxation	49 810	83 112	64 691	65 720	5 938	40 722	309 993
Assets							
Investment properties	318 046	456 564	824 921	532 788	127 158	–	2 259 477
Plant and equipment	460	8 199	16 475	3 673	1 669	–	30 476
Other assets (unallocated)	–	–	–	–	–	553 570	553 570
Total assets	318 506	464 763	841 396	536 461	128 827	553 570	2 843 523
Total liabilities (unallocated)	–	–	–	–	–	1 574 553	1 574 553

34. Retirement benefits

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

35. Financial risk management

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

35.1 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.

Consistent with others in the industry, the Group monitors capital on the basis of the loan to value ratio. This ratio is calculated as net debt divided by total investments. Net debt is calculated as total borrowings (as detailed in note 13) plus bank overdraft less cash and cash equivalents. Non-current assets as shown on the face of The Statements of Financial Position equal total investments.

	2011 **R'000**	2010 Restated R'000	2009 Restated R'000
Total borrowings (note 13)	**1 173 648**	924 652	728 632
Bank overdraft	**23 167**	21 619	26 260
Less: Cash and cash equivalents	**(370)**	(320)	(188)
Net debt	**1 196 445**	945 951	754 704
Total investments	**3 023 244**	2 797 736	2 447 723
Loan to value ratio	**39,6%**	33,8%	30,8%

Financial covenants

The following financial covenants shall apply in respect of the consolidated financial position of the Group.

Nedbank Group Limited

- An interest cover ratio of at least 1,75 times net income prior to servicing debentures.
- The total debt of the Group shall not exceed an aggregate of 50% of the value of investment properties as per the statement of financial position.

Standard Bank of SA Limited

- The loan to value shall not exceed 55%.
- The Group's overall debt shall not exceed 50% of total assets.
- The ratio of earnings before net interest payable, taxation and any non-cash items in respect of the investment properties to gross interest payable in respect of the loan facility, shall not be less than 1,85 times.
- The ratio of earnings before net interest payable, taxation and any non-cash items to gross interest payable, shall not be less than 1,85 times.

35.2 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 the Board does not consider there to be any material credit risk exposure. The carrying amount of financial assets represents the maximum credit exposure.

Notes to the financial statements (continued)

for the year ended 31 August 2011

35. Financial risk management (continued)

35.3 Interest risk

At 31 August 2011, the Group had borrowings of R1 173 647 280 (2010: R924 651 861) at various negotiated rates.

The weighted average interest rate for 2011 was approximately 9,7% (2010: 10,3%) and 65,6% (2010: 59,7%) of borrowings at year-end were 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 certain portions of long term financing by entering into fixed interest rate contracts as well as swap rate contracts.

Calculations of the fair values for the interest rate swaps are obtained from the applicable banks. These fair values for interest rate swaps are determined based on a mark-to-market valuation by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

At 31 August 2011, Octodec was exposed to changes to market interest rates through bank borrowings. 34,4% (2010: 40,3%) of bank borrowings were subject to variable interest rates. A breakdown of the borrowings is detailed in note 13.

The Group analyses its interest rate exposure on a dynamic basis and calculates the impact on profit and loss of a defined interest rate shift by using different scenarios. The scenarios are calculated only for liabilities that represent the major interest-bearing positions and the impact on post-tax profit. A 0,5% shift would represent a maximum increase or decrease of R1 573 508 (2010: R1 323 047). The calculations are done monthly to verify that the maximum loss potential is within limits.

Cash flow interest rate risk

Financial instrument	Floating interest rate/ interest payable on borrowings per annum R'000	Fixed interest rate/ interest payable on borrowings per annum R'000	Total R'000
Current interest rate	4,75% – 9,58%	11,72% – 13,12%	
Due in less than one year	61 511	50 900	112 411
Due in one to two years	65 961	46 893	112 854
Due in two to three years	76 711	31 429	108 140
Due in three to four years	77 742	29 939	107 681
Due in four to five years	77 929	29 939	107 868
Due in six to eight years	250 460	49 761	300 221

35.4 Liquidity risk

The Company's risk to liquidity is a result of the 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 relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed are the undiscounted cash flows.

	Less than 1 year R'000	Between 1 and 2 years R'000	Between 2 and 5 years R'000	Over 5 years R'000
Borrowings	211 529	220 968	496 608	244 543
Trade and other payables	67 611	–	–	–
Bank overdraft	23 167	–	–	–
Distribution to unitholders	57 133	–	–	–

35. Financial risk management *(continued)*

35.5 Fair value hierarchy

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

	Level 1 R'000	Level 2 R'000	Level 3 R'000	Total R'000
2011				
Financial assets				
Listed investment	**310 390**	**–**	**–**	**310 390**
Cash and cash equivalents	**370**	**–**	**–**	**370**
Total	**310 760**	**–**	**–**	**310 760**
Financial liabilities				
Derivative – interest rate swaps	**–**	**18 311**	**–**	**18 311**
Total	**–**	**18 311**	**–**	**18 311**
2010				
Financial assets				
Listed investment	266 078	–	–	266 078
Cash and cash equivalents	320	–	–	320
Total	266 398	–	–	266 398
Financial liabilities				
Derivative – interest rate swaps	–	6 062	–	6 062
Total	–	6 062	–	6 062

35.6 Categories of financial instruments

	2011 R'000	2010 R'000	2009 R'000
Financial assets			
Cash and bank balances	**370**	320	188
Loans and receivables			
Accounts receivable	**41 670**	45 467	48 319
Available-for-sale financial assets			
Listed investment	**310 390**	266 078	154 038
Financial liabilities			
Cash and bank balances	**23 167**	21 619	26 260
Fair value through profit or loss (FVTPL)			
Held for trading – interest rate derivatives	**18 311**	6 062	–
Loans and other financial liabilities at amortised cost			
Accounts payable	**67 611**	54 377	49 419
Linked unitholders for distribution	**57 133**	58 284	59 267
Debenture capital and premium	**363 024**	373 693	384 362
Long-term borrowings	**943 808**	748 573	659 632
Short-term borrowings	**211 529**	170 017	69 000

Notes to the financial statements (continued)

for the year ended 31 August 2011

36. Related party transactions

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

Related parties where control existed during the year are as follows:
Directors: DP Cohen; MJ Holmes; MZ Pollack; AK Stein; A Wapnick; JP Wapnick; S Wapnick.
Company: City Property Administration (Proprietary) Limited

Related parties where control did not exist during the year are as follows:
Company: IPS (Proprietary) Limited (see notes 8,17 and 20)
Premium Properties Limited

Related parties with whom the Group transacted during the year:

36.1 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 above-mentioned 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% plus VAT of gross receipts
	Residential:	7,5% plus VAT of gross receipts
	Offices:	7,5% plus VAT of gross receipts for lettable units smaller than 500m^2 and the remainder at 5% plus VAT of gross receipts
Major repairs and renovations:		5% plus VAT of cost between R30 000 and R10 million and 3% of cost above R10 million.
Properties disposed of:		Institute of Estate Agents recommended tariff and in excess of R6,0 million by agreement between parties.
Letting fee:	Commercial:	50% plus VAT of the SAPOA tariff in respect of new commercial leases and R2 000 plus VAT or 50% plus VAT of the first month's rental, whichever is the lesser in respect of existing leases.
	Residential:	R1 000 plus VAT in respect of new residential leases.
Acquisition of properties:		3% plus VAT of cost and if in excess of R10 million by agreement between parties.
New construction and development:		By agreement between parties, but not less than 3% of the cost.

36. *Related party transactions (continued)*

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

	GROUP		
	2011 R'000	2010 R'000	2009 R'000
Type of transactions:			
Income			
Rent received	**2 922**	2 390	
Expenditure			
Administration fees	**13 200**	10 555	
Collection fees	**22 628**	19 353	
Commissions paid	**4 197**	3 056	
Investment property			
Commissions paid on sale and purchase of investment property and major improvements	**5 036**	4 619	
Accounts payable			
Creditor	**4 746**	1 471	

36.2 *Tugendhaft 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	**158**	510	

36.3 *Related party transactions with subsidiaries have been disclosed in notes 7, 18 and 21.*

36.4 *Details of directors' remuneration are set out on page 25.*

Schedule of investment properties owned by the Group

for the year ended 31 August 2011

Property name	Address	% of portfolio	2011 Property value (R'000)	2010 Property value (R'000)
Pretoria Central				
Centre Forum*	89 Van der Walt Street	**2,1**	**51 485**	58 756
CPA House*	Cnr Du Toit, Proes and Vermeulen Street	**1,5**	**36 549**	33 438
Dusku	Cnr Du Toit and Schoeman Street	**0,1**	**1 243**	1 142
Indacom	130 Struben Street	**0,6**	**13 548**	11 957
	116 Struben Street			
	117 Bloed Street			
Letari Building	276 Proes Street	**0,2**	**5 959**	5 566
McCarthy Church Street*	Cnr Church and Vermeulen Street	**0,2**	**26 279**	23 984
Potproes*	37 Pretorius Street	**1,0**	**23 648**	20 901
	233 Potgieter Street			
	237 Potgieter Street			
	Cnr Potgieter and Pretorius Street			
Prinsben	349 Prinsloo Street	**0,3**	**6 506**	5 987
Prinstruben	360 Struben Street	**0,3**	**5 602**	4 906
Provincial House	Cnr Van der Walt and Brown Street	**0,3**	**7 505**	7 725
Scott's Corner	Cnr Van der Walt and Bloed Street	**0,6**	**15 749**	18 561
Sharp Centre	13 Pretorius Street	**0,2**	**5 015**	4 542
SKD	70 Visagie Street	**0,3**	**7 634**	6 917
	87 Visagie Street			
	78 Visagie Street			
Steynscor*	35 Van der Walt Street	**1,6**	**38 586**	40 816
Time Place	153 Pretorius Street	**1,3**	**31 066**	28 739
Tuel	501 Paul Kruger Street	**0,2**	**3 747**	3 747
Valcourt	336 Struben Street	**0,3**	**7 396**	6 598
Viskin	18 Visagie Street	**0,1**	**1 265**	1 162
		11,7	**288 782**	**285 444**
Pretoria West				
Airoterp	302 DF Malan Drive	**0,1**	**2 983**	3 201
Dirk du Toit	323 Mitchell Street	**0,3**	**7 129**	7 129
	325 & 327 Mitchell Street			
Goleda Properties	523 Carl Street	**0,9**	**21 761**	20 239
	529 Carl Street			
	536 Mitchell Street			
	546 Mitchell Street			
	40 Rose-Etta Street			
Henwoods	403 Mitchell Street	**0,5**	**11 738**	10 455
Lasmitch Properties	120 Mitchell Street	**0,2**	**6 101**	5 803
Lutbridge Properties	535 Church Street	**0,4**	**10 824**	10 464
	541 Church Street			
Metromitch*	563 Carl Street	**1,0**	**25 504**	25 897
	552 Mitchell Street			
	582 Mitchell Street			
	564 Mitchell Street			
Mitchpap	Cnr Mitchell and Ketjen Street	**0,4**	**9 462**	9 387

Description of buildings	Rental income (R'000)	Site area (m²)	GLA (m²)	Property value per GLA	Vacancy %
Shops and offices	5 780	8 922	6 915	7 445	3,0
Shops, offices and parking	4 786	5 104	7 444	4 910	5,0
Motor showroom	138	334	351	3 540	–
Shops and warehouses	750	3 245	2 593	2 203	–
Warehouses	449	1 907	2 346		–
Shops	382	1 512	1 210		–
Shops, offices and warehouses	783	2 561	3 281	1 816	–
Showrooms	2 630	6 461	3 199	8 215	–
Shops, workshop and motor showroom	739	5 439	2 005	2 366	5,9
Motor showroom	82	638	333		–
Workshop and warehouse	329	1 914	1 000		–
Filling station, shops and workshops	1 867	22 208	6 659		18,0
Shops	756	2 552	1 312	4 959	11,7
Shops	688	2 552	1 884	2 973	–
Shops and offices	969	1 060	2 939	2 554	65,7
Showroom and warehouse	1 937	5 104	5 371	2 932	26,2
Shops, office and showrooms	731	2 552	2 115	2 371	–
Shops and warehouse	412	2 339	1 276	1 797	–
Offices	466	3 737	1 381		–
Shops and warehouse	335	1 886	1 592		–
Shops and offices	4 253	5 104	3 676	10 497	15,8
Shops and 144 flats	5 317	1 429	5 405	5 748	4,0
Shops	510	740	1 115	3 360	77,8
Shops, offices and warehouses	954	3 480	2 562	2 887	–
Workshop	131	3 536	313	4 049	–
	36 174	**96 316**	**68 277**	**4 230**	**10,3**
Shops	271	2 332	1 361	2 191	–
Workshop	226	1 152	1 141	2 451	–
Shop and workshop	532	2 856	1 768		17,3
Warehouse	447	4 283	3 727	1 973	10,4
Workshops and warehouse	373	1 428	1 568		32,8
Filling station	214	2 855	518		–
Filling station, shops, factories and 10 flats	854	3 847	3 634		8,8
Shops, showroom and workshops	376	2 674	1 583		28,4
Factories	1 447	5 710	3 446	3 406	–
Warehouse and showroom	740	2 855	1 859	3 282	–
Shops and warehouse	197	1 428	531	2 049	–
Shops, filling station and warehouse	1 118	5 710	4 751		6,7
Shops, showroom and warehouse	286	2 855	2 842	2 613	59,4
Shops, showroom and warehouse and 36 flats	1 888	3 765	2 784		14,0
Shops and warehouses	393	3 827	1 648		–
Shops and warehouse	388	2 855	2 485		48,6
Shops and warehouses	1 289	5 710	4 592	2 060	–

Schedule of investment properties owned by the Group (continued)

for the year ended 31 August 2011

Property name	Address	% of portfolio	2011 Property value (R'000)	2010 Property value (R'000)
Nedwest Centre*	360 Mitchell Street	1,3	28 802	24 596
Panag Investments	395 Mitchell Street	0,3	5 299	4 974
Rovon Investments	73 Rose-Etta Street	0,5	12 392	14 917
Southwest Properties	71 Von Wielligh Street	0,3	8 406	8 021
		6,1	150 401	145 083
Waverley, Gezina, Mayville				
Fawn	702 Paul Kruger Street	0,5	13 180	14 435
	789 Paul Kruger Street			
Frederika Straat	606 Frederika Street	0,2	5 275	6 281
Gezina City Shopping Centre*	593 Michael Brink Street	1,9	46 610	50 714
Karkap Properties	595 Frederika Street	0,2	3 836	3 836
Swemvoor	545 Voortrekkers Street	0,3	6 762	6 589
	537 Voortrekkers Street			
Troymona	1146 Hertzog Street	0,0	613	613
	764 32nd Avenue			
Waverley Plaza Shopping Centre*	1120 Hertzog Street	4,8	117 717	112 292
		7,9	193 993	194 761
Hermanstad				
Das	559 Moot Street	–	–	3 800
Erf One Eight One*	629 Kruger Street	1,1	27 742	24 154
Hannyhof Centre	387 Van der Hoff Road	0,2	4 957	4 972
	Cnr Van der Hoff, Elsa and Hanny Street			
Hardwood	720 Rood Street	0,0	1 178	1 712
Pretboy	578 Attie Street	0,1	2 636	2 208
Talkar	386 Taljaard Street	0,5	13 173	13 937
		2,0	49 686	50 783
Silverton and surrounding				
Janvoel	266 Stormvoel Street	0,2	4 796	4 110
Mundtstreet	329 Mundt Street	0,4	9 538	8 861
	331 Mundt Street			
Sildale Park*	Cnr Asetileen, Conveyor and Voorhamer Street	3,4	84 613	80 441
		4,0	98 947	93 412
Pretoria North				
Erf Agt Nul Nege	Cnr Gerrit Maritz and Danie Theron Street	0,2	5 400	4 376
Erf Six Five One	319 Koos de la Rey Street	0,2	3 888	3 817
North Place	284 Eeufees Street	0,4	8 860	8 418
Ramreg	590 Gerrit Maritz Street	0,0	1 224	1 224
	284 Eeufees Street			
Tronap Investments	457 Gerrit Maritz Street	0,2	4 928	4 676
		1,0	24 300	22 511
Pretoria East				
Elarduspark Shopping Centre*	837 Barnard Street	5,4	131 694	131 907
		5,4	131 694	131 907

Description of buildings	Rental income (R'000)	Site area (m^2)	GLA (m^2)	Property value per GLA	Vacancy %
Shops, filling station, warehouses and workshops	3 314	40 740	9 348	3 081	–
Shops and workshops	663	2 855	1 878	2 822	–
Shops, workshops and warehouses	1 318	9 719	3 855	3 215	34,7
Warehouses and workshops	827	2 855	1 965	4 278	27,9
	17 162	**112 311**	**57 284**	**2 626**	**13,0**
Shops and motor valet	135	1 991	685	2 496	–
Shops	1 213	7 560	4 596		52,4
Shops	653	2 552	1 591	3 315	0,4
Shopping centre	3 770	43 153	16 203	2 877	4,9
Shops	451	2 552	1 163	3 299	–
Shops and offices	712	2 552	2 378	2 430	16,8
Showroom	204	1 584	405		–
House	107	1 018			
House		1 276			
Shopping centre	13 553	36 215	11 827	9 953	7,6
	20 798	**100 453**	**38 848**	**4 994**	**11,6**
Shops	602	1 983	–	–	–
Factories, workshops and warehouses	3 190	30 610	12 554	2 210	2,5
Shops	497	3 750	1 177	2 879	8,4
Shops	147	1 983	545		29,5
Warehouse	203	5 239	1 150	1 024	–
Factories	337	5 102	926	2 846	–
Factories, workshops and warehouses	1 515	10 207	5 709	2 308	–
	6 492	**58 874**	**22 061**	**2 252**	**2,6**
Shops	561	4 460	1 760	2 725	–
Factories	704	5 998	6 531	1 460	–
Factories		6 245			
Industrial units	9 178	63 120	22 392	3 779	4,3
	10 443	**79 823**	**30 683**	**3 225**	**3,1**
Shops	653	2 552	1 757	3 073	22,9
Factories	411	2 552	1 320	2 945	–
19 flats	1 288	3 828	1 896	4 673	12,8
Shops and offices	130	2 552	100	12 238	28,0
House	57	1 276			
Shops	661	2 552	1 459	3 378	24,5
	3 200	**15 312**	**6 532**	**3 720**	**15,8**
Shopping centre	14 190	31 976	11 652	11 302	4,0
	14 190	**31 976**	**11 652**	**11 302**	**4,0**

Schedule of investment properties owned by the Group *(continued)*

for the year ended 31 August 2011

Property name	Address	% of portfolio	2011 Property value (R'000)	2010 Property value (R'000)
Sundry				
Durban	26 Cross Street	0,2	2 745	4 640
Landkirk	568 Bonita Crescent	0,1	2 684	2 903
Rentmeester Office Park*	74 Watermeyer Street	3,1	111 442	96 973
Tiny Town	700 Church Street	0,7	16 847	20 168
	694 Church Street, Arcadia			
	191 Blackwood Street			
		5,4	**133 718**	**124 684**
Johannesburg and surrounding				
CCMA Place*	Cnr Woburn and Rothsay Avenue, Benoni	0,8	19 420	17 829
John Street*	18 – 20 John Street	1,5	36 795	34 316
Killarney Mall*	34 – 54 Fourth Street & Riviera Road, Killarney	20,4	501 569	535 224
Kyalami Crescent*	Kyalami Business Park, Kyalami	2,1	51 902	51 926
McCarthy Midrand*	New Road	1,5	36 330	28 349
Pretwade	Strauss Crescent, Germiston	0,2	4 744	5 579
Selby 515*	15 Prop Street, Selby	0,7	16 667	15 088
Woodmead Value Mart*	Waterval Crescent, Woodmead	7,1	174 609	159 539
		34,2	**842 036**	**847 852**
Johannesburg CBD				
Anderson Place*	9 Harrison Street	1,0	25 753	23 296
Bosman Building*	99 Eloff Street	1,5	36 975	35 885
Castle Mansions*	170 Jeppe Street	1,8	44 160	44 007
Dan's Place*	165 Jeppe Street	1,3	31 810	15 489
Elephant House*	107 Market Street	0,7	17 831	10 597
Eloff Ext Mini Units	Cnr Roper and New Centre Street	0,3	6 593	6 593
Essenby*	175 Jeppe Street	1,4	34 653	–
Fine Art Court*	103 Pritchard Street	0,3	6 397	10 406
Fine Art House*	105 Pritchard Street	0,2	5 232	5 763
Inner Court*	88 Eloff Street	6,0	148 735	122 928
Kerk Street*	Cnr Kerk and Joubert Street	1,3	32 218	–
Klamson House*	151 Commissioner Street	1,3	30 868	26 216
Medical City*	106 Eloff Street	0,5	13 482	13 364
Medical Towers*	179 Jeppe Street	0,6	15 228	–
Presmooi	Cnr Mooi, President and Pritchard Street	0,3	9 253	9 038
Raschers*	70 Loveday Street	0,2	6 052	–
Record House*	86 Eloff Street	0,5	12 402	11 465
Reliance Centre*	107 Heidelberg Road	0,5	12 396	8 547
Temple Court*	169 Jeppe Street	0,4	8 832	–
Union Club*	Cnr Bree & Joubert Street	1,2	28 814	28 598
Works @ Registry*	64 Troye Street	0,8	19 724	21 323
		22,2	**547 408**	**393 516**
Total	**	**100,0**	**2 460 966**	**2 289 952**

** Properties securing long-term borrowings (notes 2 and 13)*

*** Including plant and equipment, operating lease assets and lease costs capitalised*

Description of buildings	Rental income (R'000)	Site area (m²)	GLA (m²)	Property value per GLA	Vacancy %
Shops and flats	703	553			
Warehouse and workshop	165	2 334	1 265	2 121	55,9
Offices	13 276	19 215	12 184	9 147	0,5
Cottages	1 055	5 108	1 333	10 316	6,4
Vacant land		5 378			
House	99	1 057			
	15 298	**33 645**	**14 782**	**9 046**	**5,8**
Shops and offices	2 508	1 784	4 100	4 737	3,8
Office and shops	4 537	19 467	14 371	2 560	–
Shopping centre	59 039	57 603	46 939	10 686	6,0
Warehouses	4 628	21 967	9 800	5 296	22,0
Offices and other	3 508	9 173	3 692	9 840	–
Workshops	777	6 719	3 380	1 404	25,2
Warehouses	2 232	12 270	6 777	2 459	–
Shopping centre	22 742	42 255	18 137	9 627	–
	99 971	**171 238**	**107 196**	**7 855**	**6,8**
Shops and offices	3 260	992	5 441	4 733	–
Shops and offices	4 752	2 234	15 809	2 339	61,1
Shops and 123 flats	6 453	991	6 335	6 971	1,3
Shops and offices	1 069	1 242	10 651	2 987	95,8
Shops and offices	656	991	4 834	3 689	100,0
Factories	700	4 460	3 545	1 860	19,8
Shops and 116 flats	4 333	3 023	7 254	4 777	4,4
Shops and 35 flats	1 315	250	1 499	4 267	–
Shops and offices	171	499	3 099	1 688	96,1
Shops and offices	19 643	3 735	23 506	6 328	7,0
Shops	3 006	1 490	4 808	6 701	–
Shops and offices	3 556	993	5 794	5 328	19,6
Shops and offices	1 718	979	8 015	1 682	63,7
Shops, offices and three flats	2 363	992	5 638	2 701	34,1
Shops and offices	1 163	2 975	3 664	2 525	11,5
Shops	236	890	1 005	6 022	19,5
Shops and 41 flats	1 796	249	2 007	6 179	–
Shops and offices	1 354	11 397	6 967	1 779	10,7
Shops and 45 flats	1 414	248	2 136	4 135	69,8
Shops and 72 flats	3 837	1 142	3 762	7 659	7,0
Shops	2 401	1 994	10 393	1 898	63,9
	65 196	**41 766**	**136 162**	**4 020**	**35,5**
	288 924	**741 714**	**493 477**	**4 987**	**15,9**

Schedule of investment properties owned by IPS Investments (Pty) Limited

as at 31 August 2011

Property name	Address	Description of buildings	Property value (R'000)	GLA (m^2)	% held by IPS
Arcadia					
Craig's Place	45 Beatrix Street	154 flats – Development	43 107	5 910	100
Nedbank Plaza	175 Beatrix Street	144 flats, offices, shops	168 809	25 424	100
			211 916	**31 334**	
Pretoria Central					
Callaway	133 Church Street (West)	Shop, warehouse	4 564	1 777	100
Centre Place	267 Church Street	234 flats, shops	134 168	13 663	100
City Corner(1)	215 Bosman Street	Shop	2 062	500	100
City Corner(2)	149 Church Street (West)	Shops	4 743	628	100
City Corner(3)	143 Church Street (West)	Shops	4 976	641	100
City Towers	227 Van der Walt Street	Shop, offices	16 071	3 585	100
Marchie Mansions	137 Schoeman Street	Yard – parking	5 118	4 841	100
Navy House	Cnr Vermeulen and Van der Walt	Shops, offices	30 758	7 325	100
Tom's Place	227 Minnaar Street	320 flats	118 400	9 984	100
			320 860	**42 944**	
Hatfield					
Blagil	1117 Church Street	House	1 229	224	100
Talland(2)	1251 Schoeman Street	Shop	6 086	570	100
			7 315	**794**	
Sunnyside					
Karelia Flats	135 Mears Street	48 flats	10 515	1 728	100
Les Nize Flats	507 Leyds Street	55 flats	11 705	2 475	100
Selmar Flats	436 Leyds Street	19 flats	5 742	1 470	100
Unity Heights	285 Esselen Street	24 flats	15 405	4 104	100
			43 367	**9 777**	
Pretoria, Other					
Lenchen Centre	9 Jakaranda Street, Hennopspark Ext 7	Shops	28 905	3 874	100
Imbuia Flats	180 Inner Crescent, Kwaggasrand	11 flats	3 216	1 100	100
Jakaranda Flats	180 Inner Crescent, Kwaggasrand	33 flats	8 927	2 970	100
Kiaat Flats	180 Inner Crescent, Kwaggasrand	40 flats	10 425	3 600	100
Mimosa Flats	180 Inner Crescent, Kwaggasrand	18 flats	5 538	1 800	100
Syringa Flats	180 Inner Crescent, Kwaggasrand	40 flats	11 033	3 790	100
Grariv	680 Lievaart Street, Proclamation Hill Ext 1	two flats	667	270	100
Andpot	1005 Kruger Avenue, Lyttelton Manor Ext 4	Warehouses	4 872	1 638	100
			73 583	**19 042**	

Property name	Address	Description of buildings	Property value (R'000)	GLA (m²)	% held by IPS
Johannesburg					
119 Market Street	119 Market Street	Shops	3 992	1 639	100
121 Market Street	121 Market Street	Shops	2 003	613	100
Works@Main	195 Main Road and Cnr Nugget Street	Shops, offices	5 999	5 030	100
Kings City Parkade	Cnr Bree and Eloff Streets	Shops and parkade	36 990	3 458	100
Mr Price	Cnr Market and Von Brandis Street	Shops, offices	28 645	3 082	100
Ricci's Place	Cnr Rissik, Commissioner and Joubert Streets	281 flats, shops	101 950	17 200	100
Splendid Place	118 Pritchard Street	150 flats, shops	54 376	8 411	100
Tali's Place	Cnr Goud Street and Market Street	337 flats, shops	113 165	17 209	100
Wits Technikon	Cnr De Villiers, Eloff and Plein Streets	College and school	35 967	16 937	100
Erand Gardens	George Street, Midrand	Offices	25 523	2 589	100
Bram Fischer Towers	20 Albert Street, Marshalltown	Shops, offices	38 238	11 171	100
CPA Place	19 Loveday Street, Marshalltown	107 flats, offices	30 702	4 544	100
Howard House	23 Loveday Street, Marshalltown	Shops, offices	6 074	1 379	100
Education Centre	Cnr Plain, Hoek and Bree Streets	Shops, offices	23 829	10 104	100
			507 453	**101 366**	
Johannesburg, other					
Druthon Centre	48 Voortrekker Road, New Redruth, Alberton	Offices, shops	12 835	2 771	100
Springs Industrial Park	166 Watt Road, Springs	Warehouses	8 500	9 119	100
			21 335	**11 890**	
Total			**1 185 829**	**203 133**	
Joint Ventures					
Blaauw Village	283 Ben Viljoen Street, Pretoria North	Shopping centre	39 025	6 806	50
Gerlan	322 Voortrekker Road, Gezina	Motor showroom	51 478	5 174	50
Kempton Place	12 Pretoria Road, Kempton Park	Shops, offices, 469 flats	269 067	36 718	50
Vuselela Investments					
Plaza Place	Cnr Rissik & Jeppe Street, Johannesburg	Shops, 214 flats	57 226	10 395	50
Royal Place	Cnr Kerk & Eloff Street, Johannesburg	Shops, offices, 155 flats	98 051	15 858	50
Steyns Place	274 Schoeman Street, Pretoria	Shops, 381 flats	127 561	17 898	50
Vuselela Place	Cnr Loveday & Bree Street, Johannesburg	Shops, offices, 193 flats	59 681	9 043	50
			702 089	**101 892**	

Schedule of interest in subsidiaries

for the year ended 31 August 2011

Subsidiary name (Pty) Limited	**Cost of shares 2011 R**	Cost of shares 2010 R	**Amounts owing by/(to) subsidiaries 2011 R**	Amounts owing by/(to) subsidiaries 2010 R
Airoterp Share Block	**100**	100	**(100)**	(100)
Alert Investments Share Block	**600**	600	**(600)**	(600)
Anke Properties	**1 000**	1 000	**(12 498 133)**	1 458 265
Carine Properties Share Block	**107 875**	107 875	**(200)**	(200)
Cold Air Investments Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Das Properties Investments Share Block	**–**	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)
Gezfarm Properties Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Goleda Properties Share Block	**200**	200	**(200)**	(200)
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	**(16)**	(16)
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	**232 017 236**	166 888 647
Landkirk Properties	**20 800**	20 800	**(2 097 203)**	1 542 630
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	**(9 791 313)**	5 413 854
Octprop Properties	**100**	100	**21 577 937**	21 756 317
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	**202 412 763**	170 406 002
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)

Subsidiary name (Pty) Limited	**Cost of shares 2011 R**	Cost of shares 2010 R	**Amounts owing by/(to) subsidiaries 2011 R**	Amounts owing by/(to) subsidiaries 2010 R
Prinstruben Share Block	**1 000**	1 000	**(1 000)**	(1 000)
Ramreg Properties	**1**	1	**6 490 011**	6 311 856
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	**(290 828)**	(290 828)
Steynscor Share Block	**18**	18	**(18)**	(18)
Swemvoor Share Block	**100**	100	**(100)**	(100)
Talkar Properties Share Block	**100**	100	**(100)**	(100)
Tribeca Properties	**11 752 737**	–	**1 918 308**	–
Tronap Investments Share Block	**100**	100	**(100)**	(100)
Tuel Share Block	**300**	300	**(300)**	(300)
Viskin Share Block*	**1 000**	1 000	**(1 000)**	(1 000)
Waverley Plaza Properties	**794 399**	794 399	**84 662 960**	78 256 354
Woodmead Mart	**3 438 345**	3 438 345	**85 568 054**	87 603 398
	33 090 627	21 338 190	**609 935 923**	539 312 326

** Ceded shares securing long-term borrowings (notes 6 and 13)*

Linked unitholders' analysis

or the year ended 31 August 2011

	Number of unitholders	%	Number of units	%
Unitholders' classification				
1 – 1 000 shares	308	20,64	181 169	0,20
1 001 – 10 000 shares	790	52,95	3 300 923	3,70
10 001 – 100 000 shares	319	21,38	9 568 154	10,71
100 001 – 1 000 000 shares	62	4,16	18 822 562	21,08
1 000 001 shares and over	13	0,87	57 424 664	64,31
	1 492	100,00	89 297 472	100,00
Unitholders' profile				
Banks	7	0,47	691 433	0,77
Close corporations	35	2,35	5 059 098	5,67
Endowment funds	39	2,61	1 671 080	1,87
Individuals	1 055	70,71	9 625 986	10,78
Insurance companies	13	0,87	1 589 842	1,78
Investment companies	3	0,20	25 580 607	28,65
Mutual funds	22	1,47	5 447 792	6,10
Nominees and trusts	195	13,07	13 694 587	15,34
Other corporations	8	0,54	42 410	0,05
Private companies	76	5,09	21 859 502	24,48
Public companies	3	0,20	107 240	0,12
Retirement funds	36	2,41	3 927 895	4,40
	1 492	100,00	89 297 472	100,00
Public/non-public unitholders				
Non-public shareholders				
– Directors and family	35	2,35	32 025 544	35,86
Public shareholders	1 457	97,65	57 271 928	64,14
	1 492	100,00	89 297 472	100,00
Beneficial unitholders holding 3% or more				
Directors and family			32 025 544	35,86
Rand Merchant Bank			25 578 159	28,64
Government Employees Pension Fund			3 225 294	3,61

Share trading analysis

2010/2011	Highest (cents)	Lowest (cents)	Volume traded (units)	Volume traded (rands)
September 2010	1 870	1 710	1 656 671	29 957 285
October	2 045	1 860	883 372	16 922 494
November	1 910	1 730	2 977 281	55 052 055
December	1 800	1 515	1 486 519	25 908 174
January	1 750	1 600	2 132 892	35 547 978
February	1 700	1 600	3 569 383	58 938 191
March	1 900	1 625	3 038 649	51 204 548
April	1 950	1 855	418 498	7 890 994
May	1 865	1 750	165 966	2 988 028
June	1 800	1 650	382 068	6 559 795
July	1 780	1 650	1 180 147	20 234 739
August 2011	1 700	1 400	1 909 209	29 854 135

Notice of annual general meeting

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 nineteenth annual general meeting of linked unitholders of Octodec will be held on Friday, 3 February 2012 at 11:30 am at CPA House, 101 Du Toit Street, Pretoria, for the following purposes:

1. **Special Resolution 1 – Approval to provide financial assistance**

   "Resolved in terms of section 45(3)(a)(ii) of the Companies Act, 71 of 2008 ("the Act"), as a general approval, that the Board of the Company may, from time to time, authorise the Company to provide any direct or indirect financial assistance, as defined in section 45(1) of the Act, as the Board may deem fit to any related or inter-related company or corporation as contemplated in section 45(2) of the Act, for such amounts and on such terms and conditions as the Board of the Company may determine, provided that the aforementioned approvals shall be valid until the date of the next annual general meeting of the Company."

   The reason for and effect of this Special Resolution 1 is to grant the directors of the Company the authority until the next annual general meeting to provide financial assistance to any company or corporation which is related or inter-related to the Company, with a view, *inter alia*, to enable the Company to grant loans to and guarantee the debts of its subsidiaries. This means that the Company is authorised to grant loans to its subsidiaries and to guarantee the debt of its subsidiaries.

   In terms of the Act, which became effective on 1 May 2011, companies are required to obtain the approval of their shareholders by way of special resolution in order to provide financial assistance to subsidiaries. In terms of the approval granted, the Company will be authorised to grant loans to its subsidiaries and to guarantee the debts of its subsidiaries.

2. **Special Resolution 2 – 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 48 of the Act, and the JSE Limited ("JSE") Listings Requirements, 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 Memorandum of Incorporation of the Company, the provisions 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-parties;
   (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 Memorandum of Incorporation;
   (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 of 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 have 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) it reasonably appears that the Company will satisfy the solvency and liquidity test immediately after completing the proposed distribution as contemplated in section 46(1)(b) of the Act;
   (j) the Board of the Company, by resolution, has acknowledged that it has applied the solvency and liquidity test, as set out in section 4 of the Act, and reasonably concluded that the Company will satisfy the solvency and liquidity test immediately after completing the proposed distribution, as contemplated in section 46(1)(c) of the Act;
   (k) the Company and the Group are in a position to repay their debts in the ordinary course of business for a period of twelve months after the date of such repurchase;

Notice of annual general meeting *(continued)*

(l) the assets of the Company and the Group being fairly valued, are in excess of the liabilities of the Company and the Group for a period of twelve months after the date of such repurchase;

(m) the capital and reserves of the Company and the Group are adequate for a period of twelve months after the date of such repurchase;

(n) 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;

(o) 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; and

(p) the Company appoints only one agent to effect any repurchase on its behalf."

The reason for and effect of the 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 integrated 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 13
- Major beneficial linked unitholders – page 70
- Directors' interest in securities – page 26
- Share capital of the Company – page 41

Litigation statement

The directors of the Company whose names appear on page 13 of the integrated report of which this notice forms part, are not to the best of their knowledge or belief 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 13 of the integrated report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this 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 integrated 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.

3. Special Resolution 3 – Approval of directors' remuneration for the period 1 September 2011 to 31 August 2012

"Resolved that the annual remuneration payable to directors for Board and committee membership be increased with effect from 1 September 2011 as follows:

	2012	2011
• Board Chairman (S Wapnick)	**220 000**	200 000
• Non-executive directors (DP Cohen, MJ Holmes, MZ Pollack)	**176 000**	160 000
• Audit committee members (DP Cohen, MJ Holmes, MZ Pollack)	**44 000**	40 000
• Executive directors (AK Stein, JP Wapnick)	**220 000**	200 000

The reason for and effect of Special Resolution 3 is to pre-approve the fees payable to the directors for Board and committee membership as required in terms of sections 66(8) and (9) of the Act.

4. Ordinary Resolution 1 – Approval of the financial statements

"Resolved that the annual financial statements of the Company and the Group that accompanied the notice of the annual general meeting, for the year ended 31 August 2011, including the directors' report and independent auditors' reports, be adopted and approved."

5. Ordinary Resolution 2 – Approval of the directors' past remuneration

"Resolved that the directors' past remuneration as disclosed on page 25 of the integrated report of which this notice forms part, is hereby approved."

6. Ordinary Resolution 3 – Reappointment of retiring directors

"Resolved that the reappointment of the following directors, who retire by rotation in terms of the Memorandum of Incorporation, but being eligible, have offered themselves for re-election, be authorised and confirmed by a separate resolution in respect of each reappointment:

6.1 MZ Pollack

Myron Pollack (64) is a chartered accountant and has a wealth of experience in the property industry. He serves on the Board of Premium Properties Limited.

6.2 AK Stein

Anthony Stein (44) is a chartered accountant and serves on the Board of Premium Properties Limited. He has a wealth of experience in finance, a listed company environment and in the property industry.

The performance and contribution of each of the above directors has been reviewed by the Board and the Board recommends that each of these directors be re-elected."

7. Ordinary Resolution 4 – 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 36 and 38 of the Act, and the JSE Listings Requirements."

8. Ordinary Resolution 5 – Approval to issue linked units for cash

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

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

Notice of annual general meeting *(continued)*

9. Ordinary Resolution 6 – Re-appointment of members of the audit committee

"Resolved that the following non-executive directors be re-appointed as members of the audit committee by separate resolution:

9.1 MJ Holmes (as Chairman)

9.2 MZ Pollack

9.3 DP Cohen

An abridged *curriculum vitae* is included in the annual report of which this notice forms part.

The reason for this ordinary resolution is that the Company, being a public listed company, must appoint an audit committee and the Companies Act, 71 of 2008, requires that the members of such audit committee be appointed, or re-appointed as the case may be, at each annual general meeting of the Company.

10. Ordinary Resolution 7 – Re-appointment of auditors

"Resolved that Deloitte & Touche be re-appointed as auditors of the Company, with the designated partner being Mr M Ajoodha for the ensuing financial year on the recommendation of the audit committee."

The reason for the re-appointment of the auditors is that the Company, being a public listed company, must have its financial results audited and such auditor must be appointed or re-appointed each year at the annual general meeting of the Company as required by the Act.

11. Ordinary Resolution 8 – Signature of documentation

"Resolved that a director of the Company or the Company Secretary be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of ordinary resolutions numbers 1, 2, 3, 4, 5, 6, 7, and 8 and special resolutions numbers 1, 2 and 3 which are passed by the unitholders with and subject to the terms thereof."

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

13. Record date

The record date in terms of section 59 of the Act for shareholders to be recorded on the securities register of the Company in order to receive notice of the Annual General Meeting is Thursday, 15 December 2011.

The record date in terms of section 59 of the Act for shareholders to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting is Friday, 27 January 2012, and the last day to trade in the Company's shares in order to be recorded on the securities register of the Company in order to be able to attend, participate and vote at the annual general meeting is Friday, 20 January 2012.

14. Voting

On a show of hands, every Octodec member who is present in person, by proxy or represented at the annual general meeting shall have one vote (irrespective of the number of Octodec linked units held), and on a poll, every Octodec member shall have for each linked unit held in that proportion of the total votes in the Company which the aggregate amount of the nominal value of that linked unit held by such member bears to the aggregate of the nominal value of all the linked units issued by the Company.

The percentage of voting rights that will, in terms of section 62(3)(c) of the Act, be required for the resolutions to be adopted is 75% in respect of the special resolutions and 50,1% in respect of the ordinary resolutions.

15. Proxies

An Octodec member entitled to attend and vote at the annual general meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a shareholder of the Company.

A form of proxy is attached for the convenience of certificated shareholders and own name dematerialised shareholders who are unable to attend the general meeting, but who wish to be represented thereat. In order to be valid, duly completed forms of proxy must be received by Octodec's transfer secretaries, Computershare, 70 Marshall Street, Johannesburg, 2001 (PO Box 61051, Marshalltown, 2107), not later than 11:30 on Wednesday, 1 February 2012.

Section 63(1) of the Act requires that meeting participants provide satisfactory identification.

Shareholders' rights regarding proxies in terms of Section 58 of the Act are as follows:

(1) At any time, a shareholder of a company may appoint any individual, including an individual who is not a shareholder of that company, as a proxy to –
   (a) participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder; or
   (b) give or withhold written consent on behalf of the shareholder to a decision contemplated in section 60.
(2) A proxy appointment –
   (a) must be in writing, dated and signed by the shareholder; and
   (b) remains valid for –
      (i) one year after the date on which it was signed; or
      (ii) any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in subsection (4) (c), or expires earlier as contemplated in subsection (8) (d).
(3) Except to the extent that the Memorandum of Incorporation of a company provides otherwise –
   (a) a shareholder of that company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by the shareholder;
   (b) a proxy may delegate the proxy's authority to act on behalf of the shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and
   (c) a copy of the instrument appointing a proxy must be delivered to the company, or to any other person on behalf of the company, before the proxy exercises any rights of the shareholder at a shareholders meeting.
(4) Irrespective of the form of instrument used to appoint a proxy –
   (a) the appointment is suspended at any time and to the extent that the shareholder chooses to act directly and in person in the exercise of any rights as a shareholder;
   (b) the appointment is revocable unless the proxy appointment expressly states otherwise; and
   (c) if the appointment is revocable, a shareholder may revoke the proxy appointment by –
      (i) cancelling it in writing, or making a later inconsistent appointment of a proxy; and
      (ii) delivering a copy of the revocation instrument to the proxy, and to the company.
(5) The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as of the later of –
   (a) the date stated in the revocation instrument, if any; or
   (b) the date on which the revocation instrument was delivered as required in subsection (4) (c) (ii).
(6) A proxy is entitled to exercise, or abstain from exercising, any voting right of the shareholder without direction, except to the extent that the instrument appointing the proxy otherwise provides.

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 Friday, 3 February 2012 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 units, you must instruct your CSDP or broker as to how you wish to vote in this regard. This must be done in terms of the custody agreement entered into between you and the CSDP or broker.

By order of the Board

City Property Administration (Proprietary) Limited
Company Secretary

13 December 2011
Pretoria

Administration

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

Secretary
City Property Administration (Pty) 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
(A division of Nedcor Bank 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

Unitholders' diary

Financial year-end	31 August 2011
Announcement of final dividend and debenture interest distribution	21 October 2011
Payment of dividend and debenture interest	21 November 2011
Annual general meeting	3 February 2012
Publication of interim results and announcement of interim dividend and debenture interest distribution	April 2012
Payment of interim dividend and debenture interest	May 2012

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")

For use by certificated linked unitholders or dematerialised unitholders with "own-name" registration of Octodec ("linked unitholders") at the nineteenth annual general meeting of Octodec to be held on Friday, 3 February 2012 at 11:30 ("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, passing, 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. Special Resolution 1: Approval to provide financial assistance.			
2. Special Resolution 2: To authorise the Company and/or its subsidiaries to acquire its linked units.			
3. Special Resolution 3: Approval of directors' remuneration for the period 1 September 2011 to 31 August 2012.			
4. Ordinary Resolution 1: Approval of the financial statements.			
5. Ordinary Resolution 2: Approval of the directors' past remuneration.			
6. Ordinary Resolution 3: Re-appointment of retired directors:			
6.1 MZ Pollack			
6.2 AK Stein			
7. Ordinary Resolution 4: To place the unissued linked units under the directors' control.			
8. Ordinary Resolution 5: Approval to issue linked units for cash.			
9. Ordinary Resolution 6: Re-appointment of members of the audit committee:			
9.1 MJ Holmes			
9.2 MZ Pollack			
9.3 DP Cohen			
10. Ordinary Resolution 7: Re-appointment of auditors.			
11. Ordinary Resolution 8: Signature of documentation.			

Signed at this day of 2011/12

Signature

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 needs to 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.
   - 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, 1 February 2012. Additional forms of proxy are available from the transfer secretaries on request.

Glossary

"Octodec" or "Company"	Octodec Investments Limited
"JSE"	JSE Limited
"City Property"	City Property Administration (Pty) Limited
"the Board" or "the directors"	Board of directors
"Companies Act"	Companies Act of South Africa, Act 71 of 2008
"IPS"	IPS Investments (Pty) Limited
"Group"	Octodec and its subsidiaries
"CBD"	Central Business District
"Premium"	Premium Properties Limited
"broker"	Any person registered as a "broking member (equities)" in terms of the Rules and Related Legislation of the JSE made in accordance with the provisions of the Securities Services Act
"certificated Octodec linked unit(s)"	Octodec linked unit(s), represented by a linked unit certificate(s) or other physical document(s) of title, which have not been surrendered for dematerialisation in terms of the requirements of Strate
"certificated Octodec linked unitholders"	Octodec linked unitholder(s) holding certificated Octodec linked unit(s)
"CSDP"	A Central Securities Depository Participant, appointed by individual Octodec linked unitholder(s) for the purpose of and in regard to dematerialisation in terms of the Securities Services Act
"dematerialisation"	The process by which Octodec linked unit(s) held by certificated Octodec linked unitholder(s) are converted or held in electronic form as dematerialised Octodec linked unit(s) and recorded in the sub-register of Octodec linked unitholder(s) maintained by a CSDP
"dematerialised Octodec linked unit(s)"	Octodec linked unit(s) which have been dematerialised through a CSDP or broker and are held on the sub-register of Octodec linked unitholder(s) administrated by CSDPs in electronic form
"own-name dematerialised linked unitholder(s)"	Those Octodec linked unitholder(s) that have dematerialised their Octodec linked unit(s) through a CSDP and have instructed the CSDP to hold their linked unit(s) in their own-name on the sub-register maintained by the CSDP and forming part of the Octodec linked unit register
"debentures"	Unsecured, variable rate debentures of 209 cents each
"linked unit(s)"	Octodec share(s) irrevocably linked to Octodec debentures in the ratio of one Octodec share to one Octodec debenture, trading as linked units on the JSE
"linked unitholder(s)"	Collectively, certificated Octodec linked unitholder(s), dematerialised Octodec linked unitholder(s) and own-name dematerialised Octodec linked unitholder(s)

www.octodec.co.za