Octodec
INVESTMENTS LIMITED

Integrated Report 2022

Octodec Investments Limited (Octodec or the company), its subsidiaries and associated company (the group) is a Real Estate Investment Trust (REIT) listed on the Johannesburg Stock Exchange (JSE) Ltd. We manage our portfolio by maintaining sound property fundamentals in central business district (CBD) nodes and urban areas where demand is robust. Established in 1956, listed on the JSE in 1990 and converted to a REIT in 2013, Octodec has unlocked value in urban spaces for over 60 years.

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Painting our cities with passion and making it happen

Our vision is to innovate in the property market and unlock long-term capital appreciation and income flows, through investment in a well-diversified multisector property portfolio. **With quality as our cornerstone, we dare to pave the way** for tenants to thrive in our well-managed community ecosystems.

Our ambition is to provide spaces that remain relevant and desirable to the markets they serve, with a special interest in upgrading spaces, and to become a landlord of choice in our operating nodes. We understand the needs of the people in the Tshwane and Johannesburg CBDs and surrounding urban areas. We innovate and create spaces that are relevant, well maintained and practical.

Our operating performance this year demonstrates our confidence in the choice of location and our ability to provide all our stakeholders with consistent value. We aim to continue adapting to the changing needs of our tenants. This will enable us to fulfil **our purpose**, which is to manage our properties cost effectively and provide our shareholders with sustainable returns – without compromising the integrity of our operations or the sustainability of our property portfolio.

Honesty and integrity are our foundation. We remain cognisant of our role as a responsible corporate citizen and aim to achieve our vision, ambition and purpose in a manner that takes the interests of all our stakeholders into account.

For more information, visit: www.octodec.co.za

One on Mutual

About this report

Octodec is pleased to present its integrated report for the financial year 1 September 2021 to 31 August 2022. We review our performance in the context of our operating environment and demonstrate how we create value for all our stakeholders. We also explore our social and environmental impact as a responsible corporate citizen.

Assurance and report preparation

The framework of the report is presented in accordance with the principles, requirements, standards and guidance of the:

- International Financial Reporting Standards (IFRS) Foundation's Integrated Reporting (<IR>) Framework
- Companies Act, No 71 of 2008 (Companies Act)
- Listings requirements of the JSE Ltd (JSE Listings Requirements)
- King Report on Corporate Governance™ (King IV™)[1]

In addition, we considered the principles outlined in the voluntary JSE Sustainability Guidance, released in June 2022, and aim to further develop our reporting disclosure based on this framework. A JSE Sustainability Guidance index can be found on page 151.

Our audited financial statements (pages 91 to 150) comply with IFRS and are audited by our external auditors Ernst & Young Incorporated, whose unqualified audit report can be found on page 99. Octodec has not pursued external assurance for the non-financial information disclosed in this report.

There have been no significant changes to the company's size, structure or ownership, nor the key functions over which it exercised control during the year. Content remains comparable with previous years and material performance information is reported on a like-for-like basis with prior years. The like-for-like basis excludes the impact on our business and our results arising from the disposal of properties, as well as COVID-19 rental discounts given to tenants, in the current and prior year. There are no restatements of comparative information other than where indicated.

Reporting process

Our reporting process is guided by the principle of materiality. We define our material matters as those topics that are important to us and our stakeholders, and which are strategic to Octodec's ability to create value in the short, medium and long term. A material matters review was conducted with City Property's executive committee members and senior management on 27 July 2022, and the board of directors of the company (board), following robust debate in respect thereof, approved the matters identified in that process on 24 August 2022.

Debriefing, research and internal and external feedback on the prior year's report is used to continually improve the content of our integrated report.

An internal reporting project team, with support from specialist external reporting advisors, ensures that an effective report preparation process is followed. Oversight and guidance of the processes, particularly in the reporting approach and content planning, is provided by executives and senior management across the Group.

Information included in this report is sourced from interviews with leadership and members of the board, supported by input from operational teams and internal reporting throughout the year. All content contributors and members of the board review the report to ensure accurate reporting.

Forward-looking statements

Certain statements in this report constitute forward-looking statements. Such statements involve known and unknown risks, uncertainties and other factors beyond our control that may cause the actual results, performance, objectives or achievements of Octodec, as well as the industry in which it operates, to be materially different from the projected results, performance, objectives or achievements expressed or implied by these forward-looking statements. The performance of the Octodec group is subject to the effect of changes in the economic environment and prevailing market conditions, and our stakeholders should be guided accordingly.

Board approval

The board is responsible for the integrity of the integrated report. The directors confirm that they have individually and collectively reviewed the content of the integrated report and online supplementary documents, and believe they address Octodec's board-approved material matters and is a fair presentation of Octodec's integrated performance and prospects in accordance with the <IR> Framework.

This integrated report was approved by the board on 29 November 2022

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Reporting boundary

Octodec contracts City Property, a private company with the inner-city property know-how and experience to support our tenant-centric approach.

The boundary of this report holistically presents the performance of the Octodec property portfolio. The property and asset management services are outsourced to City Property Administration (Pty) Ltd (City Property).

City Property provides the specialist property portfolio management, leasing, administration and marketing skills necessary to deliver excellent customer service to our 12 417 tenants across our 246 buildings on our behalf.

It is mandated to secure an appropriate mix of tenants for the various sectors of our diverse portfolio, at rentals that allow us to create stakeholder value, using an innovative approach to ensure optimal management of Octodec's properties.

Octodec and City Property Management Agreement

City Property is controlled by the Wapnick family. Sharon Wapnick and Jeffrey Wapnick are directors of City Property, and Jeffrey Wapnick exercises significant influence over City Property. City Property is a related party to Octodec.

City Property carries out all responsibilities relating to the management of Octodec's properties in accordance with an Asset and Property Management Agreement (management agreement) between City Property and Octodec, which is periodically reviewed, updated and approved by the Octodec shareholders. The current management agreement will expire on 30 June 2023. A board sub-committee comprised of independent non-executive directors has been established to consider and negotiate the renewal of the management agreement, which is required to be approved by the company's shareholders in terms of the JSE Listings Requirements. The Octodec board has oversight of and monitors the outputs generated by City Property in terms of the management agreement.

Octodec employs only building staff (building managers, cleaners and handymen) and the group company secretary and secretarial assistant. The employees of City Property perform all other activities required by the management agreement. The risk management, internal audit services, compliance and regulatory management and occupational health and safety compliance services are provided by City Property on a shared basis. The employees performing these services are employed by City Property. City Property also employs the managing director and financial director of Octodec. See the remuneration review on page 79 and the appendix on page 172 for detail.

This integrated report does not always distinguish between the activities of Octodec and the services City Property provides to Octodec in terms of the management agreement, as these are performed at the behest of Octodec.

Octodec's integrated reporting boundary

Financial reporting boundary

Octodec INVESTMENTS LIMITED

Listed as a **REIT** on the JSE

Owns **246** Properties

69% Tshwane
31% Johannesburg

Employs **201** People

199 building employees
One group company secretary and an assistant company secretary

The management of Octodec's investment portfolio is outsourced to City Property

CITY PROPERTY Addressing the Future

The services that City Property provides for and on behalf of Octodec are specified by the management agreement. These include:

Property management

Leasing, billing, collections, utility management, property accounting and expense management including other traditional property management services.

Asset management

- Sources and advises on:
  - Investment opportunities
  - Disposals and acquisitions (including ancillary processes such as feasibilities and due diligence investigations)
- Monitors the environment and advises on income-enhancing opportunities
- Attends to property developments and refurbishments

Specialist services

Certain specialist skills have been developed to manage the unique challenges in the Octodec portfolio. These include:

- The establishment and maintenance of various stakeholder relationships
- Tenant installation services
- Repairs and maintenance
- Risk and internal audit management
- Marketing
- Legal and compliance
- Human resources (HR)
- Information technology (IT)
- Credit control
- Environmental monitoring
- Finance and treasury function

Know-how

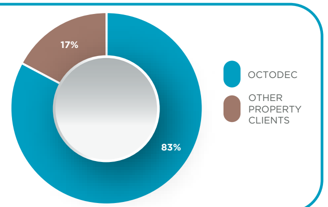
City Property's know-how is what sets our business apart and is a key driver of our sustainable growth.

Employs 447 people, including

- 47 property managers
- 14 portfolio managers

City Property client split

83% Octodec
17% other property clients



Company overview

A diversified portfolio concentrated in strategic locations

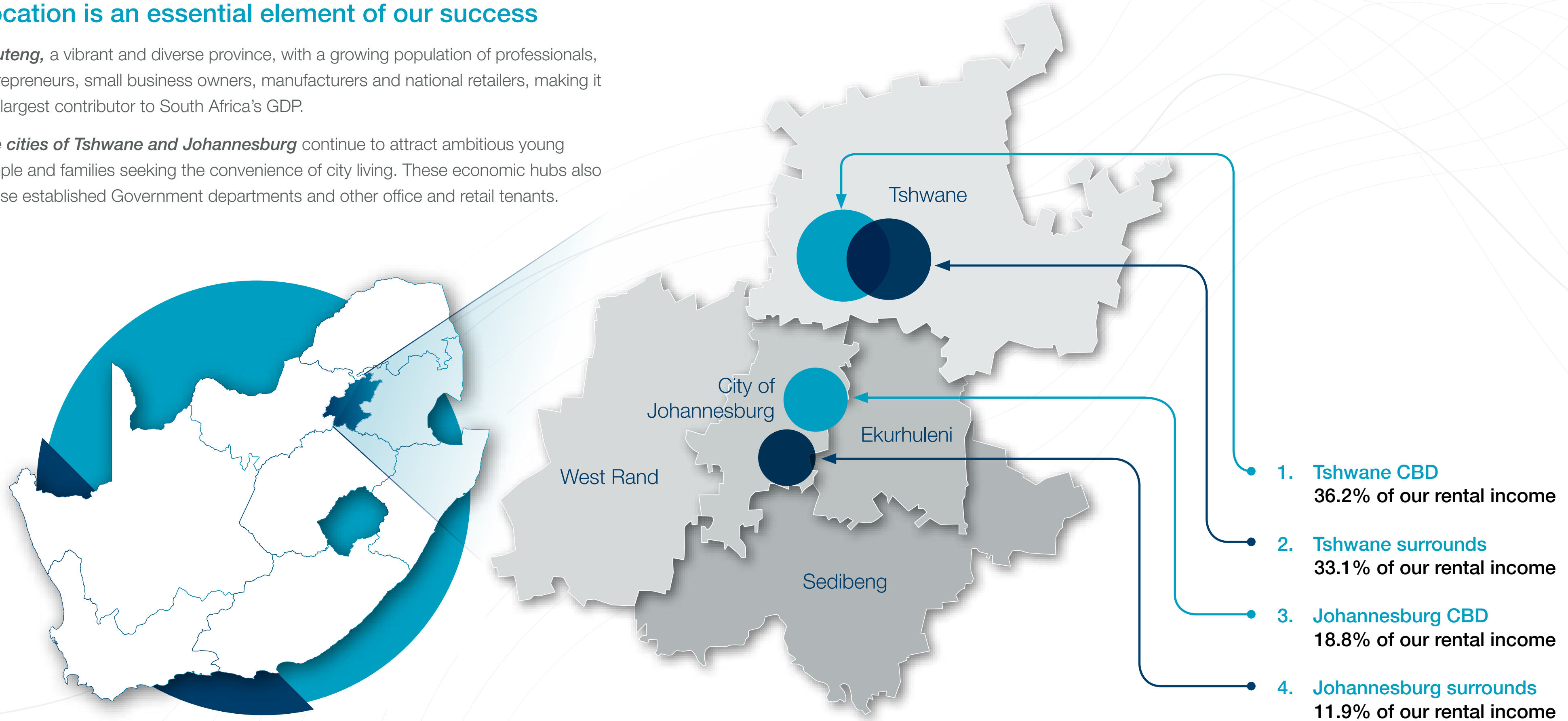
Our focus is on urban renewal, uplifting the physical and social aspects of the areas in which we operate.

We maintain a well-balanced portfolio of quality residential and commercial buildings located in the economically active metropolitan areas of Gauteng. Our mixed-use spaces create convenient community areas for our tenants, and our geographic concentration generates economies of scale and efficiency for Octodec.

Location is an essential element of our success

Gauteng, a vibrant and diverse province, with a growing population of professionals, entrepreneurs, small business owners, manufacturers and national retailers, making it the largest contributor to South Africa's GDP.

The cities of Tshwane and Johannesburg continue to attract ambitious young people and families seeking the convenience of city living. These economic hubs also house established Government departments and other office and retail tenants.



Multisector ecosystems and mixed-use spaces

Our well-managed properties and mixed-use buildings serve an ecosystem of residents, students, office workers, shop owners, shoppers and entrepreneurs. This provides a mutually beneficial and dynamic economic environment for our tenants to thrive.

Rental income % by sector

Residential

31.7% of our portfolio income

We house 8 918 residential tenants

Commercial

68.3% of our portfolio income

We provide places of work for more than 3 499 retail, office and industrial tenants to thrive

Properties valued at R11.0 billion

Octodec's residential apartments offer accommodation for young professionals, families, and students, with access to:

- An exciting array of retail offerings
- Reduced commute time for tenants
- Affordable, secure housing options

A diversified portfolio for retail, office and industrial tenants with access to:

- Vibrant retail spaces with high foot traffic
- Pockets of affordable space for small businesses
- Security and controlled access for thriving small industry

Sound property fundamentals and a proven track record

Founded in Tshwane in 1956 by Alec Wapnick, Octodec has maintained an innovative approach to repurposing property since inception. This mature, long-term approach is based on a combined experience of over 60 years in solid investing and management of properties, maintaining our investors' and tenants' trust through a deep understanding of the areas in which we operate and adapting to changing social and economic dynamics.

A sustainable, resilient recovery after COVID-19

Our resilience has been forged over many different economic and property cycles. Despite economic and social pressures in recent years, we remain confident in our choice of location and maintain a stable view of our ability to provide quality spaces required for the flow of people seeking to live, work and play in the CBDs. Our prudent business approach assists us as we turn our sights towards a long-term future focus.

	2022	2021	2020	2019
Distributable income per share (cents)	175.1	134.6	156.8	200.9

Leadership reports

Chairman's review

I reflect on the year with a sense of pride in Octodec's achievements. Through concerted discipline, determination and effort in a difficult operating environment over the past few years, our business has emerged stronger and is well-poised to enter a better economic cycle.

Sharon Wapnick
Chairman

Octodec has produced pleasing results because of hard work and a focus on strengthening our balance sheet. This ensured resilience through the weak economic cycle from which we are all recovering, despite lingering macroeconomic challenges. While we are not immune to the effects of inflationary pressure in this post-pandemic environment, it is heartening to see the residential sector bouncing back, and general activity returning.

We continue to believe in the CBDs as thriving commercial and residential ecosystems, and general market improvement ultimately filters through to all sectors. As world trade resumes, people are returning to offices in the new hybrid model of working and our flexible spaces continue to fulfil the interrelated needs of residents, students, entrepreneurs and businesses in the cities.

> Beyond simply weathering the storm, Octodec's efforts to strengthen all performance metrics have placed the Group in a stronger position than pre-pandemic to focus on future growth.

Some of the strategic highlights include extending loan expiries, reducing our loan to value (LTV) ratio and increasing our interest cover ratio (ICR). We used the percentage of distributable income held back last year to strengthen our balance sheet. We remained resolute in not sacrificing long-term sustainability for short-term gains and, as such, our investors understand that the retention of earnings for future development and growth projects is a sustainable strategy in volatile market conditions.

The board of Octodec has declared a dividend of 130 cents for FY2022, and will monitor the dividend policy going forward, ensuring a balance between Octodec's financial position and shareholder expectations.

See the Financial director's review, page 36.

Addressing tenant affordability

Given the high inflationary operating environment, we are mindful of tenant affordability and use our skill and expertise to develop existing properties to meet the needs of tenants. Octodec was the pioneer in converting offices into residential spaces and we continue to seek enterprising and imaginative solutions to cater for changing dynamics. This agility to adapt serves the needs of tenants as well as our shareholders in a mutual goal of sustainability. The board encourages management in their approach to innovation.

Agility is one of our most important sustainable advantages.

Octodec strives to balance high quality accommodation with appropriately priced and attractive options for the young people entering the CBDs. As such, we undertook an innovative pilot project to provide shared, semi-furnished accommodation at one of our properties in Tshwane without compromising on our standards of maintenance and cleanliness. The concept was successful, and we are planning to roll-out the offering across more of our properties.

Governance and leadership

Octodec has a strong track record of good governance and corporate citizenship, including the upliftment of the areas in which we operate. We report extensively on our cooperation with inner-city stakeholders to provide and maintain dignified spaces for all. The board ensures all stakeholders are actively informed, and we encourage them to visit our properties in the CBDs to experience first-hand, and gain insights into, our unique strengths in the cities.

The board considered the newly released JSE guidelines on sustainability and climate disclosure against a property and company-specific checklist and we are in the process of seeking further opportunities to enhance our tenant environmental management. City Property has appointed an executive to manage this process and report directly to the board. Refer to the ESG Reporting section on page 54 for detail.

The Octodec board brings an extensive depth of experience and guidance to the management company. We undertake frequent interactions with City Property at all levels and ensure that a comprehensive structure of suitably skilled senior management does not expose the business to any single change or movement.

The Nominations Committee met in October 2022 and concluded that the independent directors, who have served on Octodec's board for several years, bring a wealth of experience to the board, and that they continue to serve as independent non-executive directors. Refer to the Nominations Committee review on page 76.

As part of the board's approach to proactive good governance, we undertook an extensive and thorough review of all our regulatory and risk policies and terms of reference to ensure that they are in order and well-documented. The audit committee also emphasised the importance of the company's compliance with the Information Technology (IT) governance framework.

Focus areas and the way forward

I am optimistic that, because of the group's disciplined approach to balance sheet management, Octodec is in a solid position to build on current momentum. Our focus remains on capital recycling and the further reduction of our LTV ratio as we explore opportunities to re-imagine spaces.

Moving forward, we will continue to evaluate opportunities to sell identified non-core properties and use the proceeds to reduce debt and enhance our existing properties. We remain open to opportunities for development and acquisition, being cognisant of tenant affordability and increasing service delivery costs.

As always, we remain aware of the environment in fostering a sustainable business and we also aim to pursue opportunities to continue with board diversity as it arises.

Appreciation

I am deeply grateful to all our internal and external stakeholders for their patience in seeing us through challenging times into a more optimistic outlook. I am very pleased that Octodec has navigated difficult circumstances and implemented sustainable changes that should see us through future economic cycles.

I would like to express my gratitude and appreciation to all employees and management of City Property and Octodec for their extraordinary efforts and dedication and to my fellow directors for their unwavering support and guidance. I acknowledge that our resilience and responsiveness to dramatically changed conditions was forged through hard work under trying conditions. However, our persistence in turning obstacles into opportunities allows us all to move forward and prosper with renewed energy and determination to deliver a sustainable business under difficult conditions for all our stakeholders into the future.

Sharon Wapnick
Chairman

29 November 2022

Managing director's review

Octodec's historical performance was reduced somewhat with the effects of the pandemic over the past two years, but we have turned the corner and are seeing a reduction in vacancies and a strong recovery especially in residential and industrial sectors.

Jeffrey Wapnick
Managing director

Q: REITs have long been considered attractive assets to investors and Octodec has a consistent record of delivering satisfactory returns. How resilient are REITs to a crisis such as the pandemic and how has Octodec positioned itself in the emerging post-pandemic environment?

A: Across the world, the pandemic presented a significant challenge to the REIT industry, with the traditional office sector being particularly hard-hit. There was a collective effort across South African REITs to issue rental discounts and ensure business sustainability for tenants through the pandemic. Emerging from that crisis, 2022 was a year of consolidation and recovery, with many rentals having been reset.

Octodec is well on the road back to pre-pandemic levels of performance, having proven a degree of resilience through the crisis. We are seeing a reduction in vacancies and an increase in enquiries for space, especially in the residential and industrial sectors. Our convenience shopping centres have always remained in demand. However, we have maintained lower rentals in some instances, in preference to having vacancies.

We digitised our marketing, applications and leasing processes and this yielded good results in our portfolio.

Q: The lifting of pandemic-related restrictions has brought respite for selected business tenants. However, global geopolitical tensions with resulting rising energy costs, interest rate increases and inflation have subdued economic recovery to some degree. How does the prevailing market volatility affect Octodec's performance in the short-term?

A: Reduced vacancies and increased enquiries bode well for the future. However, current market volatility and price hikes affect businesses across the board, and we remain cautious in our capital expenditure. This year, we invested R50 million in refurbishments at 36 buildings in response to increasing demand for quality accommodation in both residential and national retail commercial space in the areas in which we operate.

Our portfolio of shopping centres and light-industry industrial parks has demonstrated resilience during tough times. While the high inflationary environment may affect retailers selling luxury goods, our convenience shopping centres are well-located to serve the essential needs of their communities and have loyal customer bases.

Our light industrial tenants continue to flourish despite municipal power and water shortages. The demand for the industrial sites is strong and in many cases we are able to increase rentals.

While the office sector has been severely impacted by post-pandemic work-from-home policies, our Government office tenants have withstood the pandemic pressure.

See Operating environment, page 19 and Property sector review, page 40.

Q: Socioeconomic development remains at the forefront of our country's priorities. How does Octodec make a positive contribution to the areas in which you operate? Which social or environmental initiatives stand out for you in the past year?

A: The lack of job creation and the associated increase in unemployment in South Africa is a concern. However, we have seen continued migration from rural areas to the CBDs, with the lower income population seeking safe and secure accommodation from which to build their lives and careers.

Affordable, quality residential space in the CBDs fulfils a primary need, regardless of market dynamics.

To further enable entry-level affordability, we have enhanced our spaces by equipping two of our residential apartments, Nedbank Plaza and Howzit Hilda, for sharing, as well as providing semi-furnished essentials. This was initially done on a pilot basis. It is now our intention to roll out more of these shared spaces in our residential portfolio.

The demand for this entry-level space for single people is evident, and we provide affordable options without compromising on our standards of maintenance, cleanliness, and security at our buildings.

Octodec recognises that some of the vacant areas around our precincts in the CBDs are not maintained to the standards we would expect for our tenants. We maintain strong relationships with all inner-city stakeholders and encourage collective effort in ensuring the greater CBD environment is clean and safe for everybody.

As such, we undertook a concerted drive this year, together with City Improvement District officials, to complete a voluntary clean-up in the Tshwane CBD along the Apies River, removing truckloads of refuse and invasive trees. This initiative was appreciated and supported by our stakeholders. We also collaborated with the Council to clean up and secure the areas around the world-class science and technology campuses of the Tshwane University of Technology. We have a dedicated employee engaging with taxi drivers and hawkers to encourage co-operation.

We believe that this type of ongoing collaboration can lead to sustainable change and maintain dignified spaces for all.

We are in the process of expanding our own environmental impact reporting beyond responsible energy, water and waste management. The intent is to benchmark and, where possible, reduce our carbon footprint. We are rolling out solar energy initiatives and investigating further options for water recycling at our buildings.

See Stakeholder relationships and ESG reporting on pages 34 and 54 respectively.

Q: Octodec's core strategy is driven by three primary objectives: creating sustainable value for shareholders, optimising its portfolio and strengthening its balance sheet. How has Octodec performed against this strategy?

A: We have performed well against the accelerated priority areas identified last year to create a more defensive portfolio. Our disposal strategy, aimed at optimising our portfolio, is on track, with 20 disposals achieved by 31 August 2022. This released R218 million available funding to reduce our LTV and explore future growth opportunities in our best-performing sectors.

We have reduced vacancies across our portfolio and enhanced our use of technology and data collection through a Customer Relationship Management (CRM) system that strengthens our good tenant relationships and enhances prospective tenant insights.

We have further enhanced our property portfolio by refurbishing certain buildings to maintain their competitive advantage in the face of increased competition, particularly in the residential sector in the Johannesburg CBD and the Hatfield area. Having survived the pandemic crisis, we are now able to pursue plans to further develop our properties. In addition, we will continue to pursue an aggressive sales programme to reduce our mothballed properties and other non-core buildings.

See the Financial director's review, page 36.

Q: Given the relative inactivity over the past two years, what is Octodec's outlook on its residential and commercial portfolios to ensure sustainability?

A: Although residential rentals remain challenging in the short-term due to tenant affordability, our arrears and collections are stable and well-managed. The current volume of lease applications we are receiving, and the significant reduction in vacancies, particularly in the residential sector, are encouraging. The medium-term growth outlook is dependent on broader economic stabilisation.

Our efforts in urban regeneration, the location of our properties in demand zones, and the convenience of our mixed-use spaces continue to fulfil a need for quality, safe and affordable accommodation in the CBDs and surrounding areas. This need will continue in the long-term, with a growing population of young people seeking city living. Looking ahead, we are exploring the potential conversion of some of our office space to residential apartments to accommodate increased demand. However, the cost of conversion remains challenging.

Renewed tenant interest across our commercial sector indicates that we are poised for growth, although future performance also depends on macroeconomic recovery and market stabilisation.

We take great comfort that our retailers confirm demand for well-managed, quality spaces within selected areas of the CBDs by their continued renewal of leases and their stated desire for more such spaces.

In closing

I would like to express my sincere gratitude to Octodec's chairman and board of directors, the management teams of both Octodec and City Property and all employees, who have seen us through two years of a global crisis that affected us all.

Although the world is emerging from that crisis into further global challenges, we at Octodec have maintained our belief in humanity and our passion for cities in South Africa. We are all adapting to a post-pandemic world, and I am delighted to see our people rising to the challenges with a view to a better future for all.

I extend this gratitude to all our stakeholders for their co-operation and support that has allowed us to set our sights on future growth and innovation.

Jeffrey Wapnick
Managing director

29 November 2022

Corner Place

Portfolio

Vibrant multisector and mixed-use spaces

Residential

Traditional apartment blocks
Mixed-use spaces
Student accommodation

GLA (m²)
415 490[1]

Rental income (R'000)
462 808

Number of tenant leases
8 918

Commercial
Retail shopping centres

Six neighbourhood community shopping centres.

GLA (m²)
97 538[1]

Rental income (R'000)
174 188

Number of tenant leases
296

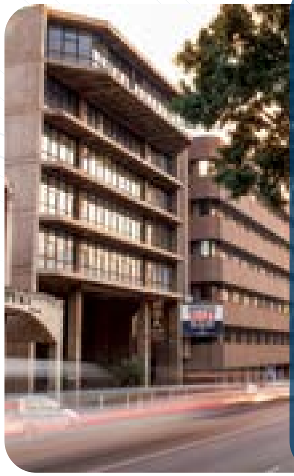
Commercial
Retail street shops

A mix of local, small retail offerings

GLA (m²)
305 961

Rental income (R'000)
326 156

Number of tenant leases
1 100



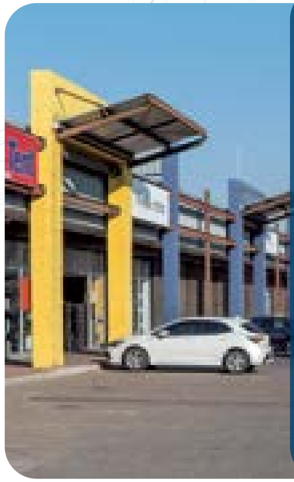
Commercial
Offices

Government office space
Small office space
Hybrid office-retail

GLA (m²)
389 868

Rental income (R'000)
227 600

Number of tenant leases
1 514



Commercial
Industrial

Workshops
Mini factories
Small industrial operators`

GLA (m²)
210 630

Rental income (R'000)
99 192

Number of tenant leases
367

Commercial
Specialised and other

Educational facilities, healthcare facilities, places of worship, auto dealerships, hotels and parking.

GLA (m²)
137 973

Rental income (R'000)
169 284

Number of tenant leases
222

[1] *All information on rental income and properties disclosed in this report includes the 50% equity-accounted joint venture*

Top 10 properties by value

The Fields, Hatfield, Tshwane

Value
R779.4 million

Sector
Mixed use

Commercial rental income	Residential rental income	Size
32.8%	67.2%	57 342m^2
Percentage of portfolio	**Residential Occupancy**	**Commercial Occupancy**
7.1%	92.8%	76.3%

- 766 apartments with 199 apartments converted into furnished accommodation to meet National Student Financial Aid Scheme (NSFAS) demand.
- 1 112 basement parking bays
- City Lodge hotel
- Virgin Active gym in the precinct
- Biometric access, 24-hour security and CCTV cameras

The Fields caters for off-campus student accommodation, shops, prime-grade offices, restaurants and a hotel.

Killarney Mall, Johannesburg

Value
R519.4 million

Sector
Shopping centre and offices

Commercial rental income	Size
100%	47 470m^2
Percentage of portfolio	**Commercial Occupancy**
4.7%	82.5%

- 124 retail stores, 27% of which are national brands
- 65 office and 5 medical suites
- Entertainment areas, including a cinema and restaurants
- Ample parking, with 24-hour security surveillance

Killarney Mall is both conveniently located and highly accessible, within 100 metres of the M1. It has a strong focus on servicing the needs of the surrounding residents and communities.

Woodmead Value Mart, Woodmead, Johannesburg

Value

R408.4 million

Sector

Shopping centre

Commercial rental income	Size
100%	17 168m²

Percentage of portfolio	Commercial Occupancy
3.7%	100%

- 42 retail stores
- 631 free open parking bays
- On-site security, with 24-hour CCTV surveillance

Upmarket strip mall with a focus on value-for-money offerings and quality product retail shops.

Sharon's Place, Tshwane CBD

Value

R234.8 million

Sector

Mixed use

Commercial rental income	Residential rental income	Size
33.1%	66.9%	21 221m²

Percentage of portfolio	Residential Occupancy	Commercial Occupancy
2.1%	94.3%	99.4%

- 399 residential units
- National tenants include Shoprite, Clicks, Hungry Lion and KFC
- Leisure area with section for ball sports and secure play area for children
- 150 trees in a landscaped inner-city garden
- Access to the A Re Yeng bus service and the Gautrain
- 288 parking bays
- Security provided, with 24-hour CCTV cameras and biometric access

A central hub providing comfortable living and convenient shopping for young professionals and families.

Centre Walk, Tshwane CBD

Value
R216.9 million

Sector
Mixed use

Commercial rental income	Residential rental income	Size
99.7%	0.3%	25 407m²

Percentage of portfolio	Commercial Occupancy
2.0%	95.5%

- 23 shops and 17 offices
- 377 undercover parking bays
- Security provided with 24-hour CCTV surveillance

A refreshing and inviting arcade with offices and retail shops, well located and close to bus routes.

Louis Pasteur, Tshwane CBD

Value
R277.5 million

Sector
Healthcare

Commercial rental income	Size
100%	24 705m²

Percentage of portfolio	Commercial Occupancy
2.5%	99.6%

- Hospital and 199 medical suites
- 4 levels of parking bays
- Security provided with 24-hour CCTV surveillance

An established, dynamic facility offering a variety of specialised medical services, including a hospital

Kempton Place, Kempton Park

Value
R242.5 million
Sector
Mixed use

Commercial rental income	Residential rental income	Size
20.7%	79.3%	35 437m²
Percentage of portfolio	**Residential Occupancy**	**Commercial/ Occupancy**
2.2%	96.5%	38.6%

- 469 residential units
- 29 retail shops
- Landscaped garden with courtyards and leisure areas
- Soccer field, basketball court, jungle gym and entertainment area
- Easy access to O.R. Tambo International Airport and Gautrain
- Security provided with 24-hour CCTV surveillance

A safe, vibrant and centrally located residential and retail space in Ekurhuleni.

Jeff's Place, Tshwane CBD

Value
R170.5 million
Sector
Mixed use

Commercial rental income	Residential rental income	Size
10.1%	89.9%	14 793m²
Percentage of portfolio	**Residential Occupancy**	**Commercial Occupancy**
1.6%	98.4%	0.0%

- 348 residential units
- Safe and secure play area and braai facilities
- 223 structured parking bays
- Security provided with 24-hour CCTV surveillance

Jeff's Place is a residential building next to the Pretoria Magistrate's Court and Police Station.

The Park Shopping Centre, Tshwane East

Value
R 200.2 million
Sector
Shopping centre

Commercial rental income	Size
100%	11 997m^2
Percentage of portfolio	**Commercial Occupancy**
1.8%	97.1%

- 25 offices and 34 shops, sit-down and take-away restaurants
- Ample free parking, and security with 24-hour CCTV surveillance

A modern community centre encompassing both office and retail spaces.

Waverley Plaza, Waverley, Tshwane

Value
R 206.2 million
Sector
Shopping centre

Commercial rental income	Size
100%	11 567m^2
Percentage of portfolio	**Commercial Occupancy**
1.9%	97.5%

- Offers everything from essentials to entertainment
- Ample free parking
- Security provided with 24-hour CCTV surveillance

A well-situated community centre catering for families, coffee dates and business lunches.

Operating environment

Macroeconomic context

Buoyed by finance, real estate and business services, the South African gross domestic product (GDP) returned to pre-pandemic levels in the first quarter of 2022, heralding a positive recovery. This was dampened as the economic impact of the devastating floods in KwaZulu-Natal hit the country in the second quarter and further compounded by global geopolitical tensions, ultimately resulting in rising fuel prices and the knock-on effect of supply chain shortages. In addition, global inflation is at a ten-year high, impacting businesses and individuals alike.

Following signs of an initial recovery, price hikes shook the country with the local inflation rate reaching a five-year high of 7.6% by August 2022, further squeezing consumer disposable income. Middle and lower income households and small businesses, upon which our economic growth depends, have little buffering to withstand further pressure. As a result, uncertainty continues to characterise the macroeconomic landscape, with prolonged and more frequent power supply shortages adding to the burden on businesses.

Despite all of these challenges, the relaxation of COVID-19 restrictions has eased the pressure on the tourism, hospitality and accommodation sectors, and economic activity is returning to the cities. Overall, the economic outlook remains relatively flat in the short-term, supported by pockets of resilience. In this context, tenant affordability remains a primary concern, and an associated need to focus on business sustainability is apparent across all sectors of the economy.

Against the backdrop of this subdued market recovery, Octodec continues to exercise caution on its capital expenditure, remains focused on strengthening its balance sheet, and is accordingly well positioned for future growth.

See Financial director's review, page 36.

Evolving ESG and technological considerations

Times of crisis, such as recently experienced with the COVID-19 pandemic, tend to accelerate global innovation. Technological advances, hybrid office and remote working models and heightened awareness of environmental, social and governance (ESG) issues have emerged as some of the primary drivers in a post-pandemic world.

In South Africa, the imperative of driving skills development and job-creating opportunities is paramount to countering rising unemployment, especially among the youth. All of these considerations result in a complex and changing environment that requires cautious but consistent adaptation across all sectors. Business resilience requires equal attention to people, prosperity and the planet.

Octodec's digitalisation initiatives and value-added services such as Wi-Fi in various buildings recognise the changing needs of our tenants, while our contributions to urban regeneration help transform the CBDs into economically productive communities.

See ESG reporting, page 54.

"For Octodec, safety and quality are a given. We go the extra mile by providing additional convenient, timesaving and secure services like cashless laundry's and free Wi-Fi.

Property sector overview and trends

In line with expectations linked to the underlying economy, the South African REIT sector demonstrated stable but muted improvement with the lifting of COVID-19 restrictions, and will take time to normalise to pre-pandemic levels.

Rentals remain under pressure and heightened market volatility has dampened the sector. Overall consumer spending is subdued in light of rising utility costs and inflationary pressure, placing retailers and other commercial tenants in the property sector in a tough operating environment. Although a degree of economic recovery following the lifting of COVID-19 restrictions is evident in the residential and industrial sectors, oversupply continues to characterise the office space sector, exacerbated by downsizing trends. Performance depends on the degree of exposure to the different sectors, which benefits Octodec, given our diverse portfolio of properties.

Urbanisation trend continues to drive demand

Despite the 'semigration' trend, which shows older and more established residents migrating out of the primarily Gauteng cities towards coastal areas, the demand for residential accommodation in Gauteng's cities remains high, driven by lower-income young people and families coming into the province from rural areas and seeking affordable and practical solutions in connected areas with access to communication and transport infrastructure.

Cyclical changes do not reduce the ever-present need for affordable access to clean, secure and convenient living spaces in the CBDs. In this context, the corresponding and interconnected demand for retail, small business and mini industry space is evident, offsetting the reduced demand for traditional office space.

New, capital-intensive developments to meet this demand are hampered by a weak economy and high costs of construction. In addition, the South African Property Owners Association (SAPOA) has cautioned against a policy by the City of Johannesburg that proposes a once-off charge levied by municipalities on the landowner, as a condition for approving a land development application. In this context, Octodec's strategy to invest in refurbishment is a competitive advantage.

Octodec maintains and refurbishes its existing buildings to the highest standards, upgrading and re-imagining the spaces to cater for the evident and sustainable demand for affordable, well-managed residential and commercial spaces in the CBDs. We see increasing enquiries for space across our portfolio.

See Property sector review, page 40 and our Social impact, page 61.

Nedbank Plaza

Strategy and business model

Strategy

Octodec's strategy guides our business activities. In response to the challenging operating environment, specific focus areas are prioritised.

Our strategy is determined by the board during an annual strategic review session. The aim is to reflect on our strategic objectives to ensure they align with business objectives and remain relevant in the current difficult and competitive environment. The board also considers Octodec's stakeholder engagement, risk management, material matters and emerging trends. Following the 2022 review, our long-term growth strategy remains intact.

We remain mindful of the importance of distributions to shareholders, including sustaining REIT status in terms of the JSE Listings Requirements. We balance this with future capital needs to ensure that our balance sheet is well positioned for growth.

Create sustainable value for our shareholders

- Reduce our vacancies through active asset management
- Explore, create and take advantage of opportunities to generate rental streams from non-traditional sources
- Deliver on tenant expectations
- Focus on tenant retention initiatives for the office and retail sectors
- Enhance our tenant offering by providing value-added services and benefits
- Assist our tenants in difficult times, with tenant retention in mind
- Focus on tight control of property expenses

Optimise our property portfolio

- Invest in long-term sustainable properties in our strategic nodes that offer growth opportunities
- Maintain our positioning in the CBDs and the residential sector
- Develop and upgrade our properties to enhance and extract value
- Improve the existing portfolio by selling non-core and underperforming properties

Manage our balance sheet and funding structure

- Diversify our sources of funding
- Manage interest rate risk proactively
- Manage the risk in refinancing borrowings
- Manage cash resources prudently

Performance against strategy

In terms of the management agreement, City Property is responsible for strategic implementation. This includes the effective management of day-to-day operations and asset management on behalf of Octodec.

Successful strategic implementation is achieved by identifying key performance areas specific to the financial year, based on the overall strategy. Performance against the agreed 2022 KPIs is set out in the remuneration review on page 79.

Operating results

- Increase in rental income of 5.0%
- Increase in distributable income of 30.0%
- Dividend per share of 130 cents (FY2021: 50 cents), an increase of 160%
- Increased occupancy to 85.6% (FY2021: 83.8%)

Portfolio enhancement

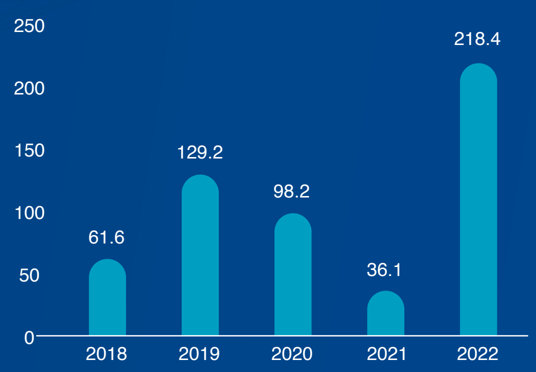
- Improved our rate of disposal – sold and transferred 20 properties for R218.4 million net of commission
- Focused on refurbishing and improving our current portfolio
- Refurbishment of Shoprite (Lilian Ngoyi, Tshwane) following the conclusion of a lease for a period of 10 years
- Upgraded the common areas and entertainment area at Plaza Place and Royal Place
- Continued rollout of Wi-Fi to our residential and office buildings
- R6.9 million invested in solar energy

Financial sustainability

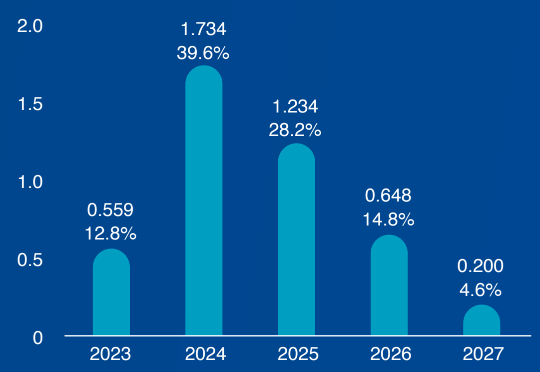
- Repaid R593 million of facilities that matured in 2022 from proceeds from disposal of properties and additional funding raised
- Refinanced R844 million of facilities for a further period of between three and five years
- Refinanced an ABSA facility of R225 million maturing in 2023 for a further period of two years to 2025
- Improved our loan expiry profile from 1.6 years at 31 August 2021 to 2.1 years at 31 August 2022
- Continued interest in the debt capital market, with all our maturing notes having been refinanced
- Reduced LTV from 43.2% to 39.7%

Distributable income per share (R)

Disposals (R'million)



Loan expiry profile (R'billion) and (%)



Business model

How we deliver value by creating spaces and connections for communities to thrive.

Our strong capital base, diversified property portfolio and know-how

Financial resources
Our prudent financial management

- R6.3 billion equity (FY2021: R6.0 billion)
- R4.4 billion debt funding (FY2021: R4.7 billion)
- R624.0 million unutilised debt facilities available on demand (FY2021: R359.1 million)

Our property portfolio
Well-located and attractive residential, commercial and mixed-use spaces

- Properties valued at R11.0 billion (FY2021: R11.2 billion) including our JV
- Total GLA 1 557 460m^2 (FY2021: 1 621 564m^2)
- R61.6 million cashflow invested in our properties including our JV (FY2021: R71.2 million)
- Monthly average of 1 767 repair or maintenance jobs in FY2022 (FY2020: 2 050)

Our know-how
City Property competitive advantage

- Utilising City Property's knowledge and experience in financial, property and asset management

Our people
Depth and breadth of our expertise

- Strong and skilled board
- Our building managers, cleaning staff and handymen assist us in managing our portfolio and service our tenants' needs

Relationships and communities
Making a positive impact in the areas in which we operate through our strong links with local communities

- R13.3 million invested in supplier development programme (FY2021: R14.4 million)
- R2.3 million invested in social upliftment efforts that increase self-sufficiency (FY2021: R1.2 million)

Natural resources
The energy utilised and water consumed by our tenants, and our water, energy and waste management and recycling efforts

- 1 447 073 kj water over 1 557 460 GLA
- 112 375.108 MWh electricity over 1 557 460 GLA

Enabled by our core competencies

Investing and developing
Allocating capital to deliver growth and returns

Re-imagining spaces
Upgrading and refurbishing our properties

Managing our spaces
Relationships, maintenance and optimal use of technology and resources

Optimising our portfolio yield
Capitalising on yield enhancing opportunities and strengthening our balance sheet

Extracting benefits from 246 owned and actively managed properties providing attractive residential and commercial spaces in the CBDs of Tshwane, Johannesburg and surrounding urban areas.

To create sustainable value for our stakeholders

- 175.1 cents per share – after tax distributable income (FY2021: 134.6 cents)
- R925.6 million net operating profit (FY2021: R858.7 million)
- R124.9 million generation of surplus funds (FY2021: R91.2 million)

Investors and potential investors, banks
Debt capital market participants
We maintain good relationships with our investors and funders, strong financial controls, diversified revenue growth and sound operating principles.

Financial directors review, page 36

- R1.4 billion rental income (excluding recoveries) (FY2021: R1.4 billion)
- 3.4% year on year increase in like-for-like rental income (FY2021: 7.3% decrease)

Tenants and potential tenants
Octodec provides multisector and mixed-use quality spaces that are safe, clean and well managed for the flow of people seeking urban living, working and shopping.

Property portfolio overview, page 40

- City Property is a known and trusted tenant-facing brand in Octodec's market.

City Property
Octodec and City Property management represents a combined experience of over 60 years in solid property fundamentals in South Africa.

City Property relationship, page 5

- Employment provided to 201 employees (FY2021: 212)
- R40.3 million paid in salaries and benefits supporting livelihoods (FY2021: R40.9 million)
- No restructuring or retrenchments

Our people
Our leadership is engaged in ongoing mentoring and skills development of our employees.

Our board and leadership team, page 66
Our people, page 62

- As strategic investors in the CBD nodes of our country, our relationship with Councils, industry forums and a variety of inner city stakeholders is essential to maintaining dignified spaces for all citizens of these areas.

Councils of Tshwane, Johannesburg and other authorities, inner city stakeholders, and property and industry forums
Social development and sustainability is built into everything we do.

Social impact, page 61
Stakeholders, page 34

- Installed 8 smart water check meters to detect leaks
- One solar installation at one industrial park and 2 heat pump renewable energy sources
- 460 tonnes of measured waste recycled in 2022 (2021: 451 tonnes)

The environment
We monitor our environmental impacts and implement offsetting management, recycling and renewable energy options.

Environmental impact, page 57

Material matters and risks

Octodec's executive management met to consider the material matters pertinent to Octodec's ability to create and preserve value over time. We reviewed the validity of the matters determined in 2021 and benchmarked against two local property companies. We then considered our top risks and mapped these to the material matters identified for the year.

These material matters were determined within the context of conducting business in South Africa – a backdrop of countywide poor infrastructural support, safety concerns amid social unrest, and a weak economic climate. The country continues to face macroeconomic challenges driven predominantly by the prolonged recession, the pandemic's social and economic repercussions, and increasing power blackouts.

The matters listed below were reviewed, updated and presented to and approved by the board.

Nzunza House

Material matter	Impact	Our focus areas
The confidence of investors, debt providers and potential tenants in the long-term outlook of CBDs **Overview** The CBDs face perceptions of being relatively more affected by the macroeconomic challenges than other areas, exacerbated by media reports focusing on inner city environments. Our understanding of the evolution of inner city environments and the role of CBDs in the current economy results in well-managed, fit-for-purpose spaces which are sought after by the tenants who choose these central locations. Due to the nature of the inner city, Octodec's ability to engage and work with all community stakeholders is critical to business continuity and the successful execution of maintenance and other projects.	Octodec's access to and cost of funding, and future revenue streams from potential tenants.	• Engage providers of capital in a manner that enhances their understanding of the company's unique capabilities to mitigate risk in the portfolio and ensure valuations align with the intrinsic value of the properties • Promote the value proposition of conducting business and residing in the CBD to potential tenants and their customers • Regular engagement with the City of Tshwane and Johannesburg Metropolitan Municipalities and other role players in the CBDs in order to deal with service delivery issues • Engage with the City Initiative Development (CID) and other similar organisations to improve the safety and cleanliness of the CBDs • Profile Octodec's involvement and developments in the CBDs
The challenges of unemployment, political instability, and social unrest in South Africa **Overview** These macroeconomic challenges, which are not unique to South Africa, may result in an escalation of looting and social unrest in the country, with resultant damage to properties.	Potential damage due to social unrest requires a renewed focus on protecting our stakeholders and properties.	• Increased vigilance related to the protection of our buildings, our staff and our tenants • Ensure that the private security companies we have engaged are equipped to protect our assets • Extensive engagement with security companies, police and other forums to ensure we act quickly in the face of potential unrest • Continuous assessment to ensure we are adequately insured
Unstable electricity supply and water infrastructure **Overview** The inability of Eskom to provide reliable electricity supply impacts our business and that of our tenants. The quality and reliability of our water supply are under threat.	Increased cost of delivering a reliable service to our tenants and their ability to conduct sustainable business.	• Provide generators to secure and service common areas • Explore alternative sources of energy, including the installation of more solar power in our buildings to provide a more sustainable solution which is cheaper and more environmentally friendly • Explore options to explore continuous communication, such as the purchase of satellite phones, in the event of telecommunications infrastructure failures • Further explore water management, possible recycling methods and alternative source options such as boreholes
Inflation and higher interest rates **Overview** As was anticipated, we have entered a rising inflation cycle and a consequential increase in interest rates. This impacts our business through higher costs and tenants' decreasing disposable income and their ability to pay rental. The cost of borrowings has also increased, which is an important factor when considering new developments.	Tenant affordability and potential increased vacancies	• Focus on tenant retention • Cautious approach to major new developments

Material matter	Impact	Our focus areas
Poor economic climate and uncertainty of property valuations **Overview** The pandemic has changed the way people work and do business. Models of remote working negatively affect office vacancies. In addition, higher inflation and the consequential increase in interest rates impacts our tenants' ability to pay rent resulting in further increased vacancies. The shortage of building supplies and weaker exchange rate has also increased the cost of building.	Octodec's property valuations, as well as our overall financial position and key financial ratios.	• Manage our balance sheet, ensuring an appropriate LTV level, and hedging borrowings at a fair cost to protect the group from interest rate volatility. • Apply a balance between developing and adapting our buildings to be more relevant to changing circumstances, and maintaining a healthy balance sheet
Quality, affordability and aesthetic appeal of properties **Overview** The pandemic has resulted in a structural shift, leading people to think differently about where they live and work, how they shop and their connectivity needs. Tenants' and consumers' expectations are continuously shifting, including those of design and style. New entrants to our market bring different offerings, impacting these expectations further. The quality of infrastructure around our properties also impacts the location's appeal.	Meeting our tenants' current and future needs in terms of quality, affordability and superior customer service	• Continue to enhance our value proposition • Explore innovative solutions to ensure our properties remain attractive to current and potential tenants • Maintain our meticulous approach to maintenance and repairs • Balance the cost of delivering on evolving expectations with tenant affordability in the context of higher inflation and interest rates, and the corresponding decrease in their disposable income
Speed of market changes and the ability to adapt timeously **Overview** Technological development creates consumer expectations for Wi-Fi access, online property management interfaces and social media engagement. There has also been an increase in technology-enhanced competition. This in turn has created a need for upskilling our building managers and support staff to work in a digital world. Market volatility and oversupply of offices and retail shopping centres also impact market prices and increase tenants' reluctance to enter long-term leases.	Increased competition, market volatility and changing dynamics	• Digital transformation to adapt to technology advances and tenant expectations • Respond appropriately to changing dynamics and leverage our approach to shorter-term lease profiles and strong renewal relationships
City Property relationship **Overview** City Property, a related party[1], manages Octodec's business operations and properties. The owners of City Property directly and indirectly own 37.4% of the shares in Octodec. As a result, interests are aligned.	How well City Property performs its role directly impacts Octodec.	• Prudent management of this material relationship, with suitable governance and appropriate risk management, to ensure that service and other levels are maintained at the required standard • The management agreement between Octodec and City Property expires on 30 June 2023 and is currently being negotiated between the parties, with a view to having it approved and implemented before then.

[1] *A related party is a person or entity that is related to Octodec, as defined in note 36 in the annual financial statements*

Risks and opportunities

We maintain an integrated approach to risk management. The ERM framework aligns the company's strategy, processes, people, technology and knowledge to evaluate and manage the uncertainties the company faces in protecting and creating stakeholder value. It defines the company's risk appetite, tolerance levels and the monitoring of these.

Octodec deploys a robust enterprise risk management (ERM) function to enable an effective internal control environment and support the integrity of information used for internal decision-making, strategy development and planning by management, the board and its committees.

Some of the key external market uncertainties that we were navigating in FY2022 are as follows:

- Eskom price increases and unreliable supply driving up costs for the industry, further increasing inflation
- The contraction of global output signalling the possibility of a global recession
- The inconsistent supply of critical services by local authorities
- The increase in criminal activities and the perception that it is not safe to work and live in the CBDs, contributing to the rise in security costs incurred by the property owners

Octodec closely monitors these areas of risk and will continue to focus on the following areas of mitigation and opportunity in FY2023:

- Exploring further sustainable options for water management, energy consumption and recycling
- Providing innovative property solutions (digital platforms and shared spaces) to attract and retain tenants
- Enhancing profitability of the existing portfolio by expanding our target market to accommodate tenants in the lower income streams
- Ongoing monitoring and improving employer of choice initiatives, including development and upskilling of employees

Refer to Managing director's review on page 10 and ESG reporting from page 54 to 65.

Enterprise risk management

The risk governance structures and processes follow a combined assurance model based on three lines of defence – the oversight, management and assurance of risk management. The company follows a risk-based internal audit process, in accordance with the internal audit plan approved by the audit committee. This process assesses the management of the company's inherent risks and provides assurance that these risks are being managed within the defined risk appetite level. The risk committee fulfils an important oversight of this process on behalf of the board.

Octodec's risks are monitored in line with its **ERM policy and framework** through comprehensive registers which allow it to actively identify, monitor and manage the risks and opportunities to the business.

Independent assurance
External assurance providers, such as the external auditors, are seen to be independent and provide robust assurance.

Governing body
The board, internal and external assurance providers provide oversight to ensure the effective governance and performance of Octodec.

Internal audit
Internal audit provides reasonable assurance of the overall effectiveness of governance, risk management and controls.

Executive management
Management is responsible and accountable for developing appropriate processes and systems to support a culture of monitoring performance and compliance throughout the business.

Internal control measures
Each department consistently and proactively evaluates probable future scenarios to consider how emerging trends and developments impact Octodec's business model, consumer trends and key business/regulatory drivers.

Risk appetite and tolerance

Our risk appetite is determined by the risk framework and is reinforced by specific risk management processes and approvals. Significant risks are consistently reviewed and monitored by executive management, discussed, considered and recommended by the audit and risk committees, and approved by the board to determine the overall risk profile.

Octodec, consistent with previous years, has a moderate tolerance for risk. All risks that are inherently significant and/or high are managed as far as possible to bring the effects within Octodec's tolerance. The risk matrix guides the business as to whether the risks are rated as significant or high.

Where a risk remains residually high or significant, the activity giving rise to the risk is closely monitored through the relevant governance bodies (and ultimately the board) of Octodec.

Octodec's top risks

Octodec's top risks, as identified by management, and monitored and interrogated by the risk committee, are reported to the board each quarter. The adjacent tables depict the risks identified by the business that may affect Octodec's ability to create value in the short, medium and long term. They indicate the likelihood and possible consequences of the risks materialising, and Octodec's key controls to mitigate the effects of these risks.

1 Affordability of target market remains under pressure

Stable; S M L

Description

- Rising costs
- Low GDP growth environment
- Increase in interest rates
- Pressure on disposable income
- Lack of job creation and an increase in unemployment

Mitigation

- Diversified portfolio to limit exposure to single tenant failure
- Innovative development of affordable and attractive rental options based on shared and semi-furnished solutions
- Digital marketing efforts to reach more potential tenants
- Maintaining appropriate credit control and tenant vetting processes

2 Dependency on municipal electricity and water supply, together with associated increases in rates and utility costs; lack of service delivery by local authorities; failing municipal infrastructure, and lengthy court processes

Deteriorating; S M L

Description

- Increased interruptions to electricity, increased load shedding and unreliable water supply
- Compromised water quality and pressure
- Poor service delivery by municipal authorities
- Failing road/ rail infrastructure impacting on retailers ability to stock shelves
- Continued increase in utility tariffs
- Excessive time spent in court processes

Mitigation

- Building relationships with local authorities, water and power suppliers to ensure that issues are resolved within the quickest possible time
- Actively lobbying for change through various forums
- Endeavouring to supply back-up electricity with generators, where feasible, and continuing to investigate and identify alternative sources of power to complement the use of generator power
- Monitoring and managing power consumption per property to ensure that tenant recoveries are optimised

3 Increasing threat of damage to property infrastructure, intensity of protest action and concerning crime trends

Deteriorating; S M

Description

- Increased discontent over the stagnation of living standards and quality of life
- Lack of service delivery
- Unemployment
- Rising costs
- Increased intolerance to foreign nationals
- Weakening, or non-existent law enforcement

Mitigation

- Continually improving our relationships with key stakeholders and authorities to improve our ability to actively assist in resolving conflict situations
- Regularly monitoring potential conflict, enabling us to implement appropriate measures to reduce damage to the properties and/or harm to our stakeholders
- Ensuring appropriate insurance cover is in place
- Security measures at our properties, as well as in and around our footprint

Year-on-year movement

- Deteriorating
- Stable
- Improving

Classification

- S Short-term
- M Medium-term
- L Long-term

4 Slow economic growth, failing structural reforms and policy uncertainty

S M L

Description

- Rising inflation
- Continuous interruption to power supply as a result of load shedding
- Increased social unrest and protest action
- Diminished economic activity
- Weakening of country's fiscal position, including potential FATF grey listing of South Africa

Description *continued*

- Build-up of debt burdening government budgets
- Increasing unemployment
- Failing structural reforms
- Policy uncertainty
- Unpredictability of coalition-based governmental regimes
- Weakening currency

Mitigation

- Investigating initiatives to attract tenants to our properties and provide value-added cost savings to enhance affordability
- Balanced approach to capital allocation

5 Increased pressure on IT network infrastructure and cyber security (including data fraud, amongst others) impacting our own systems and those of third parties with whom we operate

S M

Description

- Increased cyber attacks
- Systems and/or network downtime

Mitigation

- Managing and maintaining our ICT infrastructure through a dedicated in-house team and service providers with appropriate service level agreements
- Ongoing upgrading of the overall IT infrastructure and keeping it well maintained

Mitigation *continued*

- Continuously storing and backing up data on an off-site disaster recovery system to ensure effective and timeous return to service in cases of disaster
- Timeously communicating with key stakeholders to notify them of a data breach and the steps taken to restore our services
- UPS, backed up by a generator, during load shedding

6 Rapid speed of disruptive technologies and other market forces resulting in permanent shifts in consumer and social behaviour and preferences

S M

Description

- Constantly evolving competitive marketplace
- Consumers reassessing their choices: spending less, using more automated and/ or digital platforms
- Increase in telecommuting

Mitigation

- Investigating and implementing appropriate new technologies and digital platforms
- Exploring innovations to find smarter ways to operate, drive cost and time efficiencies and better service our tenants

Mitigation *continued*

- Actively monitoring social media and utilising reputation management interventions to manage complaints and ensure continued customer excellence

7 Increased regulatory burden and scrutiny, including increased inability to transform at acceptable levels

S M L

Description

- High cost of compliance
- Onerous regulatory landscape
- Inadequate compliance
- Existing legislation constantly changing
- Slow transformation

Mitigation

- Ongoing monitoring of the changing regulatory universe in which we operate, undertaken by individuals within internal legal, risk and compliance functions
- Lease agreement obligates tenants to ensure compliance with regulatory requirements within the leased premises, to the extent applicable
- Rigorous application of our transformation targets

8 Inability to grow distributions in line with (or in excess of) inflation

S M

Description

- Lower revenue
- Increased costs
- Increasing interest rates

Mitigation

- Balanced approach to capital management
- Diversified portfolio to limit exposure to single tenant failure
- Focusing on maintaining our LTV ratio below 40% and further improving our ICR
- Maintaining appropriate credit control and tenant vetting processes
- Executing on our strategy

9 Diminishing key stakeholder (investors, funders, employees, suppliers and tenants) confidence may continue to impact our ability to meet stakeholders' expectations

S M

Description

- Diminishing confidence of funders and investors in the property industry, in the inner cities and/ or in the portfolio of Octodec
- Perceptions surrounding the risk of doing business in the CBD, impacting on the ability to access capital at favourable rates

Mitigation

- Driving initiatives to enhance stakeholders' understanding of the reality and potential of the CBDs we operate in
- Building and maintaining relationships with stakeholders through regular interactions such as roadshows, pre-close and results presentations as well as site visits
- Assisting urban renewal initiatives in improving specific areas, encouraging surrounding property owners to upgrade and maintain their properties

10 Risks surrounding human capital (including suppliers and local authorities)

S M

Description

- Quality of service provided by suppliers and local authorities
- Risk of losing key members of staff
- Unable to attract and retain skills required for current and future business needs and that of our service providers
- Inability to adequately manage organisational transformation to ensure diversity and desired culture and ethics

Mitigation

- Stringent supplier monitoring and performance review in place
- Punctual settlement of supplier accounts
- Building relationships with local authorities, water and power suppliers to ensure that issues are resolved within the quickest possible time, and that there is continuity in our relationships
- Identification and training of skilled and experienced leaders as succession candidates for senior positions
- Ongoing investment in the knowledge and skills of employees through on-the-job training
- Being flexible and pragmatic with work-from-home options

Opportunities

Included in our top risks are areas of opportunity, which Octodec pursues to create and maintain value for the group and our stakeholders:

Strategic opportunities

- Creating multisector community ecosystems to serve the interrelated and changing needs of communities
- Leveraging the concentration of our properties in our strategic nodes to enhance efficiencies and reduce costs
- Growth and sustainability as CBD activity increases over the long term, due to the influx of people moving from rural to urban areas

See Managing director's review, page 10 and Material matters, page 27

Operational opportunities

- Enhancing engagement with existing and potential tenants through digital platforms and data analysis
- Streamlined business process automation supports cost efficiency

See City Property Relationship, page 5

ESG opportunities

- Developing and refurbishing buildings into quality accommodation to enhance the communities in which our tenants live, work and play
- Actively adapting to tenant needs by modifying residential and commercial spaces to be more fit-for-purpose and including value-adds
- Minimising our impact on the environment through improved energy, water and waste management, and encouraging tenants to do the same

See ESG reporting, page 54

Stakeholder engagement

Our approach to stakeholder engagement is based on co-operating with stakeholders to advance the success of our cities and surrounding urban areas. We view our stakeholders as partners in building a common vision of success.

Engagement is integrated into our value creation process. We remain open and transparent in our communication and carefully consider all concerns and opportunities raised for more meaningful engagement.

Across the business, at management and operational levels, procedures are in place to monitor and measure the ongoing effectiveness of our communication. The board, supported by the SERT committee, is ultimately accountable to ensure sound, transparent stakeholder relationships. See the SERT committee chairman's review on page 54, for the committee's stakeholder engagement areas of focus for 2022 and 2023.

The nature of our stakeholder engagements[1] is set out below:

Stakeholders	Engagement activities
Our tenants and potential tenants	Urbanisation drives the emerging middle class to seek the convenience and connectivity of living and working in the CBD. In response, Octodec provides multisector and mixed-use quality spaces that are safe, clean and well managed. A mix of our residential, office, small business and Government tenants interact in a mutually supportive ecosystem. In the surrounding urban areas, our attractive community shopping centres serve the retail requirements of the respective communities in conveniently located areas. City Property engages with tenants face-to-face, via the City Property contact centre, digital communication, and maintains an ethics hotline. In 2022, we conducted tenant surveys to ensure we continue to meet their needs. Where concerns arose, these were addressed in a collaborative manner.
Our employees	Octodec offers personal growth and stability for our employees. We are engaged in ongoing mentoring and skills development. Specific areas of training for 2022 can be found on page 62. We inform, educate and communicate ethics awareness and offer emotional support services via ICAS.
Our investors and potential investors	We create value for our investors based on long-term business sustainability. Our management represents a combined experience of over 60 years in solid property fundamentals and over many different property cycles in South Africa. We hold interim, pre-close and annual results presentations, publish them on the website and host webinars. We also attend one-on-one meetings with our investors and maintain a dedicated telephone line and email address for enquiries. We encourage our investors to attend our CBD tours to experience our properties first-hand.
City Property	City Property manages Octodec's properties. How well City Property performs its role directly impacts Octodec. We need to manage this material relationship closely with suitable governance and appropriate risk management to ensure that service levels are maintained at arm's length and at the required standard. City Property is a known and trusted tenant-facing brand in Octodec's market, which enhances Octodec's competitive advantage. The management agreement between Octodec and City Property expires on 30 June 2023 and is being renegotiated between the parties.

[1] *Procedures are in place to monitor and measure the ongoing effectiveness of our communication.*

Stakeholders	Engagement activities
Councils of Johannesburg and Tshwane and other authorities	As strategic investors in the CBD nodes of our country, Octodec is committed to enhancing its relationship with Councils and maintains open channels of communication to work together for the benefit of the cities and all stakeholders within them. We have engaged with these Councils to assist us should the "construction mafia" attempt to interfere on site at new developments.
Communities in which we operate and inner city stakeholders	Octodec is a pioneer in creating mixed-use spaces in the Tshwane and Johannesburg CBDs and has invested in uplifting CBD nodes for the benefit of these communities, beyond our tenant base: • We interact with landlord associations and non-Government organisations in the CBDs • We engage with taxi associations that operate around our buildings • We build relationships by engaging with hawker associations and with informal traders • We invest in practical improvements in the areas where we operate • Octodec assists communities in need around the areas where we operate
Debt capital market participants	Our strict financial controls, risk management and sound operating principles provide assurance to debt funders. We maintain good, long-term relationships with our bankers and funders, and keep them informed of changes in our portfolio. Octodec has a robust valuation process in place, including a review of the valuations and approval by the audit committee and board, to provide the assurances further outlined on pages 111 to 114 of this report
Suppliers and service providers	Our business relies on a dependable supply chain. Supporting our suppliers' business success includes regular engagement with them and ensuring timeous settlement of their accounts. All our suppliers are local, many of them small businesses within the same geographical area as our buildings.
Property and industry forums	We work together to resolve issues • SA REIT Association • City Improvement District Initiatives (CIDs) • SAPOA • Property Investment Group formed to deal with the pandemic crisis

City Property and City Improvement District spearhead urban renewal project

Ahead of Nelson Mandela Day in July 2022, City Property and City Improvement District officials, under the guidance of Octodec's managing director Jeffrey Wapnick, cleaned up the Pretoria CBD area along Nelson Mandela Drive, between Pretorius and Johannes Ramokhoase Streets, and along the Apies River.

The week-long exercise, in which hundreds of bags of rubbish and invasive trees were removed from vacant land, will become a regular cleaning exercise.

> Our aim is to transform the environment and create an area that is clean and safe for everybody to use. We are committed to demonstrating the way for sustainable change.

As Nelson Mandela said: "a good head and a good heart are a formidable combination". We love our city and hope that other inner city stakeholders will join City Property and Octodec in the ongoing clean-up campaign. We believe this collective effort will have a profound and lasting impact.

We also engaged with Tshwane University of Technology and the South African Reserve Bank (SARB) as strategic stakeholders located in close proximity to Octodec assets, with a view to establishing an urban management initiative in the common public areas.

Financial director's review

The operating conditions of the first six months of FY2022 remained difficult, but the latter six months demonstrated a significant improvement. We are approaching pre-pandemic levels of performance, but remain cautious in terms of our growth outlook in the prevailing high inflation and interest rate environment, uncertain global geopolitical risk, and the impact of prolonged power cuts on business and our financial performance.

Anabel Vieira
Financial director
(from 1 September 2021)

Context to our financial performance

As pandemic lockdown restrictions eased, students returned to the cities and our residential sector vacancies improved significantly. Our tenants in the retail and industrial sectors struggled in the first six months and we assisted with rent freezes and rent reductions, but this turned the corner towards mid-year, and our occupancy levels are almost at pre-pandemic levels. The office sector remains under pressure due to general market oversupply and remote working, but our vacancies are contained and stable.

The progress made in the disposal of our non-core properties has enabled Octodec to reduce utilised facilities, thereby reducing interest costs and improving our distributable income. We aim to invest more in development in the next financial year. We continue to maintain tight control over expense management and our overall cost increase is below inflation.

2022 performance highlights

Rental Income of **R1 930.5m** (2021: R1 838.7m)

Distributable income per share of **175.1c** (2021: 134.6 cents)

Dividend of **130c** (2021: 50 cents per share declared)

Net Asset Value per share of **R23.28** (2021: R23.20)

Net profit (loss) for the year **R605.1m** (2021: (R174.8m))

Average portfolio Occupancy of **85.6%** (2021: 83.8%)

Average portfolio collections of **103.3%** (2021: 99.9%)

Tenants arrears at **3.3%** (2021: 5.5% of revenue)

Portfolio with a value of **R10.9b** (2021: R11.1b)

LTV of **39.7%** (2021: 43.2%)

Borrowings of **R4.4b** (2021: R4.7b)

Proceeds from sales **R218.4m**

Funds from operations

Octodec achieved distributable income before tax of R465.9 million compared to R401.1 million in FY2021 and, after tax, R466.1 million compared to R358.4 million in FY2021.

	% change	31 August 2022 R'000	31 August 2021 R'000
Revenue earned on contractual basis	3.3	1 931 091	1 869 511
COVID-19 rental discount	(98.1)	(571)	(30 845)
Revenue earned after COVID-19 rental discount	5.0	1 930 520	1 838 666
Property operating expenses	3.9	(1 013 460)	(975 663)
Net property income	6.3	917 060	863 003
Administrative and corporate expenses	12.2	(84 614)	(75 420)
Share of income from joint venture	(0.5)	2 465	2 477
Distributable profit before finance costs	5.7	834 911	790 060
Net finance costs	(5.1)	(369 037)	(388 914)
Distributable profit before tax	16.1	465 874	401 146
Current tax		193	(42 737)
Distributable income attributable to shareholders	30.0	466 067	358 409
Weighted average number of shares		266 197 535	266 197 535
Distributable income per share (cents)	30.0	175.1	134.6

Dividend Policy

Octodec's dividend policy is based on the premise of retaining sufficient funds for future developments and acquisitions, as and when these opportunities arise, maintaining a strong balance sheet with an acceptable loan to value ratio, while at the same time taking into consideration our shareholders' expectations in respect of distributions.

In determining the funds for distribution, we use distributable income (SA REIT funds from operations) and deduct the anticipated amount for refurbishments and developments, while ensuring that the distribution complies with the JSE Listings Requirements of a minimum distribution of 75% of distributable income (taxable income), taking into account the solvency and liquidity of the underlying property controlled subsidiaries. The distribution for FY2022 is approximately 100% of taxable income, ensuring that the group remains a REIT.

Based on the above policy, the board of Octodec declared a final dividend of 80.0 cents per share on 28 October 2022, payable to shareholders on Monday, 21 November 2022. The total dividend for the year is 130.0 cents (FY2021: 50.0 cents) per share, a 160% increase on the prior year.

The board has considered the solvency and liquidity of the group and is satisfied that it has adequate cash resources and funding facilities.

Net property income

Revenue earned on a contractual basis after COVID-19 rental discounts (largely applicable in the first six months of the reporting period) increased by 5.0% from R1 838.7 million to R1 930.5 million, mainly due to a reduction in assistance provided to tenants in the form of rental discounts. This was, however, offset by negative rental reversions mainly in the industrial, retail and specialised sectors, resulting in a smaller increase of 3.3% in rental earned on a contractual basis from R1 869.5 million to R1 931.1 million for FY2022.

Net finance costs decreased by 5.1% from R388.9 million to R369.0 million. This was primarily achieved through the settlement of some unfavourable hedging instruments at the beginning of the financial year, as well as the reduction of utilised facilities. Distributable income before tax increased by 16.1% from R401.1 million to R465.9 million, and distributable income after tax increased by 30.0% from R358.4 million to R466.1 million, as a result of the reduction in taxation payable in the current year following the increased dividends paid.

Octodec had historically acquired mothballed properties with a view to their development, but due to the weak economy over the past few years, the focus has shifted to the disposal of these properties. This year saw a significant improvement in our disposal strategy, with the disposal of 20 properties to achieve our target KPI of R200 million. This released capital for the refurbishment of the common and entertainment areas at Plaza Place and Royal Place, a new KFC at Waverley Plaza and various improvements to our existing commercial properties, and the balance thereof was applied to the reduction of utilised facilities.

Octodec maintains hands-on management of our operating expenses, achieving cost savings despite the high inflationary environment.

Below are the group's cost-to-income ratios, set out on a gross and net basis.

	31 August 2022 %	31 August 2021 %
Property costs		
Gross basis	52.5	53.1
Net basis (net of recoveries)	36.6	37.9
Total property and administration costs		
Gross basis	56.9	57.2
Net basis (net of recoveries)	42.4	43.4

Borrowings

	31 August 2022		31 August 2021	
	Amount R'million	Weighted average interest rate per annum %	Amount R'million	Weighted average interest rate per annum %
Interest-bearing borrowings				
Bank borrowings	3 676.6	7.9	4 007.4	5.7
Nedbank	1 468.9	8.0	2 260.1	5.9
Standard Bank	1 259.0	7.7	1 297.3	5.5
ABSA	948.7	7.8	450.0	5.5
DMTN Programme	698.6	7.7	674.1	5.5
Listed – unsecured	330.3	7.8	306.7	5.5
Unlisted – secured	368.3	7.7	367.4	5.6
Total borrowings	4 375.2	7.9	4 681.5	5.7
Cost of swaps		0.8		2.8
Total cost of borrowings		8.7		8.5

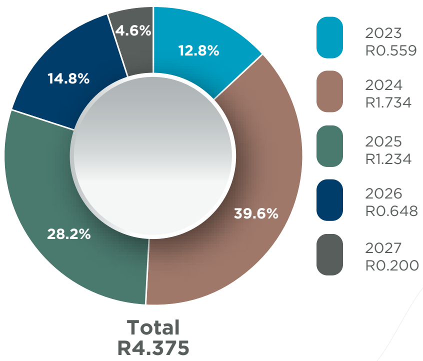
	31 August 2022	31 August 2021
Borrowings hedged (%)	80.0	96.1
Weighted average term of debt (years)	2.1	1.6
Weighted average term of interest rate swaps (years)	2.0	2.7
LTV (%)	39.7	43.2
Undrawn debt facilities available and cash on hand on demand (R'million)	624.0	359.1

Finance costs

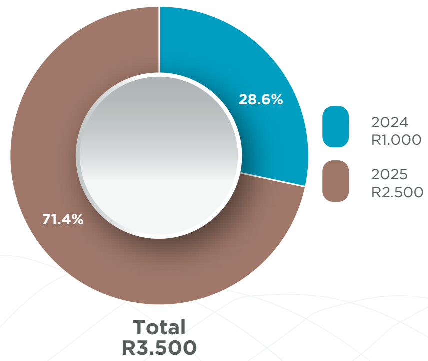
Net finance costs decreased by 5.1% from R388.9 million to R369.0 million. This was primarily achieved through the settlement of some unfavourable hedging instruments at the beginning of the financial year, as well as the reduction of utilised banking facilities.

Octodec's interest rate risk is 80.0% hedged, within the board-approved range of between 70% and 80%. We continue to monitor the interest rate markets for an opportunity to extend our interest rate swap expiry at an acceptable price.

Loan expiry profile – R'billion and %



Interest rate derivatives expiry profile – R'billion and %



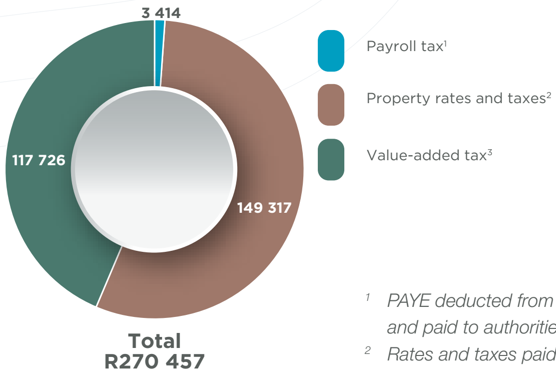
Domestic Medium-Term Note (DMTN) Programme strategy

Octodec operates the Domestic Medium-Term Note (DMTN) Programme through its subsidiary Premium Properties Ltd, which is guaranteed by Octodec. At the end of FY2022, the total unsecured issuance was R330.3 million or 7.6% (FY2021: R306.7 million or 6.6%) of the group's total borrowings. Global Credit Rating long and short-term national scale ratings are A-(ZA) and AZ(ZA) respectively with a stable outlook, having improved from a negative outlook in the prior year.

Tax transparency

Octodec is a committed, socially responsible corporate citizen and we continue to pay our equitable share of taxes, on time. The taxes we pay have a positive economic impact on the communities we operate in. The group's tax contributions for the 2022 financial year are set out below.

Tax type and amount (R'000)



[1] *PAYE deducted from employees and directors, where applicable, and paid to authorities*
[2] *Rates and taxes paid to local municipalities*
[3] *Value-added tax collected less amount claimed from authorities*

Investment property valuation

The property portfolio was valued at R10.9 billion (FY2021: R11.2 billion) based on the capitalisation of income method.

Investment property valuations and assumptions

	31 August 2022	31 August 2021
Property portfolio (R'000)	10 890 365	11 133 000
Decrease in valuation (R'000)	(82 386)	(641 050)
Decrease in valuation (%)	(0.7)	(5.4)
Range of capitalisation rates (%)	8.25 to 14.50	8.25 to 14.50
Weighted average capitalisation rates (%)	9.8	9.8

In line with the group accounting policy, the entire portfolio is valued internally every six months; one third of the buildings are valued externally every year, with half thereof valued externally in February and the remaining half in August. The valuation method, which is the capitalisation of income method, has remained unchanged from the prior year, with minimal changes to the valuation inputs such as expense ratios, vacancy factors and the capitalisation rates.

For further details on investment property, refer to pages 111 to 114.

Net asset value (NAV)

Octodec's NAV increased marginally from R23.20 per share at 31 August 2021 to R23.28 per share at 31 August 2022.

SA REIT Association Best Practice Recommendations (BPR)

Octodec complies with the recommendations contained in the BPR, and the SA REIT ratios are disclosed on pages 168 and 169.

Outlook for FY2023

Having emerged on a sound financial footing from the previous two years of extremely tough operating conditions, Octodec was able to strengthen its balance sheet and we are poised to implement further developments in the next financial year. Considering geopolitical tensions and uncertainty related to high inflation and interest rates, we aim for smaller developments, carefully balancing the cost of developments with the return on investment.

Anabel Vieira
Financial director

29 November 2022

Shoprite building render

Operational and property sector review

Portfolio performance overview

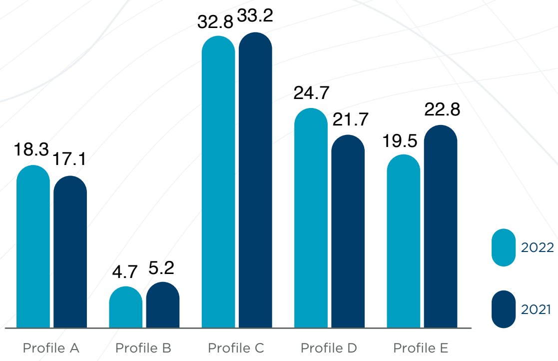
Tenants and leasing

With 30.7% residential and 69.3% commercial tenants, our leasing performance has improved, mainly due to tenants returning to work and studies post-COVID-19.

Tenancy profile % of GLA m²

		2022	2021
A*	Large national tenants, listed tenants, Government and major franchises (%)	18.3	17.1
B*	National tenants, other franchises and medium-sized professional firms (%)	4.7	5.2
C	All other tenants (%)	32.8	33.2
D	Residential tenants (%)	24.7	21.7
E	Vacancies (%)	19.5	22.8
Total		100.0	100.0

A*	Grade A includes a national tenant with a footprint throughout South Africa and a presence in all or most provinces. Major franchises represent a franchisee with a footprint throughout South Africa and a presence in all or the majority of provinces.
B*	Grade B includes national tenants and franchisees that do not meet the criteria for Grade A tenants.



Lease expiry profile

Our tenant and leasing profiles are in line with historical trends and expectations. The majority of our leases are of a short-term nature, with lease periods of 12 months, which is typical of residential and small to medium-sized enterprises. National tenants leases are typically on a three-to-five year term.

The average stay of a residential tenant is 24.5 months, excluding Hatfield tenants who are traditionally students leasing for 10 months through the Government-funded National Student Financial Aid Scheme (NSFAS).

The average length of stay of our commercial tenants, measured by those tenants that have vacated in the current year, is as follows:

Retail shopping centres	66.2 months
Retail shops	51.2 months
Offices	35.1 months
Industrial	43.0 months

Lease expiry profile at 31 August 2022

	By rental income %					By GLA m² %					
	August 2023	August 2024	August 2025	August 2026	August 2027 and beyond	August 2023	August 2024	August 2025	August 2026	August 2027 and beyond	Vacant
Sector											
Residential	99.9	–	–	0.1	–	92.7	0.1	–	0.2	–	7.0
Commercial											
Retail											
Retail – shops	45.2	22.6	16.3	4.7	11.2	38.4	16.3	12.6	3.7	8.4	20.6
Retail – shopping centres	27.5	22.2	25.9	13.5	10.9	24.3	15.8	27.1	11.2	13.9	7.7
Offices	74.5	13.4	8.5	1.5	2.1	38.4	8.2	4.8	0.9	1.4	46.3
Industrial	57.7	19.1	19.4	2.2	1.6	56.6	16.0	15.1	2.9	1.7	7.7
Specialised and other											
Educational facilities	64.8	3.6	20.0	11.6	–	65.4	3.7	22.6	8.3	–	–
Healthcare facilities	23.3	14.6	48.7	1.8	11.6	15.0	9.0	43.8	1.4	9.8	21.0
Places of worship	67.9	20.2	11.9	–	–	70.5	15.4	14.1	–	–	–
Auto dealerships	77.2	22.8	–	–	–	70.2	29.8	–	–	–	–
Hotels	92.0	–	–	8.0	–	72.8	–	–	27.2	–	–
Total commercial	52.6	18.1	17.3	5.2	6.8	42.5	12.5	12.9	3.6	4.5	24.0
Total commercial and residential	68.8	12.0	11.4	3.3	4.5	55.9	9.2	9.4	2.7	3.3	19.5

10 major lease expiries by GLA m² – FY2023

Building	Tenant	Lease expiry	GLA (m²)	Renewal status
Capitol Towers North	The City of Tshwane Metropolitan Municipality	November 2021	12 219	Tenant has indicated that it intends to move the department to Midtown building recently purchased from Octodec; tenant currently on a rent freeze
Wits Technikon	Basa Tutorial Institute	December 2022	11 782	Tenant has requested an early renewal with a rent reduction of approximately 30%. Request is currently being considered taking the tenant's financial circumstances into consideration
The Fields	Small Enterprise Development Agency (SEDA)	December 2022	6 568	Will be going to tender at end of lease
CPA House	City Property Administration (Pty) Ltd	June 2023	6 208	No concerns foreseen with regards to the renewal. Negotiations will begin closer to the lease expiry
Govpret	Department of Justice – National Office	October 2022	5 868	Offer at a rent freeze made to DPW; awaiting their response
Marlborough House	Commission for Conciliation, Mediation and Arbitration	October 2022	5 800	Renewal for one year effective 1 November 2022
Jeppe House	Jeppe Education Centre	December 2022	5 674	Tenant has expressed intention to reduce area from 10 to 8 floors. Negotiations underway
Dynamech Office Park	South African Police Services	February 2023	5 670	Offer for three-year renewal made to tenant for consideration
28 Church Square	National Prosecuting Authority	March 2023	5 488	Offer for three-year renewal made to tenant for consideration
Killarney Mall	Pick 'n Pay	April 2023	5 238	Five year lease renewal finalised at zero rent reversion, with 6.0% escalation per annum

Vacancies by sector

Sector	GLA m² (2022)	Total vacancies % (2022)	Properties held for redevelopment or disposal including mothballed space % (2022)	Core vacancies % (2022)	GLA m² (2021)	Total vacancies % (2021)	Properties held for redevelopment or disposal including mothballed space % (2021)	Core vacancies % (2021)
	Total vacancies as at 31 August 2022				Total vacancies as at 31 August 2021			
Residential	415 490	7.0	–	7.0	419 094	15.9	–	15.9
Commercial								
Retail – street shops	305 961	20.5	–	20.5	310 818	18.4	–	18.4
Retail – shopping centres	97 538	7.7	(0.3)	7.4	97 530	7.6	(0.3)	7.3
Offices	389 868	46.3	(19.9)	26.4	420 192	48.8	(25.2)	23.6
Industrial	210 630	7.7	(0.5)	7.2	235 204	12.0	(0.3)	11.7
Specialised and other								
Educational facilities	61 111	–	–	–	63 938	–	–	–
Healthcare facilities	34 356	21.0	–	21.0	36 884	16.6	(1.2)	15.4
Places of worship	16 424	–	–	–	12 739	–	–	–
Auto dealerships	12 624	–	–	–	11 707	–	–	–
Hotels	13 458	–	–	–	13 458	–	–	–
Total	1 557 460	19.5	(5.1)	14.4	1 621 564	22.8	(6.6)	16.2

Mothballed space

The mothballed space, as a total of Octodec's portfolio, has reduced by 26 593m² to 78 948m² (FY2021: 105 541m²) due to the disposal of Fedsure House in Johannesburg CBD, a mixed-use building with mothballed offices. The remaining mothballed space consists of three properties, fully mothballed with a carrying value of R94.3 million. Octodec is pursuing the disposal of these properties. There are a further three partially mothballed properties with a carrying value of R48.2 million which are allocated to the mothballed space. These properties are currently being held for possible conversion into residential accommodation in the future.

Vacancy profile by location

Location	Vacancy GLA m²	% of total vacancies	% of total GLA m²	% held for development or disposal	% of core vacancies
Tshwane CBD	98 432	32.4%	18.9%	-6.1%	12.8%
Tshwane and surrounding areas	57 675	19.0%	11.2%	-0.1%	11.1%
Johannesburg and surrounding areas	18 106	6.0%	12.9%	-0.2%	12.7%
Johannesburg CBD	129 360	42.6%	34.1%	-12.2%	21.9%
Total	303 573	100.0%	19.5%	-5.1%	14.4%

Larger vacancies above 8 000m²

Property name	Location	Sector	Property GLA m²	Vacancy m²	% Vacancy	Reason for vacancy
Shoprite - Eloff Street	Johannesburg CBD	Office	31 693	31 008	98	Mothballed – for residential conversion or disposal
Inner Court	Johannesburg CBD	Retail and office	23 228	19 180	83	Vacant office space
Reinsurance House	Johannesburg CBD	Office	15 034	15 034	100	Mothballed – for residential conversion or disposal
Prinschurch	Tshwane CBD	Retail and office	13 133	11 305	86	Mothballed office space – for potential residential conversion
Killarney Mall	Johannesburg	Retail and office	47 470	8 408	18	Vacant retail and office space
Education Centre	Johannesburg CBD	Retail and office	10 936	8 371	77	Mothballed office space – for potential residential conversion
Midtown	Tshwane CBD	Retail and office	8 539	8 279	97	Sold and transferred on 13 October 2022
Van Riebeeck Medical Building	Tshwane CBD	Retail and office	8 167	8 167	100	Mothballed – for residential conversion or disposal

Lease escalations per sector

	Leases with escalations		Weighted average lease escalation	Leases with no escalations		Occupied	Vacant	Total
	GLA m²	%*	%	GLA m²	%**	GLA m²	GLA m²	GLA m²
Sector								
Residential	4 834	1.3%	0.0%	381 410	98.7%	386 244	29 246	415 490
Commercial								
Retail								
Retail – shops	129 200	53.1%	6.4%	113 898	46.9%	243 098	62 863	305 961
Retail – shopping centres	60 762	67.5%	6.0%	29 242	32.5%	90 004	7 534	97 538
Offices	59 057	28.2%	6.4%	150 245	71.8%	209 302	180 566	389 868
Industrial	78 587	40.4%	7.5%	115 904	59.6%	194 491	16 139	210 630
Specialised and other								
Educational facilities	21 172	34.6%	(11.1%)	39 939	65.4%	61 111	–	61 111
Healthcare facilities	22 028	81.2%	3.3%	5 103	18.8%	27 131	7 225	34 356
Places of worship	4 897	29.8%	6.9%	11 527	70.2%	16 424	–	16 424
Auto dealerships	5 567	44.1%	6.7%	7 057	55.9%	12 624	–	12 624
Hotels	3 666	27.2%	6.0%	9 792	72.8%	13 458	–	13 458
Total	389 770	31.1%	5.7%	864 117	68.9%	1 253 887	303 573	1 557 460

* *% of total GLA occupied*

** *Includes monthly leases and leases expiring prior to 31 August 2023, with no escalations during the period from 1 September 2022 to 31 August 2023*

Larger capital projects undertaken in the current year

Property	Location	Details	Total development cost R'000	Incurred in 2022 R'000	Completion date
Inner Court	Johannesburg CBD	Subdivision of ex-Jet space into two new retail stores for Mr Price and OK Furniture	12 972	6 579	October 2021
The Fields	Hatfield Tshwane	Conversion of apartments into shared and furnished units	17 622	7 290	
		Phase 3 – Convert 101 apartments into 195 shared and furnished units	4 721	4 721	February 2022
		Phase 4 – Convert 182 apartments into 400 shared and furnished units	12 901	2 569	January 2023
Waverley Plaza	Waverley Tshwane	New drive-through for KFC	4 564	4 370	March 2022
The Tannery	Silverton Tshwane	Installation of solar plant – 90% complete	6 869	5 302	September 2022
The Fields	Hatfield Tshwane	Upgrade retail area Block A and D to office space to accommodate office tenants relocating from Intersite	8 560	4 920	October 2022
Shoprite Pta	Tshwane CBD	Refurbishment of ground floor, first floor and basement for Shoprite, incl. new escalator to first floor and a tenant installation allowance	57 402	6 906	December 2022
			107 989	35 367	

Disposals

With the lifting of COVID-19 lockdown restrictions, we have seen an improvement in the conclusion of sales of properties previously identified for sale. Against this backdrop, Octodec has sold and transferred 20 properties for a total net consideration of R218.4 million, details of which are set out below:

Already transferred

	Date	Location	Sector	Proceeds net of commission R'000	Fair value gains/(losses) on disposal R'000	Exit yield %
Marsfield	1/9/2021	Tshwane West	Residential	5 429	(571)	6.3
Hannyhof (2)	3/9/2021	Hermanstad, Tshwane	Residential	2 737	137	7.0
Goleda (2) & (5)	15/9/2021 & 3/2/2022	Tshwane West	Industrial	6 127	(672)	12.9
North Place	23/09/2021	Tshwane North	Mixed-use residential & retail	9 450	(2 150)	5.8
SKD (1) & (2)	29/10/2021 & 2/6/2022	Tshwane CBD	Retail	6 658	257	7.5
Ou Holland	4/11/2021	Gezina, Tshwane	Mixed-use residential & retail	7 708	(192)	11.0
Kings City Parkade	10/11/2021	Johannesburg CBD	Parking	46 590	2 890	9.5
181 Industrial	25/11/2021	Hermanstad, Tshwane	Industrial	23 428	(3 772)	7.5
Janvoel	9/12/2021	Silverton, Tshwane	Retail	5 318	(682)	11.0
Silvertondale 36	31/1/2022	Silverton, Tshwane	Industrial	5 119	419	20.9
Empisal	17/2/2022	Johannesburg CBD	Office	5 700	(500)	10.1
Potproes (1), (2) and (3)	28/04/2022	Tshwane CBD	Retail	11 400	600	2.2
Bradlows Corner	03/05/2022	Johannesburg CBD	Mixed-use office & retail	7 397	(2 256)	6.2
Rosemitch	27/5/2022	Tshwane West	Industrial	4 856	656	(7.4)
Trekfred	27/6/2022	Gezina, Tshwane	Mixed-use residential & retail	15 035	(1 466)	14.3
Fedsure House	31/8/2022	Johannesburg CBD	Mixed-use office & retail	55 438	(3 362)	(0.7)
				218 390	(10 664)	6.3
Loss on disposal of other assets				56	(160)	0.0
				218 446	(10 824)	6.3

Residential sector review

As evidenced by our improved performance, decrease in vacancies and renewed tenant interest, there is ongoing demand for affordable and secure accommodation for young professionals, students and families in the CBDs and surrounding areas.

We maintain our competitive advantage by providing quality apartments at affordable prices without significant capital expenditure that would need to be passed on to tenants. Our focus is on ensuring that our value proposition remains attractive to tenants with well-maintained and safe buildings, play areas for children, braai facilities and common areas for relaxation. We pride ourselves on our well maintained buildings, with dedicated onsite building managers and 24/7 security.

31.7% of Octodec's portfolio income

68.4% rental income from **Tshwane and surrounds** representing 9.4% growth year on year

31.6% rental income from **Johannesburg and surrounds** representing 8.7% growth year on year

8 918 TENANTS over 65 PROPERTIES including our residential joint venture, with an overall occupancy level of **93%**

23% of residential applications are **Government employees**

31% of occupants **are students**

R19 737 average net monthly salary per applicant

9.6% net monthly salary above R35 000

Year in review

The convenience factor of prime locations in the CBDs and mixed-use spaces has re-emerged post-pandemic, with a decrease in vacancies to under 10% indicating ongoing demand. In the context of the high inflationary environment and rising utility costs, pressure remains on household incomes and as such, we have maintained the reset market rentals of the previous year to support tenant affordability. Given our strategic focus to refurbish residential properties, we completed a refreshed look and feel at two of our major properties: Plaza Place and Royal Place. We continue to adapt to our tenant needs by offering various value-added benefits.

Cashless laundry facilities and free Wi-Fi

The launch of the new cashless laundry at The Fields last year was well received, and we have launched the same service in Sharon's Place. We are investing in more equipment and space to install this in-demand service at more of our larger residential buildings. The laundries within the buildings provide a convenient, timesaving and secure service for our tenants. We are also accelerating the roll out of free Wi-Fi, which is proving a popular value-added benefit.

Ease of digital engagement

City Property's digitalisation efforts last year have also yielded good results, with digital engagement platforms facilitating faster and more efficient lease applications, feedback and processing. We are receiving in excess of 5 000 monthly enquiries via this platform.

Marketing efforts produce good results

City Property's Residential Rewards Programme offers vouchers for lease renewals and ensures we maintain loyalty with good quality tenants. Our digital marketing initiatives to attract new tenants and reduce vacancies performed well.

Student accommodation

Situated in Hatfield, The Fields is Octodec's biggest asset, offering both shared and furnished accommodation. Following the end of the regular pandemic lockdowns, students returned from February 2022 onwards, reducing vacancies. We invested R4.7 million to convert and refurbish 101 apartments into fully furnished, 195-bed shared apartments. This helps meet the rising demand for affordable, clean and safe student accommodation, specifically for students who receive assistance from the National Student Financial Aid Scheme (NSFAS).

Travel activity reignites Kempton Place

Kempton Place, situated near OR Tambo International airport, benefitted from local and international travel restrictions being lifted, and we saw a resulting significant improvement in vacancies.

Addressing tenant affordability at Nedbank Plaza

To further address potential tenant income pressure, we piloted a project offering semi-furnished, shared accommodation at Nedbank Plaza. This shared accommodation option was successful and further phases are in progress.

Refreshing common areas and amenities

To mitigate against the increased availability in the Johannesburg CBD of buildings with new features and contemporary finishes, we upgraded the common areas at Plaza Place and Royal Place to add further appeal to the offering of affordable, quality accommodation.

Plaza Place

Plaza Place is situated in a prime, central location between the South Gauteng High Court and Bank City. The property offers 213 residential apartments with a small retail complement on the ground floor and secure covered parking. The Metro Mall Taxi Rank is also easily accessible by foot.

The renovation project, completed in June 2022 and costing R4.5 million, included refurbishing communal area passages, lift lobbies and amenities. We repainted passage walls in fresh, contemporary colours and upgraded common area carpets to vinyl flooring. Our project included revamping the popular braai and kids area with new play equipment, Easigrass and greenery. Tenants expressed positive feedback and pride in living in the building.

The subsequent installation of Wi-Fi at the building further adds value and enhances our competitive advantage. Residential vacancies decreased from 16% at the end of August 2021 to 6% at the end of August 2022.

Royal Place

Royal Place is a mixed-use building situated on the busy Eloff Street in proximity to the High Court. With 155 apartments and retail on the ground floor, this building offers tenants access to a variety of retailers and shopping destinations such as the Carlton Centre.

We completed a similar refurbishment to Plaza Place in June 2022, costing R5.1 million. As part of the project, we created a new, enclosed play area, which includes a jungle gym, rock climbing wall, chalkboards and other play equipment. Tenants are impressed with their building's stylish new look, and the children expressed joy with the new play area.

The building now includes free Wi-Fi, and vacancies decreased from 16% at the end of August 2021 to 5% at the end of August 2022.


Plaza Place


Royal Place

Sharon's Place The Wash Bar: a positive social impact

Following the success of our in-house laundry, known as The Wash Bar, at The Fields, we extended it to a non-student environment for our residential tenants at Sharon's Place.

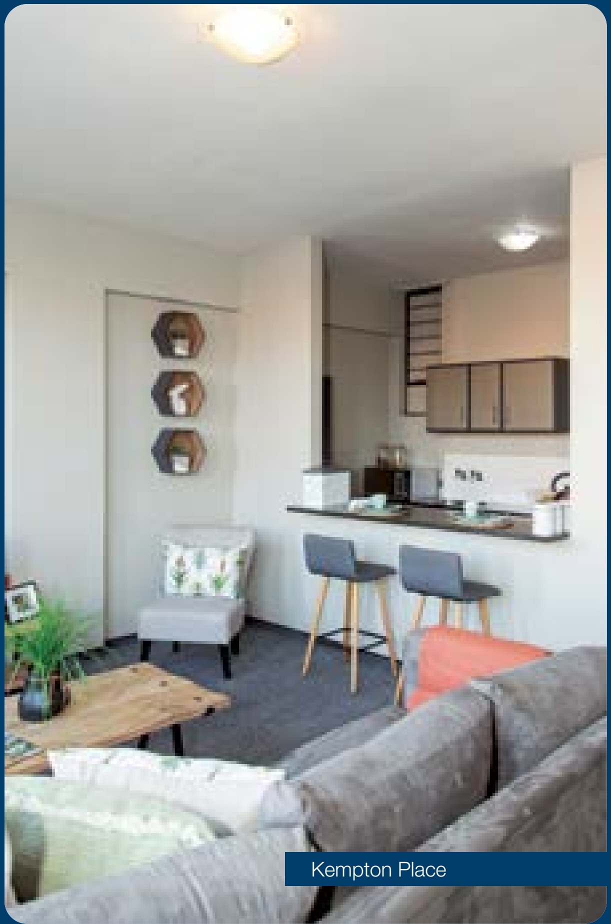
There has been a steady uptake of this service, and feedback from tenants is that this is an affordable, convenient and time-saving value-add.

Not only does automatic washing reduce water consumption over hand washing, but it also reduces the need for tenant transport to seek alternative laundry services, thereby reducing their carbon footprint and saving tenants time and money.

See ESG reporting, page 54.

The Wash Bar at Sharon's Place

We provide affordable and secure accommodation that all people can call home – from young professionals and students to families. CBD living has never looked better!



Kempton Place

Tenants and leasing

Unit type	Number of units		Average monthly rentals	
	2022	2021	2022	2021
Bachelor unit	**3 522**	3 531	3 550	3 500
One-bedroom unit	**3 452**	3 466	4 200	4 200
Two-bedroom unit	**1 642**	1 644	5 400	5 400
Total occupancy 94% (6% vacancy)				

Performance

Residential

	2022	2021
Number of properties	**64**	68
Number of tenants	**8 918**	8 258
Number of residential units	**9 243**	9 304
Johannesburg (%)	**36%**	36
Tshwane (%)	**64%**	64
Number of beds (shared accommodation)	**9 243**	9 304
GLA (m²)	**415 490**	419 094
Rental income (R'million)	**462.8**	430.1
Rental income growth (%)	**7.6%**	(11.2)
Rental income reduction/growth (like for like) (%)	**7.9%**	(10.6)
Total vacancies at year end (% of GLA)	**7.0%**	15.9
Tshwane (excl. Hatfield)	**7.2%**	13.6
Johannesburg	**6.7%**	13.2
The Fields	**7.1%**	13.0
Kempton Place	**3.0%**	30.0

Commercial sector review

While the general trading environment for our commercial tenants has not yet returned to pre-pandemic levels, there is rental stability across our portfolio with demand evident for retail spaces in the CBDs. Community shopping centres remain resilient and our secure industrial parks are thriving.

Location is the primary competitive advantage to our well-diversified and mutually beneficial commercial portfolio of tenants across different types of retail, office, industrial, healthcare, and hotels. Core commuter and activity zones in the CBD areas ensure high foot traffic for our retail tenants, proximity to Government for offices, and access to healthcare, educational facilities and places of worship for residents.

In the surrounding urban areas, our well-managed industrial parks for small industry are sought-after, while our carefully located community shopping centres continue to serve their respective communities from our attractive buildings.

68.3% of Octodec's portfolio income

34.3% rental income from retail, representing 4.0% growth year on year

15.6% OFFICE rental income representing a 1.3% decrease year on year

11.6% SPECIALISED rental income representing 8.9% growth year on year

New national retail tenants in the CBD:

- Mr Price (2 058m²)
- OK Furniture (889m²)
- Jet Home (342m²)

Office space renewals and new leases:

Government and parastatals

- Department of Public Works and Infrastructure which is our second-largest Government tenant at a GLA of 10 484m², of which 7 073m² has been renewed for a further 3 years, and 3 411m² expires in February 2023
- Department of Rural Development with GLA of 9 528m² renewed for a further 2 years effective 1 April 2022
- SEDA with GLA of 6 568m² renewed for a further year, effective 1 January 2023
- CCMA with GLA of 5 800m² renewed for one year effective 1 November 2022
- CCMA Benoni with GLA of 3 598m² renewed for a further year

Other non-government leases

- Ntiyiso Consulting call centre at Nedbank Plaza (850m²) (new)
- Bloomberg at Anderson Place (613m²)
- Jeppe College (5 674m²)
- MIG Primary School at Station Place (4 199m²)
- Rostec College at Rezmep (1 835m²)
- Cure Day Clinic at Louis Pasteur (740m²)

Additional space requirements for existing tenants resulted in letting 3 000m², with two office buildings 100% occupied.

Office building disposals:

Fedsure House in Johannesburg CBD

Year in review

In an uncertain economic environment, we continue to ensure a diverse balance across our different types of commercial offerings to sustain the interrelated needs of our tenants. We have installed generators at three of our shopping centres and solar power at one of our industrial parks, to help support our tenants through power interruptions. We have also upgraded certain spaces for new tenants and extended our value proposition for offices.

Retail street shops and community shopping centres

General city activity is recovering with the lifting of lockdown restrictions, and the resulting demand for retail space in well-trafficked areas is evident.

While the banking sector is downsizing physical presence, there is increased interest from national retailers in securing larger pockets of space in the CBD areas to test brands previously only found in shopping malls. We aim to complete the upgrade of Shoprite in Tshwane CBD by December 2022, and we have welcomed additional national tenants at Inner Court, including Mr Price and OK Furniture.

Community shopping centres continue to demonstrate resilience, particularly those offering value-for-money such as Woodmead Value Mart. In Tshwane, there is also a strong performance from the neighbourhood convenience shopping centres, and we completed a new drive-through KFC at Waverley Plaza in March. Rental income is slightly down at Killarney Mall, but we are currently exploring strategic opportunities to improve profitability.

Traditional offices and hybrid retail-office space

In an already oversupplied sector, vacancies remain flat, indicating that Octodec's existing tenant portfolio in this sector is stable but unlikely to grow in the short term. Although the convenience of location and our well-maintained buildings remain attractive to new tenants, affordability remains a concern to some of our existing tenants, especially in pockets of small office space. Our larger space Government leases and renewals are stable, and there has been a gradual return to offices towards the second half of the year following the lifting of lockdown restrictions. In the office sector, we are signing up as many new tenants as we are losing.

In a bid to add value for money and attract new tenants, we have provided free Wi-Fi and furnished meeting and conference rooms in some of our buildings. This, combined with access to transport nodes and an environment providing good quality retail offerings, creates a compelling value proposition for our buildings. It also requires ongoing co-operation with voluntary City Improvement Districts (CIDs) to improve the surrounding urban environment.

Industrial parks

Despite the industrial sector bearing the overall brunt of interrupted water and electricity service delivery, global supply shortages and rising fuel costs on their productivity, the nature of our mini workshop and warehouse industrial space is less affected. Some of our industrial parks are fully let and demand is exceeding supply. Due to the flexible nature of the spaces we offer, we are able to configure spaces to tenant needs without incurring major capital outlay.

Our priority in other areas that are more hamstrung by the weak economy and interrupted power supply, such as Pretoria West, is on tenant retention.

Specialised sectors

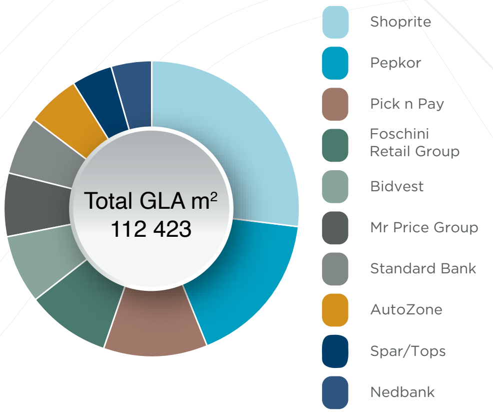
These sectors are demonstrating a gradual recovery following the lifting of lockdowns and restrictions, which was particularly tough on the educational, places of worship and hospitality sectors last year.

Our educational facility tenants continue to provide access for students who do not have online learning options available to them. Octodec remains committed to working together with tenants in this sector to help them recover. We are cognisant of the value these specialised tenants add to our overall ecosystem and their proximity to our residential and retail offerings.

Tenants and leasing

Top 10 retailers by lettable area

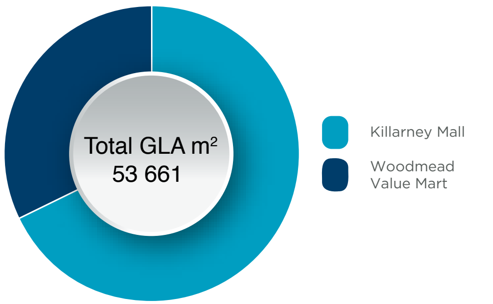
	Lessee	GLA m²
1	Shoprite Checkers	30 465
2	Pepkor	19 027
3	Pick n Pay	12 921
4	Foschini Retail Group	10 177
5	Bidvest	8 581
6	AutoZone	7 594
7	Mr Price Group	7 401
8	Standard Bank	6 294
9	Nedbank	5 034
10	Spar / Tops	4 929
	Total	**112 423**



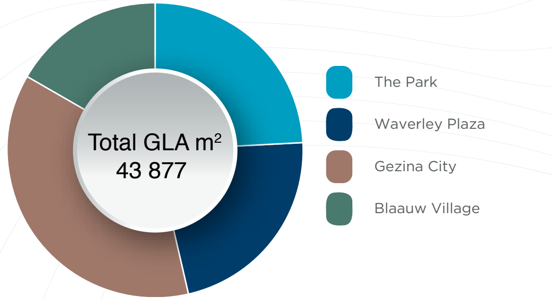
Shopping centres

> Community shopping centres continue to demonstrate resilience and growth.

Johannesburg	National tenants %	GLA m²
Killarney Mall – 83.4% occupancy	59.3	36 493
Convenient shopping and a loyal customer base		
Woodmead Value Mart – 97.9% occupancy	20.6	17 168
High demand for space in this desirable location		

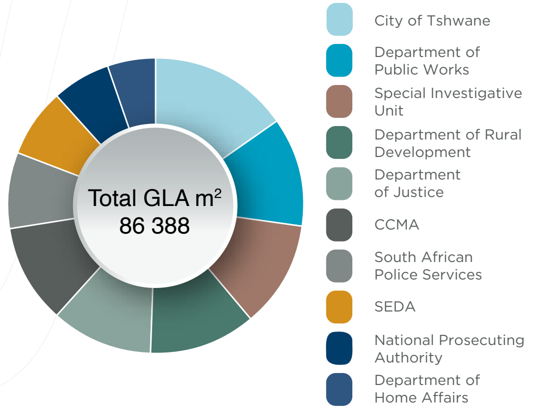


Tshwane	National tenants %	GLA m²
The Park – 99.8% occupancy	39.2	10 693
Well supported neighbourhood shopping centre offering both retail and office space		
Waverley Plaza – 98.0% occupancy	64.8	9 701
Convenience for the surrounding community		
Gezina City – 93.2% occupancy	6.7	16 218
Predominately serves the medical and pharmaceutical industry		
Blaauw Village (50% owned) – 97.9% occupancy	81.0	7 265
Mostly let to national retail tenants		



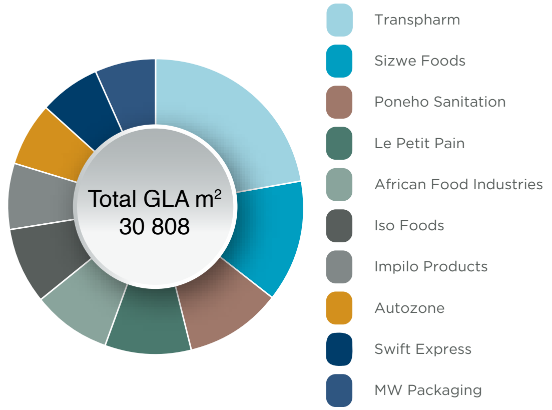
Top 10 office tenants

	Lessee	GLA m²
1	City of Tshwane	13 210
2	Department of Public Works	10 484
3	Special Investigative Unit	10 111
4	Department of Rural Development	10 103
5	Department of Justice	9 426
6	CCMA	9 398
7	South African Police Services	7 226
8	SEDA	6 568
9	National Prosecuting Authority	5 488
10	Department of Home Affairs	4 374
	Total	**86 388**



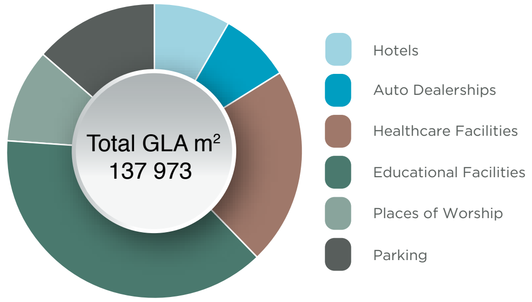
Top 10 industrial tenants

	Lessee	GLA m²
1	Transpharm (Shoprite subsidiary)	6 873
2	Sizwe Foods	4 112
3	Poneho Sanitation	3 272
4	Le Petit Pain (DF Bakery supplying goods nationwide)	2 887
5	African Food Industries	2 705
6	Iso Foods	2 500
7	Impilo Products	2 291
8	Autozone	2 093
9	Swift Express	2 055
10	MW Packaging	2 020
	Total	**30 808**



Specialised and other

Sector	Tenants/comments	GLA m²
Hotels	City Lodge and Anew (Hatfield Tshwane)	13 458
Auto dealerships	Three auto dealerships (Tshwane and Midrand)	12 624
Healthcare facilities	Louis Pasteur and Lister Building (Tshwane and Johannesburg CBDs respectively)	34 356
Educational facilities	Colleges and schools (Tshwane and Johannesburg CBDs). A few colleges have vacated with rent reductions being granted to others. This sub-sector is expected to remain under pressure for some time	61 111
Places of worship	Situated mainly in the Tshwane and Johannesburg CBDs	16 424
Parking	Strong demand for CBD parking with revenue increasing to R65.5 million in FY2022	23 695 bays



Performance

Shopping centres

	2022	2021
Number of tenants	**296**	295
GLA (m²)	**97 538**	97 530
Rental income (R'million)	**174.2**	164.4
Rental income growth (%)	**5.9**	5.2
Rental income reduction/growth (like for like) (%)	**4.6**	5.2
Total vacancies at year end (% of GLA)	**7.7**	7.6
Core vacancies at year end (% of GLA)	**7.4**	7.3

Shopping centres Number of tenants

296

Shopping centres Rental income growth

5.9%

Street shops

	2022	2021
Number of tenants	**1 100**	971
GLA (m²)	**305 961**	310 818
Rental income (R'million)	**326.2**	316.7
Rental income growth (%)	**3.0**	4.5
Rental income reduction/growth (like for like) (%)	**1.8**	–
Total and core vacancies at year end (% of GLA)	**20.5**	18.4

Street shops Number of tenants

1 100

Street shops Rental income growth

3.0%

Office

	2022	2021
Number of tenants	1 514	1 458
Let to Government (by % of total rental income from offices)	56.7	53.7
Other (by % of total rental income from offices)	43.3	46.3
GLA (m²)	389 868	420 192
Mothballed office space (GLA m²)	77 587	105 541
Mothballed office space (%)	20%	25%
Rental income (R'million)	227.6	230.6
Rental income growth (%)	(1.3)	(0.6)
Rental income reduction/growth (like for like) (%)	(2.5)	(0.7)
Total vacancies at year end (% of GLA)	46.3	48.8
Core vacancies at year end (% of GLA)	26.4	23.6

Office
Number of tenants

1 514

Office
Rental income growth

(1.3%)

Industrial

	2022	2021
Number of tenants	367	415
GLA (m²)	210 630	235 204
Rental income (R'million)	99.2	106.5
Rental income growth (%)	(4.3)	(2.9)
Rental income reduction/growth (like for like) (%)	(2.1)	(2.1)
Total and core vacancies at year end (% of GLA)	7.7	12.0
Core vacancies at year end (% of GLA)	7.1	11.7

Industrial
Number of tenants

367

Industrial
Rental income growth

(4.3%)

Specialised

	2022	2021
Number of tenants	222	243
GLA (m²)	137 973	138 726
Rental income (R'million)	169.3	155.4
Rental income growth (%)	8.9	(10.8)
Rental income reduction/growth (like for like) (%)	11.6	(12.7)
Total vacancies at year end (% of GLA)	5.2	4.4
Core vacancies at year end (% of GLA)	5.2	4.1

Specialised
Number of tenants

222

Specialised
Rental income growth

8.9%

ESG reporting

SERT committee chairman's review

Dear stakeholders

It is my pleasure to provide you with an overview of the activities of the SERT committee for the year. I also share with you our remuneration review presented from page 77.

Committee mandate and responsibilities

The statutory committee operates in terms of section 72(4) of the Companies Act (read together with Regulation 43 of the Companies regulations, 2011) and King IV™ and as a committee of the board for all other duties assigned by the board on behalf of the group and is governed by board-approved terms of reference, which are reviewed and approved annually by the board.

Guidelines for the SERT committee include the anti-corruption principles of the Organisation for Economic Co-operation and Development (OECD), the Employment Equity Act, No 55 of 1998, as well as elements of the JSE Socially Responsible Index criteria and the Broad-Based Black Economic Empowerment Act, No 53 of 2003.

The SERT committee is responsible for monitoring the Group's compliance with relevant legislation and regulations, or prevailing codes of best practice relating to social and economic development, good corporate citizenship, the environment, health and public safety, consumer relations, and labour and employment.

Focus areas for 2022

The committee met three times during the period to review performance in the following areas, as required in terms of its terms of reference:

- Ethical business practices
- Environment, health and safety
- Employee welfare and relations
- Transformation
- Anti-corruption practices
- Social and environmental responsibility
- Stakeholder relationships
- Remuneration
- Legislative compliance

Ethical business practices

The committee is responsible for the oversight of organisational ethics, as recommended by King IV™. The Group subscribes to a Code of Ethics, an Employees Whistleblowing Policy, and an External Whistleblowing Policy, the principles of which are aligned with the principles set out in King IV™. The values and principles as set out in the United Nations Global Compact had, as far as possible, been incorporated into Octodec's values, Code of Ethics, policies and procedures and a culture of integrity was encouraged. Octodec respects the rights of an individual to retain their anonymity when reporting non-compliance, and individuals are encouraged to make use of the Group's Be Heard "Hotline".

The SERT committee receives feedback on all reports received via the Be-Heard "Hotline". No reports of contraventions have been noted in terms of the Code of Ethics and/or Gift Register Policy and no reports of unethical and/or inappropriate behaviour were received in 2022. An improved awareness campaign, through various employee information sessions, has been held to provide feedback to management on any reported incidents (or suspicious behaviour) within the business.

Human rights commitment

The Group supports the protection of human life and dignity within our spheres of influence by subscribing to the principles laid down in the Constitution of the Republic of South Africa.

Octodec complies with the 10 principles set out in the United Nations Global Compact Principles, specifically relating to labour and working conditions. The Group does not tolerate, within our operations or those of our suppliers, any form of child labour, forced or compulsory labour, or other significant actual and potential negative social impacts.

Furthermore, as representatives of Octodec, all employees are expected to familiarise themselves with the norms, laws and customs of the various cultures of our stakeholders, including business partners and the communities in which we operate, and to engage in a manner that aligns with the Group's commitment to respect and dignity.

In 2022, there were no allegations or confirmed incidents of discrimination or human rights incidents.

Environment, health, and safety

The committee reviewed management's reports on the environment, health, and public safety, including the impact of the Group's activities, products and services. It received regular reports on the status of the various agreed fire, life and safety projects of the Group's property portfolio.

The committee is satisfied that these initiatives fulfil Octodec's commitment to the environment, health and safety.

Employee welfare and relations

Octodec uses its best endeavours to adhere to the guidelines recommended by the Department of Labour's Codes of Good Practice. All forms of misconduct, unethical behaviour, theft, fraud and conflicts of interest are addressed through the legislative framework and company policies and procedures. Octodec remains compliant when assessed against the International Labour Organisation protocols on decent work and working conditions.

Among other issues, these meetings dealt with key human resources topics such as:

- A review of the human resources and talent strategies to build future-fit skills with an implementation goal of early 2023
- Octodec's successful submission of the annual employment equity report and annexures to the Department of Labour and the annual workplace skills plan and training report to the Services SETA
- Reviewed and updated the HIV and AIDs Policy, approved by the Board
- Although the development and implementation of Octodec's 3-year learning and development strategy was delayed due to COVID, formalised training and development plans were reintroduced in 2022, with first aid training having been completed and performance management training has been scheduled to commence shortly.

Transformation

Management continues to ensure the upholding of the UN principles aligned with its B-BBEE strategy, specifically about human rights, through leadership and the practising of company values and labour, through the application of fair and consistent employment policies.

It is accepted that Octodec has a low B-BBEE score due to its ownership element. The Octodec share is trading at a deep discount to its NAV and makes a B-BBEE transaction unlikely to occur at this stage. As a result, Octodec focuses on the other elements of the scorecard such as enterprise and supplier development, socioeconomic development and economic development. Among others, the committee meetings dealt with key B-BBEE topics such as:

- Overseeing the implementation of Octodec's transformation strategy and budget to improve Octodec's B-BBEE rating, reputation and overall impact. Octodec had achieved a level 7 B-BBEE rating, however, due to its not meeting the subminimum target (percentage) on Ownership, Octodec's B-BBEE level was discounted to level 8 B-BBEE rating.
- Approved the B-BEEE Compliance Commission's report that had been successfully submitted to the B-BEEE Commission in December 2021
- Continued consideration and oversight of the group's corporate social responsibility activities. A total amount of R2.3 million (FY2021: R1.2 million) was contributed to community development as detailed in this report on page 63.

Anti-corruption practices

No material incidents of non-compliance with the OECD recommendations on corruption had been reported and/or brought to the committee's attention during the period under review.

Positioning statement on fraud and corruption

Employees should:

- Not offer, promise, or give undue pecuniary or other advantage to public officials or the employees of service providers. Likewise, employees should not request, agree to, or accept, undue pecuniary or other advantage from public officials or service provider employees.
- Ensure that a well-documented process is followed with regards to the appointment and payment of all service providers and/or brokers by the business in rendering services to Octodec, regardless of their size.
- Not make illegal contributions to candidates for public office or political parties or other political organisations.

During the year, the Code of Ethics was reviewed to incorporate policy statements surrounding the company's position on fraud and corruption which were presented to the SERT committee on 21 October 2022.

Social and environmental responsibility

As far as possible, the values and principles as set out in the United Nations Global Compact have been incorporated into Octodec's values, Code of Ethics, policies and procedures.

The committee noted that these include specific principles on social and environmental responsibility. We are satisfied that a culture of integrity is encouraged within the Group's workplaces to promote that all activities undertaken by Octodec are responsible. In particular, we favourably noted the successful implementation of water, energy and waste management initiatives, as detailed in this report from page 57.

Stakeholder relationships

Our stakeholder engagement process recognises the importance of proactive engagement with our key stakeholders, and we are committed to robust, consistent and transparent engagement to maintain good relationships. The committee received regular feedback on progress to effectively oversee this process. During the year we have focused on improving our understanding of our stakeholders' genuine needs, interests and expectations. This provides input into how we approach our business activities, identify risks and opportunities, and adapt to social, technological, and regulatory changes.

Entrenching the stakeholder engagement process will be critical in FY2023.

Remuneration

Our remuneration review is included on pages 77 to 89.

Legislative compliance

It is pleasing to note that, as a committee, we are satisfied that there has been no material non-compliance with legislation or non-adherence to codes of best practice in terms of the areas within the committee's mandate. Where there are areas of non-compliance, Octodec endeavours to comply as far as is practical and possible to do so. This relates specifically to health and safety regulations in our older buildings, which were built before the current laws and regulations were promulgated.

Effectiveness of the committee

The committee has reviewed and updated its annual work plan and is satisfied that it complied with its responsibilities in terms of the board-adopted formal terms of reference during the financial year.

> Octodec's culture of integrity ensures all activities undertaken by the Group are responsible and sustain the company's commitment to social and economic development, fair labour practices and environmental responsibility.

2023 key focus areas

The committee has set the following key focus areas for the 2023 financial period, which include continuing items from the year under review:

- Continue to oversee the implementation of the HR Strategy and key policies to ensure integration and effective management of employees.
- In 2022, the committee considered a King IV™ guidance paper issued in August 2021 on effective stakeholder engagement in the context of remuneration, and committed to develop an annual calendar outlining when and how many times key identified stakeholders should be contacted for engagement throughout the year, relative to the AGM and the release of the Remuneration Report.
- It was agreed that the review of the Employment Equity Policy be placed on hold until the amendments to the Employment Equity Act, no 55 of 1988, are promulgated by the Minister of Labour.
- Continue to oversee the governance of stakeholder relationships, including the introduction of specific interventions to improve the quality and effectiveness of key stakeholder relationships, by developing improved reporting on how Octodec responds to those stakeholders' needs, interests, expectations and concerns.
- Sharpen the focus on and enhance the effectiveness of the company's ethics and whistleblowers programmes and recognise the increased pressure on employees
- Oversee the implementation of Octodec's transformation strategy to improve Octodec's B-BBEE rating, reputation and overall impact
- Consider the implementation plan for agreed projects across Octodec's buildings after the pandemic

In closing

The committee is satisfied that Octodec continues to meet its environmental and societal commitments and that the company's remuneration, practices are fair and market related. We are comfortable that Octodec's policies and frameworks remain relevant and sustain the company's commitment to social and economic development, fair labour practices and environmental responsibility.

Appreciation

I wish to convey my appreciation and thanks to the board and the members of the SERT committee, as well as management for their contribution towards the committee achieving its goals. I further extend my gratitude to our shareholders for their continued support.

Derek Cohen
Independent Chairman of the SERT committee

29 November 2022

Environmental impacts

Octodec remains acutely aware of the importance of the environment in fostering a sustainable business and we manage our impact accordingly.

Across our portfolio, we have historically focused on managing resource efficiencies with sound maintenance and by implementing sustainable options for waste management and recycling. We are in the process of establishing a benchmark of our carbon emissions and aim to set targets to mitigate this.

In terms of resource availability, Octodec refurbishes and repurposes its existing buildings without further encroachment on the physical surrounding areas and, as such, does not draw on raw materials to a great extent. Our refurbishing projects consider sustainable architectural principles where possible.

We have recently kick-started an initiative to gain a high-level environmental oversight over our tenant impact on the environment and we have begun the process by compiling and distributing questionnaires to tenants, followed by inspections by our property managers to assess and determine any potential issues.

Energy management

MONITORING, MEASURING AND REPORTING

Dedicated engineering, utility and metering teams ensure responsible consumption

CONSUMPTION

112 375.108 MWh
total electricity consumption
over
1 557 460m² GLA
(2021: 113 501.109MWh electricity over 1 621 564m² GLA)

OFFSETTING MANAGEMENT

Solar Installations
at 1 shopping centre resulting in 821 284 kWh and 1 265 kVA energy saving and at 1 industrial park, completed in September 2022

heat pump renewable energy
providing hot water solutions to 6 buildings

(Regulated by SANS 10400-XA: Energy Usage in Buildings)

Smart Meter energy monitoring
1 063 smart electrical meters

Specialist software data allows us to identify, analyse and correct over-consumption in real-time and 9 411 installed prepaid electricity meters result in
tighter management of tenant consumption

Energy efficiency and emission management
2 634 energy efficient lighting replacements and 284 occupancy sensors over 13 buildings

An oversight process on tenant environmental impact has been initiated.

Estimated total emissions based on kilowatt hours and company fuel consumption: Electricity purchased: 48 613 metric tonnes CO_2; electricity consumed: 45 421 metric tonnes CO_2

Our goal is to set and adopt science-based targets, with the aim of benchmarking and offsetting our carbon footprint and increasing our usage of renewable energy sources.

Spotlight on solar installation savings at Waverley Plaza, and a new installation at The Tannery

Octodec actively seeks sustainable solutions to assist our tenants in mitigating the effects of load shedding, while also reducing our environmental footprint.

Last year we piloted a solar installation exercise at Waverley Plaza. At 31 August 2022, this initiative had produced:

R 1 591 038
financial return

874 tonnes
CO_2 reduction

919 MWh
energy production

This year, we invested a further R6 869 million in another solar installation at The Tannery, which is expected to produce approximately 886 555 kWh per year and is designed to maximise energy output within all regulations.

In 2022, the group avoided 616 metric tonnes CO_2 through these solar power initiatives. This represents 1% of our total consumption.

Furthermore, we are in the process of planning similar solar installation projects at:

- Killarney Mall, which will produce 1 411,138 MWh, translating into 1 000 metric tonnes CO_2 avoided
- Silver Place (one of our mixed-use building consisting of retail shops and residential units) is being investigated


Waverley Plaza


The Tannery

Water management

DEDICATED MONITORING OF CONSUMPTION AT A BUILDING AND TENANT LEVEL

CONSUMPTION

1 449 megalitres and 1 447 073 kl total water consumption over

1 557 460 m^2 GLA

(2021: 1 726 095kl water over 1 621 564 m^2 GLA)

OFFSETTING MANAGEMENT

Water Meter monitoring

Any cases of high consumption are referred to a dedicated City Property team that investigates each instance immediately.

Installed 8 **smart water check meters** to detect leaks and we aim to roll this out across all our properties in the short to medium-term.

Water wise

Our garden suppliers ensure the use of low maintenance, indigenous plants, irrigated via resource-friendly driplines.

We also make use of artificial plants

Tenant water saving initiatives and sustainability

As a water-scarce country, we encourage water saving with tenant communication drives and building signage.

The ongoing supply of clean, safe water by Council is essential to our tenants, see page 29 Risks and Opportunities.

We make use of borehole water at Waverley and Killarney shopping centres to irrigate the gardens and supply water to the toilets.

Control measures are in place for any potential, isolated cases of tenant water contamination.

We continue to investigate further proposals for sustainability and water treatment for recycling

Waste management

REDUCING WASTE TO LANDFILL WITH RECYCLING EFFORTS

Octodec utilises the services of specialised recycling companies and ensures on-site waste management and specialised waste bins for our tenants.

CONSUMPTION

OFFSETTING MANAGEMENT

8 060 tonnes non-recyclable waste
(2021: 6 993 tonnes)

29 tonnes of single-use plastics consumed

460 tonnes recyclable waste
(paper, cardboard, plastic, glass, cans)
(2021: 451 tonnes)

109 tonnes industrial waste
(2021: 145 tonnes)

54 tonnes specialised waste
(wood, dough, fluorescent tubes)
(2021: 60 tonnes)

Prospective Green Commodities (PTY) Ltd
recycled 108 565kg waste for Octodec.

(In 2021, we recycled: 19 856kg through FMSA)

E-Waste Disposal
Is conducted according to strict policies and protocols

89.7kg waste

We also utilise **specialised recycling companies:**

Apple Green recycled
155 691kg waste
(2021: 119 174 kg)

A Bach Waste recycled
180 592kg waste
(2021: 277 760)

The **Odocure** Molok System eliminates contamination and cools waste underground and recycled 14 226kg
(2021:34 595)

Total recycling:
460 678kg
(2021: 451 385)

Our goal is to increase recyclable waste and reduce general waste.

Social impacts

Urban regeneration

We re-imagine spaces to inspire tenant pride in their clean, safe and well-maintained areas in which to live, work, socialise and shop.

Octodec has a strong legacy of participating in urban regeneration and renewal, uplifting Gauteng's inner cities through property redevelopment and community engagement. We were the first to introduce the concept of mixed-use spaces in the CBDs and we continue to monitor the changing needs of those seeking the convenience of city living and working.

Adapting to the changing needs of our tenants requires a deep understanding of the unique dynamics of Gauteng's metropolitan areas and CBDs. As such, we trust City Property as a known and respected tenant-facing brand to deliver the necessary insight and experience. Our success depends upon choosing the right tenant mix for the right areas to enable tenant success and to support local economic growth.

Our good quality, multisector and mixed-use properties in the CBDs and surrounding urban areas create convenient precincts for robust economic activity. We are passionate about seeing our small and micro business tenants and entrepreneurs develop and grow, and we seek to provide a stable environment for established business.

We also support the business growth and development of small businesses in our supply chain, as described on page 62. Furthermore, we maintain engagement with both formal and informal inner-city stakeholders in the broader community to drive pride in their environment, as we do in ours. Our social investment projects are focused on meaningful rent-free initiatives that address social inequality issues, as detailed on page 63.

R62.0 million
spent on upgrading buildings to provide lifestyle enhancements for our tenants, their patrons and visitors to the area

R53.9 million
spent on building maintenance and repairs to provide light, bright and safe spaces for the emerging middle class

Over 400 hours
invested in cleaning up vacant areas in co-operation with CIDs to rejuvenate our inner cities

Focus on safe and affordable housing for low income groups

The steady stream of demand for residential spaces in the CBDs requires a responsible response.

Providing clean, safe and affordable housing in the context of the urbanisation trend is integral to Octodec's strategy. Our residential tenants in the lower to middle income groups enjoy well-managed spaces, rather than living in overcrowded conditions in less favourable environments.

We also cater for the option of renting a single room in a semi-furnished apartment, further providing an affordable option for single young people starting out their careers in the CBDs. Octodec focuses on the diligent maintenance of our buildings and employs dedicated building managers that are on-site 24/7 to ensure the safety and wellbeing of our tenants, suppliers and visitors.

Octodec houses
8 918
people in affordable apartments with common areas for children, entertainment areas, laundry services and free Wi-Fi

R122.7 million
spent on security and cleaning services to enhance tenant wellbeing

We build Health and Safety Management into Octodec's risk management process, as described on page 29

We conduct Occupational Health and Safety training for employees, including practising fire drills. We ensure elevated tenant awareness of health and safety protocols and no material Occupational Health and Safety-related incidents, nor any serious injuries were reported in 2022.

Occupational Health and Safety will be a focus for 2023 to ensure the planned sustainability initiatives can be implemented without Occupational Health and Safety-related risks. A reviewed Occupational Health and Safety policy will be implemented in January 2023, and we are in the process of developing a long-term plan that will be overseen by a newly formed Health and Safety Committee.

Our people and communities

We thrive in an environment of diversity and inclusion.

Octodec employs on-site building managers, cleaning staff and handymen. Tenant Management is outsourced to City Property as per our management agreement, and their management practices do not fall within the scope of this report.

We seek to remunerate our employees fairly and in-line with market benchmarks. Our value proposition includes on-site accommodation for our building managers.

Octodec's Employment Equity Committee monitors compliance of its employment equity targets against a one-year plan that ended in September 2022. The 2022/2023 Employment Equity Committee will set targets once the Department of Labour releases these in FY2023.

Employee stability
201
employees with an average length of service of 10 years
Majority are on-site building employees
(FY2021: 212)

Employee diversity
94%
of our employees are Black
(FY2021: 95%)
and 25.5% of our employees are women
(FY2020: 20%)
Number of employees by age group:
18 – 30 **9**, 31 – 40 **45**, 41 – 50 **76**, 51 – 60 **54**, 60+ **17**
New employee hires by region:
Tshwane 154,
Johannesburg 47

"We aim to provide meaningful and stable employment, personal growth and stability and relevant skills development."

Ensuring our employees' wellbeing and future-fit skills

We aim to provide meaningful and stable employment to Octodec employees and develop future-fit skills in an environment of accountability, collaboration, ethics and growth. Octodec boasts a mature system of ethics and procedures. We maintain a whistleblowing register tracking employee and tenant reports.

We continue to develop our employees' skills through on-the-job training and in-depth mentoring. Our training initiatives for 2022 were:

Training	Number of employees
Building resilience	64
Basic repairs and maintenance	15
Liberty benefit statements	20
Building manager training	20
New employee induction	2
First aid	12
Basic fire fighting	310
Managerial training	2
CheckIt – building managers' property inspection	90

Value-chain considerations

Octodec also supports many small businesses in our value chain of building maintenance, refurbishments, developments, cleaning and security. We ensure that our supplier base meets property specific B-BBEE transformation goals.

R278m
spent on procurement from black-owned companies, which represents 28% of total procurement

95%
of the 459 suppliers Octodec procured from comply with B-BBEE requirements, representing an annual increase of 6%
(FY2021: 89%)

R17m
Invested in accelerating our supply chain's business success through various Enterprise and Supplier Development initiatives.

Less than 30 days favourable payment terms to improve our suppliers' cash flow

Corporate social investment.

Our selection criteria include identifying NPOs that promote education, equip underprivileged families and assist communities in need around the areas in which we operate.

Total CSI spend
R2.3 million
(FY2021: R1.2 million)

R570 550
invested in education-related projects
(FY2021: R396 521)

R535 653
in free rental space offered to selected NPOs
(FY2021: R280 000)

R1.2 million
invested in support of children and homeless people including 352 000 meals
(FY2021: R508 918; 120 690 meals)

Free rental space for selected organisations

Dignity Dreams **Free rental space to the value of R140 000** Dignity Dreams' goal is to help girls and women reclaim the dignity that poverty denies them. It enables girls to make a lasting and positive impact on the communities they live in and society as a whole.	***Octodec has assisted this cause for many years and continues to do so by providing a rent-free space from which Dignity Dreams operates.***
Cotlands **Free rental space to the value of R190 000** Cotlands works towards making South Africa a more equal society by creating access to play-based early learning opportunities for young children.	***Through this investment in our country's children, we are actively addressing the future of our nation. This is our second year of providing office space from which the Cotlands team can operate.***
Santa Shoebox **Free rental space to the value of R210 000** This project collects and distributes personalised gifts of essential items and treats for underprivileged children throughout South Africa, with donated shoeboxes reaching over a million.	***Octodec offers free rental space from which this initiative can operate.***

Education-related support

POPUP (People Upliftment Programme) POPUP is a skills training and development centre that focuses on developing the skills necessary for youth to find employment or start their own enterprises	***Octodec sponsored 6 unemployed learners who are studying to become early childhood educators.***

ACFS Community Education and Feeding Scheme ACFS plays a leading role in empowering communities with skills that lead to self-reliance and independence.	***Octodec sponsored its third food garden which supports over 260 children a day and reaches approximately 1 200 people in the area alone.***
Walter Sisulu Environmental Centre An award-winning environmental centre that focuses on educational activities that support teachers and motivate learners with outcomes-based exercises in a stimulating, fun and informative way.	***Octodec sponsored 800 earners.***

Assisting communities in need

Rise Against Hunger Rise Against Hunger nourishes communities in need by distributing meals based on its nutrition programme. ***Octodec sponsored 130 000 meals. This will feed 500 children with five meals a week for another year.***	
Hope Worldwide SA HOPE worldwide South Africa has been distributing meals to vulnerable children, households and communities since 1993.	***Octodec, through its relationship with Futurelife and the Dis-Chem Foundation, sponsored 222 000 meals to under-privileged communities.***
Forever Friends This NPO works closely with the Department of Social Development to assist abused and abandoned children and support their families and communities. Street children and children who are placed in shelters receive a Life Line Kit. ***Octodec sponsored 300 Life Line Kits to assist children who are homeless and those who have been abused and orphaned.***	
Unchain our children A non-profit organization that endeavours to assist in the combat against child prostitution, child abuse, and other violations on human rights.	***Octodec sponsored 300 backpacks containing basic essentials to assist children who are rescued and taken to places of safety.***
Door of Hope Situated in the heart of JHB CBD this NPO has rescued abandoned babies for 22 years	***Octodec assisted in providing for the basic needs of these babies by sponsoring formula milk and nappies***

Howzit Hilda

Governance and remuneration

Lead independent director's review

Derek Cohen
Lead independent director

Q: What is your role as lead independent director?

A: My role as the lead independent director of the Octodec board includes addressing conflicts of interest that may arise and providing guidance on, and monitoring, the application of appropriate standards of corporate governance in Octodec.

An important aspect of my role is to independently review all related party transactions between Octodec and City Property, including compliance with the City Property management agreement. During the year under review, an *ad hoc* subcommittee of the board's independent non-executive directors, chaired by myself, was established to deal with the renegotiation of the management agreement between Octodec and City Property, which is expiring in July 2023.

Q: What are the greatest collective strengths of the Octodec board? Are Octodec board discussions meaningful and constructive?

A: The Board's strengths are experience and diversity, and the appropriate skills base to navigate the future.

By appointing experienced, independently-minded directors, from varied backgrounds, and separating and clearly defining the roles and responsibilities of the chairman and the managing director, I believe Octodec has equipped its board to make quality decisions using the correct procedures.

Board discussions are robust because the board has the right combination of skills, backgrounds, experiences, and perspectives to probe management's strategic assumptions and help the group navigate an increasingly volatile and fast-paced environment.

In closing

The members of the Octodec board are to be commended for their willingness to devote a substantial amount of their time to Octodec.

My thanks go to my fellow non-executive directors for their contributions during the current renegotiations of the management agreement with City Property.

Derek Cohen
Lead independent director

29 November 2022

Board of directors

Non-executive directors

Sharon Wapnick (59)

N R S

Qualifications: BA LLB (*cum laude*)

Designation: Non-executive chairman

Date of appointment as Chairman: 1 October 2011

Date of appointment: 4 October 1994 (27 years, 9 months)

Significant other public company directorships: Transaction Capital Ltd

Sharon has considerable experience in the property sector as well as in legal related property, commercial and corporate matters. Sharon is an attorney and a senior partner of Tugendhaft Wapnick Banchetti and Partners. She is a non-executive director of City Property.

Myron Pollack (74)

R S

Qualifications: CA(SA)

Designation: Non-executive director

Myron is not considered to be independent as stipulated by the recommendations of King IV™ due to his shareholding in Octodec

Date of appointment: 4 October 1994 (27 years, 9 months)

Significant other public company directorships: None

Myron practised as a chartered accountant for more than 30 years and successfully managed a privately owned, diversified property portfolio.

Executive directors

Jeffrey Wapnick (62)

R

Qualifications: BCom

Designation: Managing director

Date of appointment: 2 October 1998 (23 years, 9 months)

Significant other public company directorships: Premium Properties Ltd

Jeffery has depth of experience in management and the property industry, as well as property upgrading and development. Jeffery is the Managing director of City Property.

Anabel Vieira (63)

Qualifications: CA(SA)

Designation: Executive director (financial director)

Date of appointment: 1 September 2021 (1 year)

Significant other public company directorships: Premium Properties Ltd

Anabel has been employed by City Property, Octodec's asset and property manager since January 2016. During this time, she was responsible for the financial affairs of Octodec, playing an integral part in financial reporting. Prior to joining City Property, Anabel was a senior assurance partner at Grant Thornton for 23 years. For seven years she was the engagement audit partner of Premium Properties, which subsequently merged with Octodec in 2013.

Board committee memberships key

A Group Audit committee
I *Ad hoc* independent subcommittee
N Group Nominations committee
R Group Risk committee
S Group SERT committee

Refer to page 73 for insight into the board's overall sector experience and core skills.

Independent non-executive directors

Richard Buchholz (64)

A R

Qualifications: CA(SA)

Designation: Independent non-executive director

Date of appointment: 1 October 2021 (9 months)

Significant other public company directorships: Sasfin Holdings Ltd

Richard has 26 years experience in the financial services industry, mostly banking, as well as senior executive roles in audit, commercial banking and risk management. In addition, he has served as a non-executive director on the boards of several banks in Southern Africa, including in roles as a member and chairman of various board committees. Richard currently is the lead independent non-executive director of Sasfin Holdings Limited.

Derek Cohen (70)

A I N R S

Qualifications: AEP (Unisa)

Designation: Lead independent director (LID)

Date of appointment: 1 October 2009 (11 years, 11 months)

Significant other public company directorships: The Smart Life Insurance Company Ltd

Derek has extensive experience as a director in banking, insurance and finance, and provides consulting services with a specific focus on mergers, acquisitions and corporate finance-related matters.

Nyimpini Mabunda (45)

R

Qualifications: MBA, Post-Graduate Diploma (Marketing Management), BSocSci

Designation: Independent non-executive director

Date of appointment: 11 February 2019 (3 years, 5 months)

Significant other public company directorships: None

Nyimpini is an accomplished CEO/Managing director, with over 20 years of consistence performance and business transformation in FMCG, telecoms and financial services. He worked for respected multinational organisations, across sales, marketing, strategy and general management, in multiple geographies across Africa and Europe. He currently serves as CEO of General Electric Southern Africa (Pty) Ltd. He also sits on several private company boards. He also chairs the US – South Africa Business Council.

Maggie Mojapelo (57)

S

Qualifications: BA (Hons) (Education), MAP, Dip HR, MBA

Designation: Independent non-executive director

Date of appointment: 1 March 2020 (2 years, 5 months)

Significant other public company directorships: The Rand Mutual Assurance Company Ltd and RMA Life Assurance Company Ltd

Maggie has extensive experience in senior executive roles with local and global companies IBM SA, Avon Justine, Nedbank and Coca-Cola. She is also the founder and executive director of The HR Touch (Pty) Ltd, an HR consulting and business management company. Her business management, corporate governance and leadership experience cover a variety of companies and industries, including roles as a member and chairman of various boards and board committees. Maggie is the chairperson of Edge Growth Business Development (Pty) Ltd. She also chairs the remuneration committee of Rand Mutual Assurance Company Ltd.

Independent non-executive directors *continued*

Pieter Strydom (74)

A R

Qualifications: MCom *(cum laude)*, CA(SA)

Designation: Independent non-executive director

Date of appointment: 6 February 2012 (10 years, 5 months)

Significant other public company directorships: Old Mutual Nigeria Life Assurance Company Ltd, Old Mutual West Africa Ltd, Old Mutual General Insurance Company Nigeria Ltd and The Smart Life Insurance Company Ltd

Pieter has 49 years experience in external auditing, special investigations and all disciplines of risk management.

Louis van Breda (66)

A R

Qualifications: CA(SA)

Designation: Independent non-executive director

Date of appointment: 1 March 2020 (2 years, 5 months)

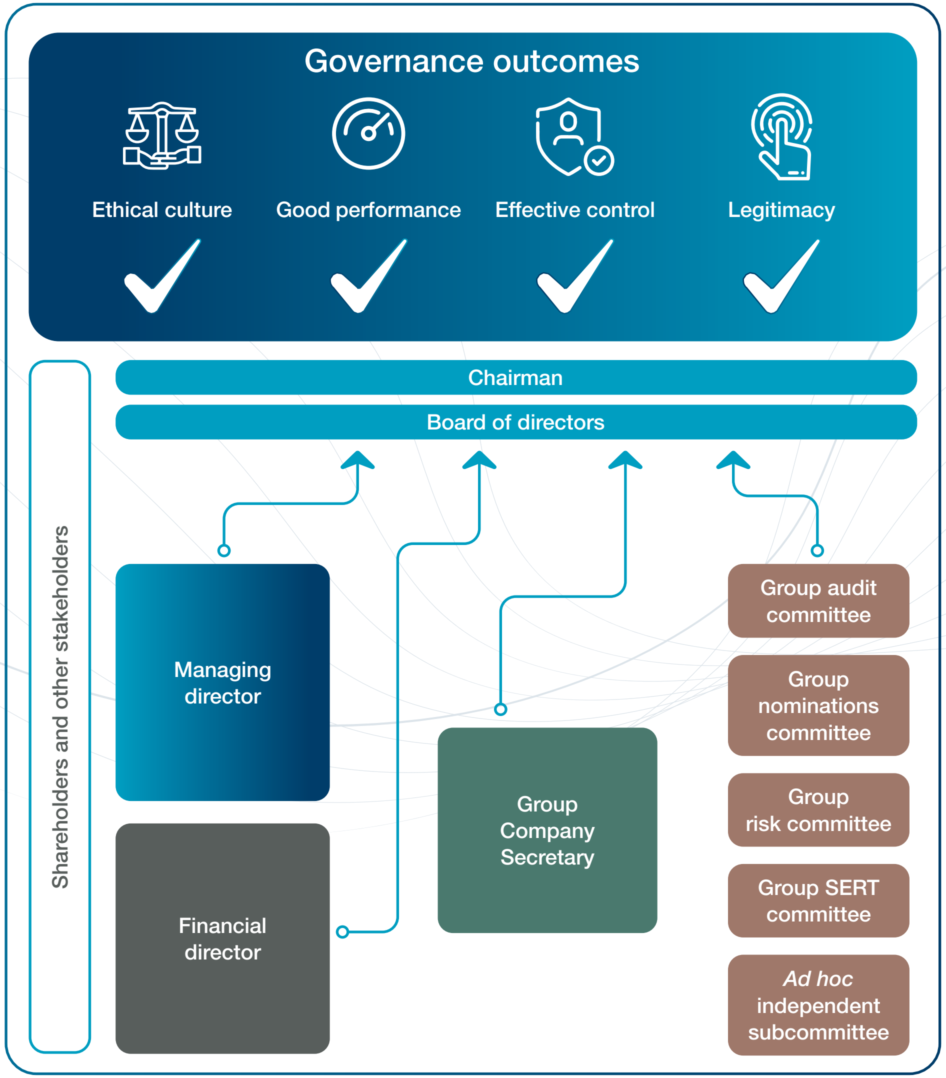
Significant other public company directorships: Premium Properties Ltd

Louis has sector knowledge and experience in construction and real estate, manufacturing and engineering, aerospace and defence, mining and metals. He is the independent chairman of two joint venture audit and risk committees of African Rainbow Minerals Ltd. Louis was a senior assurance partner at Ernst & Young.

> Governance at Octodec extends beyond compliance to support strategic performance and ultimately enhance value for stakeholders.
>
> **Sharon Wapnick**
> Chairman

Abridged corporate governance report

Governance structure



Ensuring the right journey to deliver our vision

The board is the highest governing body and custodian of corporate governance within Octodec, ensuring that the group is led ethically and responsibly. The board is driven to deliver sustainable and meaningful value through our approach to governance: governance and our ethical culture not only ensure our social licence to operate, but they are also key enablers of the relationship of trust with our stakeholders and in delivering our purpose.

The governance framework articulates how decisions are made, to ensure compliance with legal and regulatory requirements and to drive streamlined outcomes-based decision-making. Several governance policies provide context for execution in terms of the delegation of authority. The board is confident that the group's governance framework, supported by its board committees and related administrative structures and compliance processes, contributes to sustainable value creation by driving:

- Accountability to stakeholders
- Sound leadership and effective decision-making
- Strong risk management and risk mitigation
- Comprehensive and transparent integrated reporting

Governance priorities

The group's governance framework is regularly reviewed to ensure that the board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure the long-term sustainability of the business. The corporate governance philosophy and practices are aligned with the four governance outcomes advocated by King IV™, namely:

Ethical culture

Our governance framework is informed by principles of ethical trade, transparency, accountability and sustainability. We maintain the highest standards of corporate governance and ethical leadership to deliver confidence to our broad range of stakeholders, including tenants, employees, suppliers, regulators, investors and broader society. An ethical culture builds support structures that underpin our core purpose, values, and strategy. To ensure that we maintain an ethical culture, governance structures are regularly reviewed to align with best practice and reflect regulatory changes. The board conducted its annual review of the board charter, ensuring it was updated to align with best practice.

The board, assisted by the SERT committee, conducted its annual review of the group's code of ethics, which outlines the key behaviours and actions expected by directors, employees, suppliers and business partners. A group-wide ethics communications campaign continues, with different illustrations of ethical behaviour frequently communicated to employees.

Effective control

The group's governance and compliance frameworks are built on the principles of accountability, transparency, ethical management and fairness.

- Areas of governance are delegated to the board's committees. See page 71

- The board's delegation of authority within its governance framework contributes to role clarity and the effective exercise of responsibilities across the board's various committees and within the broader business. The delegation of authority was reviewed and found to be up to date and relevant.
- The group's corporate governance structure is regularly reviewed to ensure that the board exercises effective and ethical leadership, conducts its affairs as a good corporate citizen and takes appropriate decisions to ensure the sustainability of operations. Detail for how this is managed and monitored, and focus areas for 2023, are included on page 72.

Legitimacy

The board retains overall responsibility for the concept of integrated thinking encapsulated in King IV™, which underpins corporate citizenship, stakeholder inclusivity, sustainable development and integrated reporting.

- The board ensures that the group's reports enable stakeholders to make informed assessments of its performance and longer-term prospects.
- As part of its succession planning strategy and to enable a seamless transition in key leadership roles, the board, in collaboration with the nominations committee, reconstituted the nominations, risk and audit committees' membership as detailed on pages 66 to 68. The rest of the board committees' membership will, with the assistance of the nominations committee, be reviewed to ensure that its members contribute according to their strengths and diverse experience.

Good performance

There are well-entrenched structures within the group to ensure that proper assurance and oversight are given to strategic and operational performance. The board undertook several discussions during the year related to strategy, performance, governance and risk management. Material issues under discussion by the board, and decisions and actions arising, are set out in more detail on page 75.

During 2022 an independent review of Octodec's proficient discharge of its responsibility relating to King IV™ and the application of the related principles and practices was undertaken. Octodec has achieved the required outcomes of King IV™. The major significant control relied on for the achievement of King IV™ outcomes was the reliance on competent and experienced management and executives who have demonstrated their understanding and capability to provide the required documentation and processes necessary for the achievement of the outcomes. It was concluded that the application of King IV™ within Octodec would be considered leading.

The King IV™ principles are applied, the bespoke application is explained in detail and principle application leads to intended outcomes. Further detail on our governance structures and alignment to the principles of King IV™ is available on our website: www.octodec.co.za/about-transparency/king-iv-assessment-report

Board and committees

The Board

The board

The board, as the custodian of corporate governance, is the highest governing authority of the group and leads by setting the tone at the top. It ensures that all business decisions and judgements are made with reasonable care, skill and diligence.

The board charter

The board's deliberations are guided by the board charter, which is fully aligned with the King IV™ principles, practices and outcomes and sets out the board's composition, procedures and responsibilities. The Memorandum of Incorporation (MOI) addresses the special powers of the company and the board.

The board is satisfied with the fulfilment of responsibilities in accordance with the board's charter.

The board committees

Each of Octodec's board committees, which also act as the committees for Octodec's subsidiaries, is chaired by an independent non-executive director and mandated by specific terms of reference. The terms of reference are fully aligned with King IV™ principles and include specific statutory requirements. These are reviewed and updated annually as necessary by the board committees and the board to ensure alignment with best practice and statutory requirements.

Board and board committee roles

A board-approved delegation of authority is in place that promotes independent judgement, a balance of power, role clarity and effective discharge of duties at the board, board committee, executive and management levels. The board focusses on routine business from operational reports, significant acquisitions and disposal of properties, and project approvals, to matters of strategy, finance, capital expenditure, significant group-wide policies and frameworks, and other special items.

Reports from board committee chairmen on statutory duties and board-assigned responsibilities are also considered at each quarterly meeting. The role of the non-executive directors, who are independent of management, *inter alia,* is to protect shareholders' interests, including those of minority shareholders.

Furthermore, they ensure that individual directors or groups of directors are subject to appropriate scrutiny in their decision-making. The roles of the chairman of the board and managing director are kept separate and distinct. During the year, non-executive director Sharon Wapnick was chairman of the board and Jeffrey Wapnick was managing director. The separate roles of the chairman and managing director are clearly articulated in the board charter, to ensure a balance of power and authority and preclude any one director from exercising unfettered powers of decision-making.

Chairman

The chairman, who sets the ethical tone for the board and the group, is responsible for leading the board, and for its effectiveness. The chairman promotes the highest standards of corporate governance, assisted by the group company secretary.
Sharon Wapnick is, by virtue of her shareholding in the company, not independent, and was re-appointed as chairman on 29 October 2021. As Sharon Wapnick is not independent, Derek Cohen is the LID.

Managing director

Jeffrey Wapnick is accountable to the board for all aspects of the performance and management of the group. This includes the development and effective implementation of the board-approved medium and long-term strategy and vision that will realise the company's core purpose and values and generate satisfactory levels of shareholder value, while managing risk. He plays a key role in providing a link between management and the board and ensuring that board decisions are communicated and implemented.

Sharon and Jeffrey have a combined experience of over 51 years as directors of the group. Their wealth of property knowledge assists the group in making decisions for the benefit of all stakeholders.

Lead independent director

To guard against a perception that conflicts of interest could arise between the Wapnick family and other shareholders, the board annually elects an independent non-executive director to act as LID. The role is to provide leadership and advice to the board when the chairman has a conflict of interest, without detracting from the authority of the chairman. The position also provides an important point of contact for the broader investment and stakeholder community should they have concerns with the management of the group, or potential conflicts of interest, if requested by the board, in circumstances or transactions in which the Chairman is perceived to be conflicted. The LID provides a communication channel between the Chairman and non-executive directors, assists the Chairman on all corporate governance issues and leads the biennial review of board effectiveness.
Derek Cohen was reappointed as LID on 29 October 2021.

Group company secretary

The board endorses the King IV™ principle of having an arm's length relationship with the group company secretary and has created an environment in which the group company secretary can ensure full adherence to board procedures and relevant regulations. Elize Greeff, a full-time employee of Octodec, is not involved in an executive capacity on the boards of the subsidiary companies within the group. She has more than 20 years accumulated experience as a company secretary and corporate lawyer and:

- Continues to demonstrate the requisite level of knowledge and experience to carry out her duties; is independent of management and the company and group to appropriately support the board and execute her role
- Administers the proceedings and affairs of the directorate and the group in accordance with relevant laws and best practice
- Effectively performs the role of gatekeeper of good corporate governance

As required, having assessed Elize Greeff's abilities with the assistance of the Nominations Committee, based on her qualifications, expertise and levels of competence, the board is comfortable that the arrangements in place for accessing professional corporate governance services are effective.

Board, committees and director's evaluation

The board, with the assistance of the nominations committee, conducts performance assessments, of the board, committees and individual members every alternate year, per the King IV™ recommendation.

An internal evaluation process was followed by the board in 2022, to assess its performance and the appropriateness and effectiveness of its procedures and processes, with an externally facilitated one planned for 2023. The process included an evaluation of the board and board committees' effectiveness as input into the discussion on any immediate areas requiring attention.

	Aggregated score out of 10
Board	7.74
Audit committee	8.83
Risk committee	9.51
Social, ethics and transformation committee	7.14

The board took cognisance of areas in which improvements could be made, and plans are being put in place to implement these improvements. Overall, the 2022 evaluation confirmed that there were no material areas requiring improvement and individually and collectively directors contributed to the efficacy of the board, its oversight role and strategic contribution to the group. Top priorities for the board in the coming year are included on page 75.

With the assistance of the nominations committee, and on an annual basis, the board evaluates the performance of the chairman, LID, managing director, financial director, the non-executive directors retiring by rotation and the group company secretary. The nominations committee conducted an annual assessment on the performance of the managing director in keeping with good governance principles as recommended by King IV™ and as required by the board charter. The nominations committee is comfortable that the performance of the managing director for the preceding year has been excellent.

Appointments and changes to board committees

Following the resignation of Anthony Stein on 31 August 2021, on the recommendations of the nominations committee, Anabel Vieira was appointed as financial director with effect from 1 September 2021 and Richard Buchholz as an independent non-executive director as well as a member of the audit and risk committees, with effect from 1 October 2021. The reasons for the appointment of Richard are to bolster risk management skills and further enhance the independence of the board. Gerard Kemp resigned from the audit committee on 4 October 2021. The composition of the audit committee remains compliant with the JSE Listings Requirements, the recommendations of the King IV™ and the requirements of the Companies Act. The board takes great pleasure in welcoming Richard and looks forward to working with him and his contribution to the success of the group.

Following the recommendations of the nominations committee of the group, the board accepted the resignations of Gerard Kemp, Myron Pollack and Pieter Strydom as members of the nominations committee and approved the appointment of Maggie Mojapelo as a member of this committee, with effect from 29 October 2021.

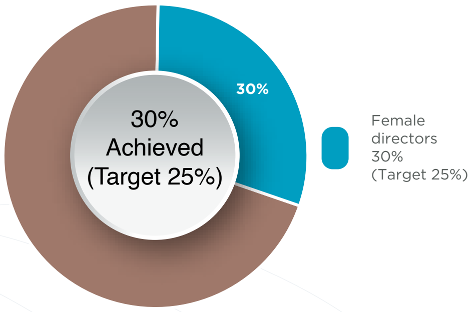
Gerard Kemp retired at the AGM, consequently, Derek Cohen was appointed the chairman of the SERT committee with effect from 4 February 2022. The board thanks Gerard for his invaluable contribution to both the board and the company since his appointment in October 2013, in his role as an independent non-executive director, as a member of numerous board committees and as chair of the SERT committee. The board wishes him all of the best in his future endeavours.

The board also thanks Myron and Pieter for their contributions as members of the nominations committee and looks forward to Maggie's participation in the Nominations and SERT committees' important work.

The board has established a good balance between the experience of long-standing directors and the fresh insights from more recently appointed directors.

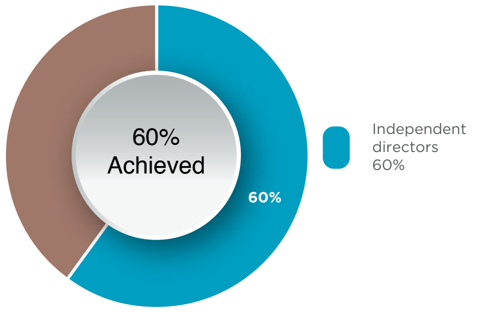
Inclusiveness: gender, age, racial and skills diversity

Female representation (%)



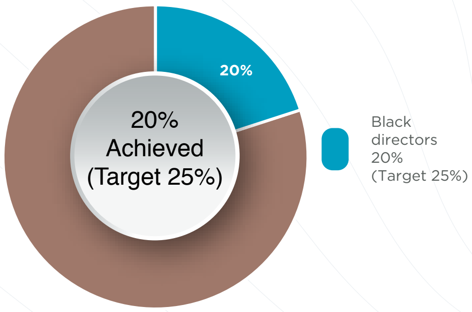
(FY2021: 2/10 directors or 20%)

Independence (%)



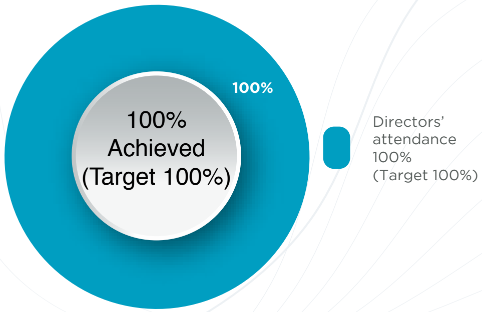
(FY2021: 6/10 directors or 60%)

Black representation (%)



(FY2021: 2/10 directors or 20%)

Commitment (%)



(FY2021: 100%)

Board tenure and age

Executive directors	Non-executive directors	All directors
Average service length 12.5 years (FY2021: 17.55)	Average service length 11.1 years (FY2021: 11.14)	Average service length 11.4 years (FY2021: 12.42)
Average age 62.0 (FY2021: 57.00)	Average age 63.4 (FY2021: 63.00)	Average age 63.1 (FY2021: 61.80)

Our long-standing non-executive directors provide the board with valuable insight and perspective across the South African economic environment, and more particularly across the property and financial sectors.

King IV™ does not consider the length of a non-executive director's term in office as a determinant of independence. The board evaluates the independence of its independent directors, particularly in respect of the independent directors who have served on the board for an aggregate term exceeding nine years.

As Derek Cohen has served in an independent capacity on the board since 1 October 2009, and Pieter Strydom since 6 February 2012, an assessment of their independence by the board, on recommendation from the nominations committee, is performed annually. On 28 October 2022, the Board concluded that Derek and Pieter exercise objective judgement and that no interest, position, association or relationship is likely to influence unduly or cause bias in their decision-making, and that they will continue to serve in an independent capacity.

Board diversity and experience

The board draws on a set of required skills and industry experience from its members to guide Octodec.

A skills matrix tracks the experience, balance of skills and level of knowledge of our directors. This table indicates the number of directors on the board who possess relevant sector experience. The board is satisfied that its composition reflects the appropriate balance of knowledge, skills, experience, competencies in industries and fields relevant to the group's business operations, diversity and independence to execute its roles and responsibilities effectively.

Core skills	Richard Buchholz	Derek Cohen	Nyimpini Mabunda	Maggie Mojapelo	Myron Pollack	Pieter Strydom	Louis van Breda	Anabel Vieira	Jeffrey Wapnick	Sharon Wapnick
Finance	●	●			●	●	●	●	●	
General leadership, management and business operations	●	●	●	●	●	●	●	●	●	●
Industry experience (property)					●	●	●	●	●	●
Legal, regulatory and corporate governance	●				●	●	●	●		●
Risk and opportunity management	●	●	●		●	●	●	●	●	●
Strategy development	●	●	●	●	●		●	●	●	●
High-risk areas										
Consumer marketing		●	●	●					●	
Corporate and social affairs		●	●	●	●		●			●
Environment/sustainability (ESG)			●					●		●
HR and remuneration		●		●					●	●
Integrated thinking, reporting and International <IR> Framework	●				●	●	●	●		●
Technology and information governance	●		●	●		●	●		●	

Board training and development

As part of the development programme, the board attended the SA REIT conference as well as an external and independently facilitated practical in–house workshop on the Protection of Personal Information (PoPI) Act 4 of 2013.

Board development focus areas for the 2023 financial period include cyber security, IT governance and sustainability (ESG) reporting. These focus areas are multifaceted aspects of our business that could have a broad impact on our operational performance and our ability to create sustainable value over the longer term. The board will continue to build its proficiency in these areas.

Board committee memberships and attendance

Director	Board[3]	Audit[4]	Nominations	Risk[5]	SERT[6]	*Ad hoc* independent subcommittee	Director development
Richard Buchholz[1]	6/7	6/6	–	2/3	–	1/1	2/2
Derek Cohen	7/7	6/6	1/1*	3/3	3/3*	1/1*	2/2
Gerard Kemp[2]	3/7	1/6	1/1	–	2/3*	–	1/2
Nyimpini Mabunda	7/7	2/6	–	3/3	–	–	2/2
Maggie Mojapelo	7/7	2/6	–	–	3/3	–	2/2
Myron Pollack	7/7	6/6	1/1	3/3	3/3	–	2/2
Pieter Strydom[7]	7/7	6/6	1/1	3/3*	3/3[7]	1/1	2/2
Louis van Breda[7]	7/7	6/6*	–	3/3	1/3[7]	1/1	2/2
Anabel Vieira[8]	7/7	6/6	–	3/3	3/3	1/1	2/2
Jeffrey Wapnick[8]	7/7	6/6	1/1	3/3	3/3	1/1	2/2
Sharon Wapnick	7/7*	6/6	1/1	3/3	3/3	1/1	2/2

* *Chairman*
By invitation
Permanent invitee
[1] *Appointed as an independent non-executive director and member of the group audit committee and risk committee effective from 1 October 2021*
[2] *Gerard Kemp resigned from the audit committee and from the nominations committee on 4 October and 29 October 2021, respectively, and retired from the Board, at the AGM held on 4 February 2022.*
[3] *Includes five scheduled board meetings, the AGM, and a strategic session*
[4] *External advisers and invitees who regularly attend audit committee meetings: Deloitte & Touche (outgoing external auditors) until 4 February 2022, Ernst & Young (incoming external auditors, appointed at the AGM on 4 February 2022, shared City Property/Octodec chief risk officer, shared City Property/Octodec internal auditor, managing director and financial director of Octodec and the senior financial manager of City Property*
[5] *External advisers and invitees who regularly attend risk committee meetings: shared City Property/Octodec chief risk officer, shared City Property/Octodec internal auditor*
[6] *External advisers and invitees who regularly attend SERT committee meetings: HR executive: City Property, shared City Property/Octodec chief risk officer, managing director and financial director of Octodec*
[7] *Pieter Strydom and Louis van Breda attend the SERT Committee meetings on a voluntary basis without receiving committee meeting fees.*
[8] *With effect from 1 March 2022, no committee fees are paid to the executive directors.*

Our board and board committee activities

The activities and matters discussed at board and board committee meetings are guided by annual work plans, which balance relevant reviews over the course of a financial year. The board charter and detailed duties of each committee as set out in their respective terms of reference are available on Octodec's website: www.octodec.co.za/about-us/#corporate-governance-downloads.

Board

The board charter was reviewed and updated on 9 February 2022.

2022 key focus areas

- Continued reforming and refocusing Octodec's strategic vision and medium to long-term strategy – The vision and medium to long-term strategy were presented at the strategic session held on 29 March 2022
- Closely monitored the progression of COVID-19 and endeavoured, insofar as this was possible, to identify the changing trends and the impact it has on Octodec's portfolio and to respond to these changes over the long term
- Continued with the implementation of the capital recycling programme to reduce the elevated LTV ratio resulting from portfolio revaluation and maintained a balanced approach to capital and balance sheet management, ensuring compliance with bank covenants
- Monitored cash flow, LTV and ICR projections on at least a quarterly basis
- Continued to embed an ESG framework as part of Octodec's corporate purpose

2023 key focus areas

- Continue to reform and refocus Octodec's strategic vision and medium to long-term strategy
- Investigate opportunities for development and acquisitions that enhance the portfolio and grow distributable income
- Following the ESG gap analysis, continue to embed the ESG initiatives, and in particular items relating to the environment and climate change, and which are particularly affected by poor service delivery
- Continue to manage the balance sheet to ensure a healthy cash flow, and maintain a balanced approach to capital and balance sheet management, ensuring compliance with bank covenants
- Document and implement compliance management plans in respect of core and topical regulatory obligations, as identified in the regulatory universe
- Document and implement internal controls within the information and communication technology environment

Information technology governance

Information technology (IT) is an enabler for Octodec to achieve its strategic business objectives and is therefore integrated through all business activities. Octodec Information Technology is governed by IT policies following industry best practices. Controls include, but are not limited to, asset management, incident management, change management and disaster recovery management. A balance is maintained between the use of technology and the management of risk to ensure continual uninterrupted business operations. A key operational focus area is the improved efficiency in value creation from digitisation and automation. Octodec's IT is managed by City Property in terms of the management agreement. A City Property IT Steering committee, strategically aligned to the business, provides regular reporting on subject matters such as technology trends and innovations, the value obtained from technology investment, business resilience, cyber security and other risks, ethical disposal of technology and information, and compliance with relevant legal requirements such as POPIA. No breaches in customer privacy were reported.

In 2022 an IT strategy was approved by the board, outlining core technology focus areas. The board monitors the measures that have been implemented to ensure the protection of IT infrastructure and systems. Existing Internal controls are aligned to the Information Technology Infrastructure Library (ITIL) for a controlled services management structure, ISO27001.The board will continue to oversee the enhancement of further IT general controls in 2023.

Compliance

One of the primary functions, responsibilities and duties of the board includes the governance of compliance by the group with applicable laws and adherence to adopted non-binding rules, codes and standards. In terms of the management agreement, City Property renders compliance and regulatory management services to the group which involves monitoring and assessing the impact of legal and regulatory responsibilities on the business of the group and using its best endeavours to ensure due compliance with all statutory provisions and adherence to non-binding rules, regulations, codes and standards in general. There were no material regulatory sanctions or penalties issued against the group resulting from non-compliance during this year under review. In terms of the Compliance Management Policy and Framework, which is reviewed biennially, the risk committee will oversee in FY2023, the process to be adopted and implemented by City Property to embed an improved compliance management process, which includes the development and implementation of the compliance management strategy and implementation plan.

Group audit committee

Details of the group audit committee can be found in its report in the audited consolidated financial statements on pages 91 to 150.

Nominations committee

2022 key focus areas

- Continued to implement improvements to formal and transparent executive succession planning – Oversaw the nomination and appointment of Anabel Vieira as financial director effective from 1 September 2021 and Richard Buchholz as an independent non-executive director, effective from 1 October 2021
- Continued to review and improve board independence and board committees' composition, in addition to standard succession planning, to determine whether the talent is diverse, aligned with the company's strategy and can add value to the long-term sustainability of Octodec
- Reviewed the board's skills and experience matrix, considering the non-executive skill sets required for the implementation of the company's strategy and to respond to the change in board composition from a skills, experience, diversity, age, gender, race and independence perspective.
- Re-evaluated the reconstitution of some of the board committees (page 71)
- Considered the findings of the biennial performance evaluation of the Chairman, LID, the board, committees and executive directors, and individual directors retiring by rotation and the group company secretary (page 72).
- Monitored the setting and achieving of voluntary race and gender diversity targets at board level
- Approved external and independently facilitated director development sessions for ongoing board refreshment

2023 key focus areas

- Continue to implement improvements to formal and transparent executive succession planning
- Continue to review and improve board independence and board committees' composition, in addition to standard succession planning, to determine whether the talent is diverse, aligned with the company's strategy and can add value to the long-term sustainability of Octodec. This includes the setting and achieving of voluntary race, gender and diversity targets at board level
- Consider and if deemed fit, recommend a board retirement and tenure policy for consideration, approval and implementation by the board.

Risk committee

The formal terms of reference were reviewed and approved on 31 July 2022. The committee is comfortable that it has fulfilled its mandate and met the composition requirements of its terms of reference.

2022 key focus areas

- Continued to embed an integrated assurance risk management monitoring framework and culture that will provide adequate assurance to the board that material risks are monitored and mitigated to acceptable levels of tolerance, cost-effectively and optimally
- The revised enterprise risk management policy and framework was presented to and approved by the board
- Continued to monitor internal control environment improvements through enhanced risk processes, including maturing the effectiveness of the integrated combined assurance framework
- Top risks were identified as part of the combined assurance plan and are bi-annually considered by the risk committee. The combined assurance plan was updated to include all risks within the risk universe, which is continually reviewed and updated as the risk landscape changes
- Reviewed the combined assurance plan at each risk committee meeting
- Continued to entrench the regulatory universe to facilitate regulatory risk prioritisation and mitigate the risk of non-compliance
- Improved risk reporting by considering a new annual report on the overall residual risk exposure

2023 key focus areas

- Continue to embed an integrated assurance risk management monitoring framework and culture that will provide adequate assurance to the board that material risks are monitored and mitigated to acceptable levels of tolerance, in a cost-effective and optimal manner
- Continue to monitor internal control improvements through enhanced risk processes, including maturing the effectiveness of the integrated combined assurance framework
- Continue to entrench the regulatory universe to facilitate regulatory risk prioritization and mitigate the risk of non-compliance

SERT committee

Details of the activities of the SERT committee can be found on from page 54.

Ad hoc independent subcommittee of the board

2022 key focus areas

- Continued to independently review all related party transactions between Octodec and City Property as and when they occur

2023 key focus areas

- Finalise and recommend the approval of the new management agreement to the board
- Continue to independently review all related party transactions between Octodec and City Property as and when they occur

Remuneration review

"The committee continues to monitor all pay and benefits arrangements to ensure fairness and appropriateness of pay policies and practices across the group, thereby maintaining the value proposition to our employees, on whom we depend for securing the long-term sustainability of the business.

Derek Cohen
Chairman of the SERT committee

Background statement

Dear shareholders,

The SERT committee is tasked by the board to establish and independently oversee the implementation of our total remuneration philosophy and policy. This will support the achievement of the group's strategy and grow stakeholder value on a sustainable basis.

The board recognises total remuneration as a critical tool for ensuring that employees enable the business to create value sustainably. The board oversees remuneration practices and procedures, as administered by City Property through the management agreement. City Property uses total remuneration to ensure the attraction and retention of talented high-calibre, high-performing employees. Octodec only employs building staff (building managers, cleaners and handymen), the group company secretary and the assistant company secretary. Therefore, the remuneration review only deals with Octodec employees (see our reporting boundary on page 5).

Voting results at the previous AGM

In terms of the JSE Listings Requirements, shareholders are required to endorse, by way of a non-binding advisory vote, the remuneration policy and implementation report as presented in this report. Voting results on Octodec's remuneration policy and implementation report at the FY2021, FY2020 and FY2019 AGMs were as follows:

Remuneration policy

Votes cast		Votes abstained
Votes for	**Votes against**	
88.16% (4 February 2022)	11.84% (4 February 2022)	0.28% (4 February 2022)
87.26% (24 January 2021)	12.74% (24 January 2021)	0.27% (24 January 2021)
88.78% (24 January 2020)	11.22% (24 January 2020)	0.43% (24 January 2020)

Remuneration implementation report

Votes cast		Votes abstained
Votes for	**Votes against**	
82.52% (4 February 2022)	17.48% (4 February 2022)	0.28% (4 February 2022)
82.96% (24 January 2021)	17.04% (24 January 2021)	0.27% (24 January 2021)
88.97% (24 January 2020)	11.03% (24 January 2020)	0.43% (24 January 2020)

Octodec is committed to developing and sustaining quality, long-term relationships with all key stakeholders, including shareholders. Our philosophy is to engage openly and inclusively to benefit from stakeholders' insights, and address concerns and priorities. Constructive feedback is shared with our board and relevant board committees and contributes significantly to Octodec's positioning, supported by adequate structures, to deliver long-term value for all its stakeholders. We are aware of our competitive and challenging operating environment and continuously examine any relevant issues raised by our stakeholders to further develop and strengthen Octodec.

The company engaged with shareholders prior to the AGM in January 2022 to gain an understanding of their concerns and potential areas for improvement in terms of remuneration.

The following aspects were raised:

Concerns

Lack of disclosure regarding the extent to which performance targets were achieved and how actual achievement is linked to the variable remuneration earned by executive directors.

Our response

Octodec entered into a management agreement with City Property for a period of five years, effective from 1 July 2018, which was approved by the requisite number of shareholders who voted in respect thereof. In line with this agreement, City Property is responsible for setting the remuneration structures and incentives for its employees, including the two executive directors who are employed by City Property, and executing the agreed remuneration. Octodec does not pay the executive directors; executive directors only receive director's board fees from Octodec, on the same basis as the non-executive directors of the board.

Internal and external factors that influenced remuneration

Several factors influenced remuneration decisions during the year. From an external perspective, we considered factors including the pandemic's impact on the economy in general and the property industry and the company in particular, inflation, forecast salary adjustments for our category of employees in our sector and the competitiveness of the cost of employment. Internally, we considered Octodec's financial performance for the year, our internal minimum wage, pay parity, employee turnover rates and the attractiveness of our total remuneration offering.

Key areas of focus, decisions and substantial changes

The SERT committee, in addition to the key focus areas disclosed in the SERT committee chairman's review on page 54, carried out an independent benchmarking exercise on directors fees, and recommended to the board the following remuneration-related resolutions, in compliance with regulatory and good governance requirements, to be tabled at the AGM for our shareholders' consideration:

- Approval of the directors' fees for the period 1 September 2023 to 31 August 2024, by way of a special resolution
- Endorsement of the remuneration policy by way of a non-binding advisory vote
- Endorsement of the remuneration implementation report by way of a non-binding advisory vote

Use of consultants and their independence

Octodec uses the services of an external independent advisor, Reward Partners (Pty) Ltd, to assist in:

- Reviewing the total remuneration philosophy, strategy and policy, and making recommendations to the SERT committee. The review highlighted that the philosophy, strategy and policy are aligned with best practice and should remain unchanged, except for the following proposed amendments:
  - Refinement and clarification of the constituency addressed in the policy, resulting in all references to the application of the policy to executive directors being removed
  - Refinement of the principles and conditions governing annual non-guaranteed remuneration (i.e. short-term incentives), mainly economic and operational conditions
- Making benchmarked guaranteed salary recommendations to the SERT committee. In 2022 Octodec conducted a bespoke market benchmarking, seeking to ensure an appropriate peer comparison. This bespoke survey confirmed that Octodec's employees' remuneration is aligned with the market
- Reviewing and providing technical advice on the performance management policy
- Ensuring the effectiveness of the remuneration policy

The SERT committee is confident that the remuneration policy achieved its objectives during the year in that no material problems were encountered in attracting and retaining key skills.

2023 key focus areas

The remuneration-related focus areas for the next reporting period are:

- The continued review and refinement of our total remuneration philosophy, strategy, policy and practices to ensure competitiveness in terms of our employee value proposition (EVP) and encouragement of sustained performance excellence
- To oversee the implementation of a group-wide remuneration-linked performance management strategy
- The consistent application of the remuneration policy to ensure that remuneration for employees remains competitive, fair and appropriate
- To oversee the employees' remuneration benchmarking to be facilitated by REMchannel®
- The integration of ESG metrics disclosures as they relate to remuneration policy and practices

Part 1

Remuneration philosophy, strategy and policy

Our total remuneration philosophy, strategy and policy inform all remuneration decisions, processes and practices within Octodec. They are regularly reviewed by the SERT committee to ensure that they remain relevant and subscribe to all requirements of good governance and best practice.

Our remuneration philosophy and strategy

Our total remuneration philosophy aims to ensure that our remuneration strategy promotes the achievement of our strategic objectives in the short, medium and long term and continually improves value creation for our stakeholders. While ensuring that our total remuneration offering remains attractive and competitive, it also commits us to remunerate our employees fairly, responsibly and transparently.

The primary focus of our total remuneration strategy is to provide a total remuneration package that will facilitate the attraction and retention of high-calibre, high-performing employees who subscribe to our shared values, ethical culture and aspiration to be a good corporate citizen.

Our remuneration policy

Our remuneration policy provides the framework around which the total remuneration philosophy and strategy can be executed optimally and effectively. The key principles of our policy include:

- Adoption of a total remuneration approach that includes all elements of remuneration (i.e., guaranteed cash, benefits and incentives)
- Promotion of fair, transparent and ethical remuneration practices that comply with legislation
- Ensuring external competitiveness and internal parity through consistent, appropriate and responsible remuneration decision-making, aligned with Octodec's values

- Remuneration of employees in a manner reflective of both Octodec and individual performance
- Non-discriminatory remuneration practices and promotion of diversity
- Affordability to Octodec

In terms of the management agreement, City Property undertakes to provide Octodec with a fully comprehensive end-to-end HR management and administrative service, which includes payroll, in respect of all Octodec employees.

To ensure appropriate oversight of this service, the SERT committee monitors these remuneration practices as applicable to our employees to ensure that they are fair, responsible and transparent.

Key elements of remuneration

The key elements of total remuneration in 2022 are outlined below.

Guaranteed package

This consists of a cash component together with compulsory, albeit flexible, benefits and allowances collapsed into a total guaranteed package structure. The guaranteed package is reviewed annually, and increases are subject to company performance, affordability as well as sector and broader labour market dynamics.

Benefits and allowances

Providing benefits and allowances to our employees forms part of the total remuneration offering and gives effect to our commitment to continually improve our EVP through the flexibility that employees gain through these elements.

The core benefits available to our employees include membership in a defined contribution pension or provident fund, group life assurance and medical scheme membership.

Incentives

The purpose of our non-guaranteed incentive scheme is to foster a culture of performance and to motivate employees to sustainably achieve and exceed the performance requirements of their roles.

Short-term incentives (STIs)

Participation	All employees
Criteria for payment	STI payments are dependent on Octodec's affordability and individual performance scores on a five-point rating scale. Any employee with a performance score of less than 3.0 does not qualify for an incentive. An employee with a score of 3.0 and higher will be entitled to an STI.
Quantum of payment	STIs are determined as a percentage of the monthly total guaranteed package. The range payable will be at the discretion of management, subject to review by the SERT committee and ultimate approval by the board, and in line with the approved remuneration policy.

Long-term incentives (LTIs)

Octodec has no LTI scheme in place.

Remuneration of directors

Executive directors

The managing director and the financial director of Octodec, who are prescribed officers as defined by the Companies Act, are employed and remunerated by City Property and only receive a retainer and board meeting attendance fees from Octodec as set out below.

Directors' remuneration in terms of section 66(9) of the Companies Act

The remuneration of Octodec's directors for their services (as directors) is governed in terms of a separate directors' remuneration policy, which recognises their responsibilities and skills to provide input on an ongoing basis throughout the year and not only through their attendance at board and board committee meetings.

Our approach is based on the following key principles:

- The remuneration of our directors should be consistent with best practice and sufficient to attract and retain talent to our board
- The quantum and structure of our directors' remuneration are reviewed annually by the SERT committee, in consultation with its independent remuneration advisor, who makes recommendations to the board on any changes deemed appropriate
- All directors receive an annual retainer for services they render, paid quarterly in arrears, in four equal instalments. In addition to the retainer, directors are entitled to a fee for attendance of the AGM, board meetings and board committee meetings which they attend as members or by invitation
- Both the annual retainer and meeting fees payable to directors are subject to the approval of the company's shareholders at the AGM

Refer to the proposed directors' remuneration on page 175 of the notice of AGM. The total remuneration philosophy, strategy and policy, and directors' remuneration policy are available on our website at www.octodec.co.za/about-us/#corporate-governance-downloads.

Non-binding advisory vote

Shareholders are requested to endorse part 2 of this report by way of a non-binding advisory vote. Refer to the non-binding advisory note 1 of the notice of the AGM on page 173. The board will initiate engagement with the relevant shareholders should 25% (twenty-five percent) or more of the votes cast be recorded against the remuneration policy, and the outcome thereof will be disclosed in the 2023 integrated report.

Part 2

Implementation of the remuneration policy for the financial year

The total remuneration philosophy, strategy and policy are continually assessed to ensure they remain aligned with and continue to support the strategic objectives of Octodec.

Employee remuneration

The table below reflects the remuneration paid to employees of Octodec:

	31 August 2022 R	31 August 2021 R
Basic salaries and benefits	26 182 054	25 666 375
Bonus	1 004 680	2 249 695
Contribution to a pension or provident fund and group life	2 722 797	2 769 338
Accommodation value	6 132 358	5 779 114
Total guaranteed remuneration and benefits	36 041 889	36 464 522

Due to the impact of the COVID-19 restrictions on gatherings, Octodec was unable to fully roll out the performance management system in FY2021 and FY2022. Consequently, a fixed percentage increase of the guaranteed package was awarded to employees across the board and an STI of 40% was paid to all employees in November 2021.

Directors' remuneration in terms of section 66(9) of the Companies Act

The table below reflects the directors' fees for services as directors, paid by Octodec, based on the approved remuneration structure as per the AGM of 24 January 2021 for the year 1 September 2021 to 31 August 2022, as well as the fees for the prior period.

Effective from 1 March 2022, executive directors only received directors' remuneration for attending board meetings. In addition, non-executive directors who are not members of a particular board subcommittee no longer receive fees for their attendance at such meetings unless the non-executive director in question is a standing invitee of a board subcommittee (i.e., the chairman of the board has a standing invitation to attend group audit committee meetings), or the chairman of the respective board subcommittee specifically invites a non-executive director to attend a board subcommittee meeting for a specific purpose.

Fee structure	12 months to 31 August 2022 R	12 months to 31 August 2021 R
Annual retainer		
Board Chairman	715 500	715 500
Lead independent director	357 220	357 220
Non-executive director	297 860	297 860
Executive directors	297 860	297 860
Fee per meeting		
Board meeting (including AGM)	17 914	17 914
Meeting fee for a non-executive director's attendance at a subcommittee meeting of the board	21 412	21 412
Chairman of a subcommittee of the board	26 182	26 182
Meeting fee for a non-executive director's attendance at an *ad hoc* subcommittee meeting of the board	21 412	21 412
Chairman of an *ad hoc* subcommittee meeting of the board	26 182	26 182

	Annual retainer R		Meeting fees R		Total R	
Remuneration paid	**2022**	2021	**2022**	2021	**2022**	2021
Sharon Wapnick (non-executive Chairman of the board)	715 500	715 500	421 668	511 238	1 137 168	1 226 738
Derek Cohen (LID, chairman of the nominations committee, SERT committee and subcommittee)	357 220	357 220	431 208	542 190	788 428	899 410
Richard Buchholz (appointed 1 October 2021)	273 038	–	296 692	–	569 730	
Gerard Kemp (retired 4 February 2022)	148 930	297 860	148 930	504 136	297 860	801 996
Nyimpini Mabunda	297 860	297 860	232 458	318 530	530 318	616 390
Maggie Mojapelo	297 860	297 860	232 458	297 118	530 318	594 978
Myron Pollack	297 860	297 860	403 754	532 650	701 614	830 510
Pieter Strydom (chairman of the risk committee)	297 860	297 860	389 550	511 344	687 410	809 204
Louis van Breda (chairman of the group audit committee)	297 860	297 860	355 100	447 002	652 960	744 862
Anthony Stein (resigned 31 August 2021)	–	297 860	–	511 238	–	809 098
Anabel Vieira (appointed 1 September 2021)	297 860		293 196		591 056	
Jeffrey Wapnick	297 860	297 860	314 608	511 238	612 468	809 098
Total (excluding value-added tax (VAT))	3 579 708	3 455 600	3 519 622	4 686 684	7 099 330	8 142 284

	Basic salary and bonus R		Benefits (including retirement and medical aid) R		Total remuneration R	
Group company secretary	**2022**	2021	**2022**	2021	**2022**	2021
Elize Greeff	1 816 478	1 816 478	165 663	165 663	1 982 141	1 982 141

Part 3

The special resolution covering the proposed remuneration of Octodec's directors for the period 1 September 2023 to 31 August 2024, which proposes an increase of 5.0% in respect of payments made to directors for their services as directors for the 2024 financial year, will be proposed at the AGM. Refer to special resolution number 3 on page 175 of the notice of the AGM.

Non-binding advisory vote

Shareholders are requested to endorse part 3 of this report by way of a non-binding advisory vote. Refer to non-binding advisory note 2 of the notice of the AGM on page 174. The board will initiate engagement with the relevant shareholders should 25% (twenty-five percent) or more of the votes cast be recorded against the remuneration implementation report, and the outcome thereof will be disclosed in the 2023 integrated report.

Remuneration linked to strategy and performance

City Property and executive directors' key performance measures and targets

In terms of the management agreement, a copy of which can be viewed on our website under *Circulars* at www.octodec.co.za/investor-information/#circularsWrap. City Property is responsible for the effective management of day-to-day operations as well as the asset management of Octodec. Clause 14 of the management agreement states that City Property must submit proposed KPIs and penalties for failure to meet the KPIs, together with the annual budget for the respective financial year, to the board for consideration, having regard to the material areas of concern, for the company in the financial year in question, inter alia, using the following categories and criteria as the framework for the determination of the KPIs for the respective financial year –

- Delivery of sustainable short and long-term shareholder returns
- Maximisation of returns from the property portfolio
- Effective management of the company's balance sheet and income statement as well as management of the company's funding and cash flow requirements
- Efficient management of current and future developments to be carried out by the company, including meeting development timetables and anticipated yields
- Ensuring high levels of customer satisfaction
- Attraction, development, retention and motivation of high-performance employees
- Continually improving sustainability performance
- Establishing a succession plan in respect of the managing director and other key staff of City Property as identified by the company
- Developing a B-BBEE strategy and implementing a B-BBEE plan, in line with the company's requirements, to achieve B-BBEE compliance in line with the timelines set by the board

City Property is remunerated for the above services through the payment of an asset management fee which is based on "enterprise value" calculated as the sum of the average daily market capitalisation of Octodec plus the aggregate amount of the indebtedness of Octodec as well as a share of any loans taken by a joint venture. In the event that the asset management fee is lower than the prescribed minimum (which was set at R3.5 million per month in 2018 and increased by CPI on anniversary), the minimum amount is payable. In addition, the management agreement makes provision for the payment of an incentive linked to growth in the annual distributable income per share, as described below.

For purposes of calculating the incentive, "hurdle rate" means the budgeted annual percentage growth in distributions per share by the company for the purposes of determining whether or not City Property should be entitled to the incentive fee –

1. Where the company's annual distributable income per share increases by an amount equal to between 1% and 2% above the hurdle rate, the manager shall be entitled to an incentive fee of R3 000 000.00 per year ("Incentive Fee").
2. Where the company's annual distributable income per share increases by an amount equal to 2% or more above the hurdle rate, the manager shall be entitled to an incentive fee of R6 000 000.00 per year, comprising the R3 000 000.00 incentive fee above plus an additional R3 000 000.00 for achieving an increase in the annual distributable income per share equal to at least 2% higher than the hurdle rate.

The incentive fee of either R3 000 000.00 or R6 000 000.00 referred to above escalates annually at a rate equivalent to CPI, compounded on each anniversary of each financial year end, with an adjustment to account for the period from the commencement date to the financial year end.

With regard to the above, the agreed FY2022 key performance areas (KPAs), as set out in the table below, were reviewed by the SERT committee and recommended to the board for consideration. The board has reviewed the outcome of the FY2022 KPAs and is satisfied that City Property delivered on its KPA targets.

The SERT committee and Independent subcommittee also considered whether Octodec's results were in excess of the hurdle rate by more than 2%. These committees respectively concluded that the increase surpassed the hurdle rate by more than 2% and recommended to the board the payment of the incentive of R6 726 968 to City Property.

For FY2022, the asset management fee was calculated based on the minimum amount, as the enterprise value as defined above was below the minimum amount.

The amount paid to City Property in the current year is as follows:

Basic asset management fee	R47 152 431
Incentive fee	R6 726 968

Key performance measures for 2022

Strategic Objectives	Weight	Key Initiatives	Target Measure	Performance rating scale: Below target – less than 80% of target = zero achievement	Target = 100% achievement	Above target – Capped at 120% stretch target	Weighted achievement	Notes
Create sustainable value for our stakeholders	35%	Achieving distributable income before finance costs	Distributable income in line with budget	Lower than budget	In line with budget R1.422 million	Above budget	36.34%	N1
		Stabilise occupancy levels in the property portfolio	Overall vacancy not to exceed 14%	Greater than 14%	14%	Less than 14%		N2
		Customer satisfaction assessments	Net promoter score (NPS) of 20%[1]	Below 20%	20%	Above 20%		
		Focus on tight control of property expenses	Total property expenditure managed so as to not exceed budgeted expenditure	% increase in excess of budget	In line with 2022 budget	% increase less than budget		N3
		Improving the environmental sustainability of the portfolio, including solar PV opportunities	Development of 1 project at an acceptable ROI, approved by the board	Implemented 0 projects	Implemented 1 project	Implemented more than 1 project		
Optimise our portfolio	20%	Property and development opportunities that enhance the portfolio and protect our assets	Developments or refurbishments of projects approved by the board to enhance or protect value of portfolio within budget	Under 5 projects	5 projects	Above 5 projects	18.90%	N4
		Improve the existing portfolio by selling non-core and underperforming properties	Disposal and transfer of non-core properties to the cumulative average value of R200 million	Below R200 million	R200 million	Above R200 million		
Manage our balance sheet and funding structure	20%	Manage the LTV at appropriate levels	Maintain LTV at less than 43%	Higher than 43%	43% or less	Lower than 43%	20.45%	
		Maintain loan and swap expiry profile at an average of at least 2.5 years	Maintain expiry profile at 2.5 years	Less than 2.5 years	2.5 years	More than 2.5 years		N5
Innovation	5%	Identification and implementation of non-traditional revenue streams and innovative technology-based solutions that may result in efficiencies	Identify and implement 1 new revenue stream or innovation to improve existing revenue streams	Implemented 0 new revenue stream or innovation	Implemented 1 new revenue stream or innovation	Implemented more than 1 new revenue stream	6.00%	
Empower our people	10%	Develop and implement a fit-for-purpose EVP	Finalise and implement the EVP plan	Not achieved	Finalise and implement the EVP plan	n/a	0.00%	N6
• Providing meaningful employment to employees		Effective management of employees to increase productivity and facilitate superior performance						
• Appropriately skilled employees operating in an environment that promotes accountability, collaboration and growth		• Development of 3-year learning and development (L&D) strategy • Implementation of an integrated performance management system • Diversification of skills and implementing the company's EE plans	• L&D strategy implementation • Performance management training and monitoring • EE plan presentation and reporting	Not achieved/partly achieved	L&D strategy implemented	n/a		

Strategic Objectives	Weight	Key Initiatives	Target Measure	Performance rating scale: Below target – less than 80% of target = zero achievement	Target = 100% achievement	Above target – Capped at 120% stretch target	Weighted achievement	Notes
Transformation and people risk management	10%	Implementation of Octodec's B-BBEE board-approved plan	Implementation, monitoring and reporting on the transformation strategy	Partly implemented	B-BBEE plan implemented	n/a	5.00%	
Create and maintain an environment that promotes transformation, compliance and effective management of people risks		Management of employment risks and compliance with labour legislation	Monitoring and reporting on management of HR risks	HR risks not well managed	Managed and contained HR risks	n/a		
	100%						86.69%	

[1] NPS – The net promoter score is an index ranging from -100 to 100 that measures the willingness of customers to recommend a company's products or services to others.

Notes on achievements

1. Distributable income

The rental has exceeded budget mainly as a result of the outstanding performance in the residential sector achieved through improved occupancy rates

2. Vacancies

Vacancies were reduced significantly in the residential sector. However, the office sector remains a challenge, with many still applying a work-from-home policy and thereby reducing the demand for large office space, and with a significant over-supply of office space pre-dating COVID-19. Despite looking at various alternatives to attract tenants to our offices (see Traditional offices and hybrid retail-office space, page 49),vacancies have increased in the sector, preventing us from achieving the target of 14.0%.

3. Property expenses

Property expenses were lower than budget, mainly due to better than expected electricity recovery rates. This is attributable to improved occupancies at our residential buildings. The hands-on management of maintenance of our buildings ensured that repairs were well investigated and priced.

4. New developments/refurbishments

Although 5 projects were agreed to, activity in the first half of the year was slow due to the impact of COVID-19 on business activities. As activity resumed, there was limited time to embark on a further project. In order to ensure that agreed projects are undertaken and targets achieved, City Property has incorporated these performance objectives into management's performance agreements.

5. Loan expiry period

A number of loans were refinanced during the current period. The initial proposal was to refinance a larger portion over a four to five-year period, but the board found the rates unfavourable and management was requested to reduce the term in order to manage the finance costs. This impacted the loan expiry term.

6. Empower our people and transformation

COVID-19 restrictions impacted a number of activities in these two areas, and once all restrictions were lifted, there was limited time to embark on the agreed-upon activities and meet the set targets. However, these have now been incorporated into the 2023 key performance activities and targets.

Key performance measures 2023

The 2023 key performance measures set out below have been agreed to by City Property and Octodec:

Priority areas: 2023	Key activity	Target measure	Weight (%)	Below target – less than 80% of target = zero achievement	Target = 100% achievement	Above target – capped at 120% of stretch target	Implementation date
Communication / marketing	Actively engage with the business sector, including industry bodies, to form strategic alliances and mobilise where necessary in dealing with issues that arise from the public sector						
	• CoT	Attend ten of the monthly meetings (Utilities HoD)	5.0%	Less than 6 meetings attended	10 monthly meetings (Utilities HoD)	Attend all monthly meetings (Utilities HoD)	Monthly
	• CIDs	Attend quarterly meetings (Property HoDs)		None attended	Attend quarterly meetings (Property HoDs)	n/a	Quarterly
Increase stakeholder engagement	• Continued engagement with various stakeholders, including investors, community in which we operate, tenants and employees	Investors – 2x pre-close webinars and interim and year end presentations as well as 10x meetings with larger fund managers/investors	10.0%	Limited meetings with fund managers/ investors	Investors – 2x pre-close webinars and interim and year end presentations as well as 10x meetings with larger fund managers/investors	Investors – 2x pre-close webinars and interim and year end presentations as well as more than 10x meetings with larger fund managers/ investors	Throughout the year to 31 August 2023
		6x newsletters/posters to tenants on new products/ services		Less than 6x	6x newsletters/posters to tenants on new products/services	More than 6x	
		Monthly communication to staff		Fewer than 12	12 communications to staff	More than 12	
	• Enhance communication regarding the Octodec brand	Media publications on thought leadership (4 per year)		Less than 4 publications	Media publications on thought leadership (4 per year)	More than 4 publications	Throughout the year to 31 August 2023
		Media and speaking opportunities (3 per year)		Less than 3	Media and speaking opportunities (3 per year)	More than 3	
		Increased Octodec news and articles on LinkedIn (18 for the year)		Less than 18	Increased Octodec news and articles on LinkedIn (18 for the year)	More than 18	

Priority areas: 2023	Key activity	Target measure	Weight (%)	Below target – less than 80% of target = zero achievement	Target = 100% achievement	Above target – capped at 120% of stretch target	Implementation date
Rightsizing the portfolio to improve Octodec's ability to unlock value by:			10.0%				
Continuous review of Octodec's top assets by value	Identify non-performing properties and properties located in less desirable areas, for possible disposal (e.g. Pretoria West)	R150 million		< than R150 million	R150 million	>R150 million	31 August 2023
Identify property and development opportunities to unlock value and enhance the portfolio	Properties identified for development will be explored	Louis Pasteur refurbishment including a new façade		Not started	Louis Pasteur refurbishment including a new façade	Started and completed	To achieve at least 50% of refurbishment in respect of both Ina Building and Louis Pasteur Hospital by 31 August 2023
		Vacant Ina Building to be reconfigured to accommodate doctors' rooms		Not started	Vacant Ina Building to be reconfigured to accommodate doctors' rooms	Started and completed	
		Vuselela refurbishment of common areas		Not started	Vuselela refurbishment of common areas	Started and completed	To complete by 31 August 2023
Focus on providing value added services to attract and retain tenants and protect our assets (new KPA 2023)	• Identify suitable solution and conclude Wi-Fi proof of concept (POC) at commercial buildings	Two buildings	5.0%	Less than 2 buildings	Two buildings	More than 2 buildings	31 August 2023
	• Rollout of Wash Bars at larger properties in vacant space, creating additional revenue stream	Four Wash Bars		Less than 4 wash bars	Four Wash Bars	More than 4 wash bars	To complete by 31 August 2023 with at least one wash bar completed each quarter
Update residential product offering, with a focus on affordability (new KPA 2023)	Changing existing configurations at Howzit Hilda and Nedbank Plaza via new hybrid model, creating a combination of additional shared/furnished/semi-furnished accommodation.	Nedbank Plaza – 10 apartments	10.0%	Less than 10 apartments	Nedbank Plaza – 10 apartments	More than 10	Throughout the year as and when units come available
		Howzit Hilda – 4 apartments		Less than 4 apartments	Howzit Hilda – 4 apartments	More than 4	
	Furnished accommodation rollout at The Fields to be accelerated, to comply with NSFAS requirements	182 units		Less than 182	182 units	More than 182	31 March 2023

Priority areas: 2023	Key activity	Target measure	Weight (%)	Below target – less than 80% of target = zero achievement	Target = 100% achievement	Above target – capped at 120% of stretch target	Implementation date
Improving on ESG through implementation of relevant and authentic initiatives and improved ESG reporting	Installation of solar panels which will yield an acceptable ROI	Two buildings (shopping centre and a mixed-use residential and retail building)	10.0%	None started and completed	Two buildings (shopping centre and a mixed-use residential and retail building)	More than 2 started and completed	One in the first half of the year and the second in the second half of the year
	Water management at buildings	24 bulk meters installed to manage water wastage and consumption		Less than 24 bulk meters	24 bulk meters installed to manage water wastage and consumption	More than 24 bulk meters	Throughout the year, to be completed 31 August 2023
	Continued emphasis of reporting on ESG in our Integrated Report and/or other supplementary reports	Addressing the gaps identified in the gap analysis carried out in FY2022		No improvement on FY2022	Addressing the gaps identified in the gap analysis carried out in FY2022	Significant improvement on FY2022	31 August 2023
Technology: new applications and usage across the business	Automated commercial leasing platform, to enhance customer experience, to be developed in phases	Phase 1, which on completion will consist of an automated, real-time vacancy list that can assist in promoting our available properties and unit details on the CPA website	2.0%	Not achieved	Phase 1, which on completion will consist of an automated, real-time vacancy list that can assist in promoting our available properties and unit details on the CPA website	Achieved more than phase 1	31 August 2023
Assess funding structure, including the DMTN programme, with a view to containing financing costs	Refinancing of maturing debt and updating and moving the DMTN programme to Octodec	Refinance 2024 maturing debt	5.0%	Only partially refinanced	Refinance 2023 maturing debt	Refinanced 2023 maturing debt as well as portion of 2024 maturing debt	Process to be initiated by 28 February 2023
		Start preparatory work to move the DMTN programme to Octodec company		No progress made	Start preparatory work to move the DMTN programme to Octodec company	Outstanding progress made	

Priority areas: 2023	Key activity	Target measure	Weight (%)	Below target – less than 80% of target = zero achievement	Target = 100% achievement	Above target – capped at 120% of stretch target	Implementation date
Financial results to be achieved	Revenue growth	Meet Consumer Price Index (CPI) on a like-for-like basis	20.0%	80% of CPI on a like-for-like basis	Meet Consumer Price Index (CPI) on a like-for-like basis	120% of CPI on a like-for-like basis	At 31 August 2023
	Distributable income at NPI level	5%		3.0%	5%	7.5%	
	Expenditure (property) ratio to be maintained	Below 38%		38% and higher	Below 38%	38% or less	
	Vacancies	Residential average of 9% (excluding Hatfield)		Higher than 9%	Residential average of 9% (excluding Hatfield)	Lower than 9%	
		Commercial average of 16% (assuming Midtown is disposed of during the year)		Higher than 16%	Commercial average of 16% (assuming Midtown is disposed of during the year)	Lower than 16%	
	Collections	100% of billings collected		95% of billings collected	100% of billings collected	105% of billings collected	
	Customer service	NPS of 20		Lower than 20%	NPS of 20	Higher than 20%	
	Funding ratios	Loan to Value reduced to below 40%		Higher than 40%	Loan to Value reduced to below 40%	Lower than 40%	
	Interest cover ratio	Maintained above 2.1 times		Less than 2.1	Maintained above 2.1 times	More than 2.1	
Transformation and people risk management			7.5%				
Create and maintain an environment that promotes transformation, compliance and effective management of people risks	Implement Octodec's board-approved B-BBEE plan	Monitor, review and report		Not achieved	Monitor, review and report	n/a	Ongoing
	Diversification of skills and implementing the company's Employment Equity (EE) plans	EE plan reviewed and to be implemented		Not achieved	EE plan reviewed and to be implemented	n/a	30 November 2023

Priority areas: 2023	Key activity	Target measure	Weight (%)	Below target – less than 80% of target = zero achievement	Target = 100% achievement	Above target – capped at 120% of stretch target	Implementation date
Appropriately skilled employees operating in an environment that promotes accountability, collaboration and growth							
Develop and implement a three-year learning and development (L&D) strategy	Develop a three-year L&D strategy and implement Phase One	Formulate L&D strategy	12.5%	Not achieved	Formulate L&D strategy	n/a	28 February 2023
		Conduct skills audit and needs analyses		80.0%	Conduct skills audit and needs analyses	n/a	31 March 2023
		Align implementation with the FY2023 budget and preparation to implement		Not achieved	Align implementation with the FY2023 budget and preparation to implement	n/a	30 April 2023
		Implement L&D strategy, including impact evaluation		80.0%	Implement L&D strategy, including impact evaluation	n/a	31 May 2023
Develop and implement an integrated performance management system	Implement Phase One of an integrated performance management system	Research and table a proposed approach		Not achieved	Research and table a proposed approach	n/a	31 March 2023
		Align systems and processes with a performance management approach		80.0%	Align systems and processes with a performance management approach	n/a	31 March 2023
		Prepare and train managers and people on mindset, approach, impact and the practice of performance management as an ongoing conversation		Not achieved	Prepare and train managers and people on mindset, approach, impact and the practice of performance management as an ongoing conversation	n/a	31 August 2023
		Implement the integrated performance management system		Not achieved	Implement the integrated performance management system	n/a	31 August 2023

Priority areas: 2023	Key activity	Target measure	Weight (%)	Below target – less than 80% of target = zero achievement	Target = 100% achievement	Above target – capped at 120% of stretch target	Implementation date
Talent management and succession planning	Appoint and onboard a City Property Management Committee (Manco)	• Manco appointed and onboarded		Not achieved	• Manco appointed and onboarded	n/a	31 October 2022
	Table a first phase talent management strategy that focuses on leadership, scarce- and mission-critical skills	Table first phase of talent management strategy		Not achieved	Table first phase of talent management strategy	n/a	31 May 2023
		• Implement first phase of talent management strategy		Not achieved	• Implement first phase of talent management strategy	n/a	30 June 2023
		• Implement retention strategy as part of EVP		Not achieved	• Implement retention strategy as part of EVP	n/a	30 June 2023
Empower our people							
Providing meaningful employment to employees	Develop and implement a fit-for-purpose employee value proposition (EVP)	Develop and implement a fit-for-purpose EVP	3.0%	80.0%	Finalise the EVP plan, including the metrics required to track the impact	n/a	31 May 2023
		Implement the EVP plan		Not achieved	Implement the EVP plan	n/a	30 June 2023
			100%				

Remuneration paid by City Property

Directors

As stated on page 4 and page 172 of this report, the executive directors are employed and remunerated by City Property. In terms of the JSE Listings Requirements, the remuneration paid to the executive directors of Octodec by the employer company City Property, is disclosed below. It is important to note that City Property's operations are not limited to Octodec and include other activities, and consequently the remuneration of the executives is for all of City Property's activities, and therefore only a portion of the remuneration of the managing director is attributable to Octodec, as reflected below.

2022	A Vieira* R	J Wapnick R	S Wapnick R	Total R
Basic salary	2 188 973	4 507 957	867 636	7 564 566
Bonus	1 750 000	2 850 382	–	4 600 382
Pension fund contribution	211 027	–	–	211 027
	4 150 000	7 358 339	867 636	12 375 975
Attributable to Octodec	4 150 000	4 415 003	867 636	9 432 639
*appointed 1 September 2021	100%	60%	100%	

2021	AK Stein* R	J Wapnick R	S Wapnick R	Total R
Basic salary	1 723 435	1 656 117	855 421	4 234 972
Bonus	4 850 000	5 610 000	–	10 460 000
Pension fund contribution	123 489	–	–	123 489
	6 696 924	7 266 117	855 421	14 818 461
Attributable to Octodec	5 022 693	4 359 670	855 421	10 237 784
*resigned 31 August 2021	75%	60%	100%	

Octodec has no LTI scheme, and executives are eligible for an annual bonus (STI) as determined and paid by City Property.

The Fields Offices

Audited financial statements

Contents

Royal Place

Directors' responsibility and approval of the financial statements

It is the directors' responsibility to ensure that the financial statements fairly present the state of affairs of Octodec Investments Limited ("Octodec") as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with IFRS and the Companies Act. The group's external auditors are engaged to express an independent opinion on the consolidated financial statements.

The financial statements are prepared in accordance with IFRS and incorporate disclosures in line with the accounting policies of the group. The financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates, and have been audited in compliance with section 29(1) of the Companies Act.

The directors have reviewed the group's cash flow forecast 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 directors confirm that Octodec has complied with the requirements of the Companies Act and that the company is operating in conformity with its MOI.

The financial statements set out on pages 91 to 150, which have been prepared on the going concern basis, were approved by the board on 29 November 2022 and were signed on its behalf by:

Sharon Wapnick
Chairman

Tshwane

Jeffrey Wapnick
Managing director

Tshwane

Statement of compliance by the group company secretary

In terms of section 88(2)(e) of the Companies Act, I confirm that Octodec Investments Limited has lodged all returns in respect of the year ended 31 August 2022 that are required to be lodged by a public company with the Companies Intellectual Property Commission of South Africa, and that all such returns are true, correct and up to date.

Elize Greeff
Group company secretary

29 November 2022
Tshwane

Group audit committee report

Octodec's independent group audit committee (the committee) is pleased to present its report for the financial year ended 31 August 2022 in line with the Companies Act, the JSE Listings Requirements, King IV™, Debt Listings Requirements, and other applicable regulatory requirements.

Purpose and structure

The committee is an independent statutory committee in terms of section 94(2) of the Companies Act. Its primary responsibility is as an audit committee for Octodec, but it also fulfils the role of a group committee for its subsidiaries as permitted by section 94(2)(a) of the Companies Act.

The committee has adopted formal terms of reference, as approved by Octodec's Board of directors, which are reviewed and updated as necessary on an annual basis (or more frequently if required). The detailed duties and responsibilities of the committee are set out in its terms of reference, which are available on Octodec's website at www.octodec.co.za.

In summary, the committee's primary objective is to provide independent oversight of the effectiveness of Octodec's internal financial control environment, its assurance functions and services, and the integrity of the annual financial statements and related reporting. The committee also assists the board in overseeing information technology (IT) governance. The governance of risk at Octodec is delegated to the risk committee, however the committee oversees the governance of financial and other risks that affect the integrity of financial reporting by Octodec.

Composition, meetings, and attendance

At all times, the committee comprised four non-executive directors, all of whom, including its chairman, are independent, who satisfied the requirements of section 94(4) of the Companies Act. As a collective and having regard to the size and circumstances of the group, the committee members collectively possess the appropriate financial and related qualifications, skills, expertise, and experience required to discharge their responsibilities. The composition of the committee, their qualifications, skills and experience and attendance of meetings by its members and standing invitees during the 2022 financial year, are included on pages 73 and 74.

Separate meetings were held with the external auditors and internal auditor to allow open discussion without the presence of management, to discuss pertinent matters as they arise, as well as to discuss matters relating to the year-end audit and finalisation of the interim financial results. The committee chairman also meets separately with external and internal auditors between committee meetings. During these meetings, no matters of material concern were raised.

All committee members are also members of the risk committee, which provides members with insight into the group ERM policy and framework, key risks, and compliance coverage in the group. The cross-committee membership enhances the committee's oversight of financial and other risks that may affect the integrity of the company's external reports (such as financial reporting risks, internal financial controls, fraud risk as it relates to financial reporting, and information and technology risks).

The committee chairman reports to the board at quarterly board meetings on the committee's activities and matters discussed at each meeting, highlighting key items deliberated and those requiring the board's attention.

Key focus areas for the year ended 31 August 2022

Beyond discharging its required duties as set out in its terms of reference, the committee also concentrated on the key areas of focus as set out in the 2021 report. This included:

- Having sessions to enhance and further align IT governance reporting with the specific requirements of the committee and King IV™. The effectiveness of information security management controls and cyber security risk scores were reviewed, and plans to further enhance both controls and scores were monitored
- The financial systems, processes and controls of the group were considered at each meeting by reviewing and debating the financial directors report, the internal auditor's report (in terms of the approved plan), and the chief risk officer's report
- Monitoring the weighted average loan expiry profile, LTV, debt covenants and liquidity by reviewing quarterly reporting
- Assessing the adequacy and ability of the City Property finance team by reviewing the organogram and assessing feedback from the financial director
- Receiving feedback from both management and Ernst & Young Inc. regarding the auditor transition
- Considering managements' ESG reporting recommendations

Significant matters

The committee has considered the Key Audit Matters (KAMs) reported in the external audit report on page 99. In addition, the committee considered significant matters arising during the year. These include the following:

Valuation of investment property

Committee's response to matter

The committee considered the competencies and independence of the external valuers as well as the competencies of the internal valuation team, reviewed and robustly debated the significant detailed assumptions and judgements used by the external and internal valuers (refer to page 112 for detailed assumptions and results of investment property valuations). The committee concluded that the investment property was fairly stated in accordance with the accounting policy as outlined in the financial statements.

JSE Listings Requirements on attestation

The JSE Listings Requirement relating to the sign-off by the chief executive officer and financial director on the effectiveness of internal controls over financial reporting for the group can be found on page 98.

External auditor rotation

The appointment of Ernst & Young Inc., with Ms Gail Moshoeshoe as the designated lead audit partner, was approved by shareholders at the AGM on 4 February 2022, in terms of Section 90(1) of the Companies Act.

External auditor quality and independence

The committee considered and satisfied itself with the audit quality, independence, and suitability of Ernst & Young Inc. and Gail Moshoeshoe, in their respective capacities as the appointed external audit firm and designated lead audit partner. In doing so, the committee considered the external auditor's suitability assessment and adherence in terms of paragraph 3.84(g)(iii) and section 22.15(h) of the JSE Listings Requirements. The committee also reviewed audit quality based on the committee's assessment, in addition to considering the documents presented by Ernst & Young Inc., as required by the JSE Listings Requirements, and found it to be satisfactory. This is the first year of the firm as auditors of the company and group.

Furthermore, the committee ensured that the scope of non-audit services rendered in respect of Octodec's non-audit services policy did not impair auditor independence. The committee, in consultation with executive management, agreed to the terms, nature, scope, quality and proposed audit fee for the 2022 financial year, which is considered appropriate for the work that was done. The audit fees are disclosed in note 23 to the financial statements.

Risk management policy

The ERM policy specifically prohibits Octodec from entering into derivative transactions which are not in the ordinary course of business. The committee has monitored compliance with the policy and is satisfied that Octodec has, in all material respects, complied with the policy during the year.

Evaluation of the expertise and experience of the financial director and the finance function

The committee considered and satisfied itself with the appropriateness of the experience and expertise of the financial director, and is satisfied with the adequacy and resources within the finance team of City Property.

Solvency and liquidity

Based on the solvency and liquidity tests performed at least every quarter, the committee was comfortable in its declaration to the board that the company and group are going concerns.

Effectiveness of internal financial controls

The committee has reviewed the written assessment performed by internal audit on the design, implementation, and effectiveness of the group's internal financial controls. Based on the results of this review, the information provided by management and the risk management process, together with the work and engagement with the independent assurance providers, the committee is of the opinion that the internal financial controls in place are adequate and effective, and form a sound basis for the preparation of reliable financial statements.

Internal audit

The internal auditor has unrestricted access to the committee. The committee is satisfied that the internal audit function is independent and has the authority to adequately discharge its duties. The results of audits performed in terms of the approved plan were reviewed and the committee is satisfied with the quality and performance of internal audit.

Internal audit was assessed by an accredited external quality review team as required by the International Standards for the Professional Practice of Internal Auditing. An overall "general conformance" rating was obtained.

Combined assurance

In respect of the co-ordination of assurance activities, the committee:

- Assessed the combined assurance model by having workshops to enhance assurance coverage reporting, and refining responsibility between the risk and the audit committee to ensure focus is appropriately defined
- Considered the plans, collaboration and work outputs of the external and internal auditors and concluded they were adequate to address all significant risks facing the group
- Reviewed Octodec's risk appetite and tolerance statements as the basis of the combined assurance model
- Identified key risk indicators to provide assurance in respect of significant risks identified within the business and monitored the progress made regarding the implementation of the key risk indicators
- Monitored the implementation of the combined assurance model and plan within the business
- Considered the assessment of the effectiveness of the first line of defence as reported on by internal audit

The committee is of the view that the combined assurance model has improved since 2021, and recognises that progress has been made in maturing the model, which will continue to evolve.

Compliance with JSE's report back on proactive monitoring

The committee, in the finalisation of the consolidated financial statements for the year ended 31 August 2022, considered all reports issued by the JSE and, where necessary, has taken appropriate action to address the applicable findings and focus areas identified by the JSE.

IT General Controls

City Property's data is hosted by its software supplier (service organisation) effective from July 2021. The service organisation engaged an independent auditor to report on its processes and software, related databases, as well as platforms (including operating systems), and the network perimeter for processing user entities' transactions covering the period July 2021 to 31 August 2022, and the suitability of the design and operation of the controls to achieve the related control objectives. The auditor issued an unqualified report in terms of ISAE 3402.

Annual financial statements, results, and integrated report

The committee has considered the financial reporting procedures adopted by Octodec and has reviewed the 2022 group and company financial statements and the going concern assessment applicable to the annual financial statements of the group for the year ended 31 August 2022, and is of the view that, in all material respects, these financial statements and the related results announcements complied with the provisions of the Companies Act, IFRS and the JSE Listings Requirements.

The committee is satisfied that appropriate financial reporting procedures exist, and are operational in all group entities to effectively prepare, and report on the annual financial statements.

The external auditors have provided shareholders with an independent opinion on page 99, that the financial statements for the year ended 31 August 2022 fairly present, in all material respects, the financial results for the year, and the financial position of the group at 31 August 2022.

There were no complaints from within or outside the group, relating to accounting practices, internal audit, the content or auditing of the group's financial statements, internal financial controls, or related matters.

Recommendation and approval

The committee recommended the annual financial statements, results announcements and integrated report for the year ended 31 August 2022 to the board for approval on 29 November 2022.

The board subsequently approved the annual financial statements, which will be open for discussion at the upcoming AGM.

Key focus areas for the year ending 31 August 2023

The committee has set the following key areas of focus for the 2023 financial year, which include continuing items from the year under review:

- Continue to refine the evolving integrated combined assurance model
- Continue to focus on cybersecurity, ensuring that robust IT systems and processes are in place
- Focus on ensuring the group's financial systems, processes and controls remain effective in meeting Octodec's requirements
- Continue to monitor the weighted loan and interest hedging expiry profile, the LTV ratio, debt covenants and liquidity
- Continue to apply robust focus on property valuations in this uncertain environment and the impact on the balance sheet
- Explore the need for external assurance on ESG reporting.

Concluding remarks

The committee is satisfied that it has complied with and discharged all statutory duties in terms of Section 94(7) of the Companies Act and the JSE Listings Requirements, as well as with the functions and responsibilities assigned to it by the board under its terms of reference and committee mandate, for the 2022 financial year.

Louis van Breda
Chairman of the committee

29 November 2022

Report of the directors

for the year ended 31 August 2022

To the shareholders of Octodec Investments Limited

The directors have pleasure in submitting their report for the year ended 31 August 2022.

Preparation of the annual financial statements

The audited consolidated annual financial statements were prepared in accordance with IFRS, the South African Institute of Chartered Accountants (SAICA) Financial Reporting Guides as issued by the Accounting Practices Committee, the Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act.

The consolidated financial statements were prepared under the supervision of Mrs A Vieira CA(SA), in her capacity as group financial director.

Nature of business

Octodec is a REIT and is listed on the JSE, investing in retail, office, industrial, residential, specialised and other properties, deriving income from the rental of its properties and its investments.

Stated capital

The authorised stated capital comprises 500 000 000 (2021: 500 000 000) shares of no par value. There were no issues of shares in the current year and, consequentially, there were no changes in the number of issued shares by the company from the prior year, with 266 197 535 shares in issue as at 31 August 2022.

Dividends

Octodec's dividend policy is based on the premise of retaining sufficient funds for developments and acquisitions as and when these opportunities arise, maintaining a strong balance sheet with an acceptable loan to value ratio, while at the same time taking into consideration our shareholders' expectations in respect of distributions. In determining the funds for distribution, we use distributable income (SA REIT funds from operations) and deduct the anticipated amount for refurbishments and developments, while ensuring that the distribution complies with the JSE Listings Requirements of a minimum distribution of 75% of distributable income (taxable income), taking into account the solvency and liquidity of the underlying property controlled subsidiaries. The distribution for FY2022 is approximately 100% of taxable income, ensuring that the company remains a REIT.

Based on the above policy, the board has declared a final dividend of 80.0 cents per share. The total dividend for the year is 130.0 cents (FY2021: 50.0 cents) per share.

Subsidiaries

The company has a 100% interest in the under-mentioned companies and they are all incorporated in the Republic of South Africa.

IPS Investments (Pty) Ltd
Killarney Mall Properties (Pty) Ltd
Octprop Properties (Pty) Ltd
Premium Properties Ltd (Issuer of corporate bonds and listed on the JSE bond market)
Presmooi (Pty) Ltd
Tribeca Properties (Pty) Ltd
Waverley Plaza Properties (Pty) Ltd

The following companies are 100% held by Premium Properties Ltd and IPS Investments (Pty) Ltd

Centpret Properties (Pty) Ltd
Centuria 369 (Pty) Ltd
Jardtal Properties (Pty) Ltd (held by Joybee (Pty) Ltd)
Savyon Building (Pty) Ltd
Joybee Properties (Pty) Ltd
OPC Properties (Pty) Ltd
Vuselela Investments (Pty) Ltd
Simprit Properties Share Block (Pty) Ltd (held by Centpret Properties (Pty) Ltd

The subsidiaries' principal activities are those of property companies, investing in retail, office, industrial, residential, and specialised and other sectors, deriving income from the rental of their properties and their investments. There are no restrictions on the subsidiaries or on the distribution of income from the subsidiaries.

Joint ventures and joint operations

Octodec holds the following joint interests:

Prensas Properties (Pty) Ltd – 50% interest in the joint venture owning the Blaauw Village shopping centre; and
The Manhattan properties in which a 50% undivided share is owned and is accounted for as a joint operation.

Management contract

The group's investment properties are managed by City Property, and the management agreement is effective from 1 July 2018 to 30 June 2023. City Property is wholly owned by the Wapnick family. The management agreement is currently being renegotiated by an independent sub-committee for renewal and will be put forward to shareholders for approval.

Events after the reporting date

The following events have taken place subsequent to 31 August 2022:

A dividend of 80 cents per share was declared and paid to shareholders on 21 November 2022.

Three properties with a carrying value of R65.7 million were sold and transferred for a total consideration of R64.9 million net of commission.

Directorate

The directors of the company during the year under review and up to the date of this report were:

Executive directors

JP Wapnick (managing director)		
A Vieira (financial director)	Appointed	1 September 2021

Non-executive directors

S Wapnick (Chairman)		
DP Cohen (lead independent director)		
RWR Buchholz (independent non-executive director)	Appointed	1 October 2021
GH Kemp (independent non-executive director)	Resigned	4 February 2022
NC Mabunda (independent non-executive director)		
MZ Pollack (non-executive director)		
EMS Mojapelo (independent non-executive director)		
PJ Strydom (independent non-executive director)		
LP van Breda (independent non-executive director)		

Directors' remuneration

We refer you to the detailed information on directors remuneration set out on page 79 of this report.

Directors' shareholding

2022

	Direct beneficial	**Indirect beneficial**	**Total**
S Wapnick	**38 842**	**–**	**38 842**
JP Wapnick	**39 374**	**–**	**39 374**
S Wapnick and JP Wapnick (combined)[1]	**–**	**100 227 433**	**100 227 433**
MZ Pollack[2]	**1 795 068**	**2 204 345**	**3 999 413**
	1 873 284	**102 431 778**	**104 305 062**

2021

	Direct beneficial	Indirect beneficial	Total
S Wapnick	38 842	–	38 842
JP Wapnick	39 374	–	39 374
S Wapnick and JP Wapnick (combined)[1]	–	100 227 433	100 227 433
AK Stein[3]	150 948	645 191	796 139
MZ Pollack[2]	1 775 068	2 204 345	3 979 413
	2 004 232	103 076 969	105 081 201

[1] *Combined holdings of S Wapnick and JP Wapnick including interests held in associates where they are either shareholders, members, trustees or directors of entities holding Octodec shares and/or have the control of voting rights of the respective entities and de facto have the control of the voting rights in respect of the Octodec shares*

[2] *Holdings of MZ Pollack including interests held in associates where he is either a shareholder, member, trustee or director of entities holding Octodec shares and/or has the control of the voting rights of the respective entities and de facto has the voting rights in respect of the Octodec shares. 1 460 912 shares have been pledged to Standard Bank as collateral for overdraft facilities. During the year, 20 000 shares were acquired by MZ Pollack in the open market*

[3] *Mr AK Stein resigned effective 31 August 2021*

Changes in shareholding between the financial year end and the date of this report

Between 4 November and 7 November 2022, Jepnick Holdings (Pty) Ltd, of which S Wapnick and JP Wapnick are directors, acquired 106 100 shares in the company at a weighted average price of 9.98 per share.

Going concern

The current liabilities exceed the current assets by R0.7 billion (2021: R2.3 billion), mainly due to the fact that an unsecured note of R180 million and a secured note of R364 million will be maturing in the 2023 financial year. The group has R624 million (2021: R359.1 million) in cash and unutilised banking facilities available as at 31 August 2022 to fund its working capital requirements and to refinance maturing debt, if required. The process to extend or refinance the remaining short-term borrowings has already started with the respective banks.

The board has reviewed the cash flow projections for the eighteen months to 28 February 2024 and, based on the cash flow projections, and having considered the solvency and liquidity tests taking the above into consideration, has concluded that the group has adequate resources to continue to operate for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

Auditors

Ernst & Young were appointed as the independent auditors of the group on 4 February 2022, with Gail Moshoeshoe CA(SA) as the engagement partner.

Group company secretary

Elize Greeff
CPA House
101 Du Toit Street
Tshwane, 0002

PO Box 15, Tshwane, 0001

CEO and FD Responsibility Statement

Each of the directors, whose names are stated below, hereby confirm that:

- The annual financial statements set out on pages 91 to 150, fairly present in all material respects the financial position, financial performance and cash flows of the issuer in terms of IFRS;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the annual financial statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer;
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the audit committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls and have taken steps to remedy the deficiencies; and
- We are not aware of any fraud involving directors.

Signed by the CEO and the FD

JP Wapnick
Managing director

29 November 2022
Tshwane

A Vieira (CA) SA
Financial director

29 November 2022
Tshwane

Independent auditor's report

To the Shareholders of Octodec Investments Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Octodec Investments Limited and its subsidiaries ('the group') set out on pages 102 to 150, which comprise the consolidated statement of financial position as at 31 August 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the group as at 31 August 2022, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated financial statements* section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements of the Group and in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits of the Group and in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards).
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent auditor's report *continued*

Key Audit Matter	How the matter was addressed in the audit
Valuation of investment properties The Group's investment properties, including those classified as held-for-sale, are measured at fair value, comprise 97% of total assets of the Octodec Investments Limited Group as at 31 August 2022. The portfolio consists of residential, retail, office, industrial and specialised properties. The Group apply the Capitalisation of income method in determining the fair value of properties. This method is based on the premise that an investor/owner occupier would determine the price that they are willing to pay for the property by capitalising the net annual income that the property is capable of generating. The Capitalisation of income method incorporates various inputs that require judgement and subject to complexity. The key inputs include: • Expense ratios; • Capitalisation rates; and • Long-range vacancy rates. The use of different valuation inputs could produce significantly different estimates of fair value. Furthermore, the Johannesburg Stock Exchange Listing Requirements requires directly held property to be valued on a three-year rotational basis by an external specialist. As a result of the complexity and judgement required in the Capitalisation of income valuation method and the significant amount of time required to audit the valuation of investment properties, the matter is considered to be a key audit matter. The disclosures are set out in the consolidated financial statements in note 5 in accordance with IAS 40 Investment property and IFRS 13 Fair Value Measurement.	Our procedures included, amongst others, the following: • We agreed all investment properties' fair values to the management valuations. • With the support of our EY specialists, we assessed the method and inputs and applied in determining the fair value of investment properties. This included: – Checked that the valuation method applied by management and their external specialists in determining the fair value of investment properties are consistent with generally accepted property valuation techniques in the property industry; – Compared the capitalisation rates to Rode, South African Property Owners Association reports, and management external specialists valuation reports; – Compared the inputs such as expense ratios and long range vacancy rates to lease agreements and tenancy schedules; and – Determined whether management's final values, compared to our independent valuation, are within reasonable ranges. • We evaluated the objectivity, capability and competence of the management external specialist used by assessing their qualifications and industry experience. • We inspected that each property within the portfolio had been subject to an external valuation during the three-year rotational basis. • We assessed the disclosures in terms of the requirements of IAS 40, Investment Property and IFRS 13, Fair Value Measurement.

Other matter

The consolidated financial statements of Octodec Investments Limited for the year ended 31 August 2022 were audited by another auditor who expressed an unmodified opinion on those statements on 6 December 2021.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the 186-page document titled "Octodec Investments Limited Integrated Report 2022", which includes the Report of the directors, the Group audit committee report and the Statement of compliance by the group company secretary as required by the Companies Act of South Africa. The other information does not include the consolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that that Ernst & Young Inc. has been the auditor of Octodec Investments Limited for 1 year.

Ernst &Young Inc.
Director – Gail Moshoeshoe
Registered Auditor

29 November 2022
102 Rivonia Road
Sandton

Consolidated statement of financial position

at 31 August 2022

	Notes	2022 R'000	2021 R'000
ASSETS			
Non-current assets		10 848 512	11 009 010
Investment property	5	10 633 189	10 866 380
Straight-line rental income accrual	6	100 879	93 626
Plant and equipment	7	–	726
Unamortised tenant installations and lease costs	9	22 132	24 668
Investment property at fair value		10 756 200	10 985 400
Furniture, fittings and equipment	8	939	–
Interest in and loan to joint venture	10	47 761	23 610
Derivative financial instruments	17	43 612	–
Current assets		261 999	297 896
Accounts receivable and prepayments	12	183 733	166 109
Derivative financial instruments	17	10 471	–
Loan receivable		–	73 429
Taxation receivable	30	1 241	–
Cash and bank balances	13	66 554	58 358
Non-current assets held for sale	14	134 165	147 700
Total assets		11 244 676	11 454 606
EQUITY AND LIABILITIES			
Equity		6 321 840	5 982 911
Stated capital	15	4 210 134	4 210 134
Non-distributable reserve	15	1 326 464	1 194 706
Retained earnings		785 242	578 071
Non-current liabilities		3 967 674	2 884 318
Long-term borrowings	16	3 816 601	2 664 050
Derivative financial instruments	17	–	85 329
Lease liabilities	18	10 930	10 957
Deferred taxation	19	140 143	123 982
Current liabilities		955 162	2 587 377
Trade and other payables	20	393 607	431 255
Short-term borrowings	16	558 596	2 017 503
Lease liabilities	18	27	24
Derivative financial instruments	17	2 932	114 749
Taxation payable	30	–	23 846
Total equity and liabilities		11 244 676	11 454 606

Consolidated statement of profit or loss and other comprehensive income

for the year ended 31 August 2022

	Notes	2022 R'000	2021 R'000
Revenue	21	1 939 072	1 834 313
Earned on contractual basis		1 931 091	1 869 511
Straight-line rental income accrual		8 552	(4 353)
COVID-19 rental discount		(571)	(30 845)
Property expenses	22	(980 047)	(934 764)
Expected credit loss – trade receivables and utility accrual		(33 413)	(40 899)
Property income		925 612	858 650
Administrative and corporate expenses	23	(84 614)	(75 420)
Fair value changes			
Investment property	5	(82 386)	(641 050)
Derivative financial instruments	35.2	234 845	125 639
Disposal of investment property		(10 824)	(7 945)
Securities transfer tax on restructure of subsidiary		(1 250)	–
Reversal of expected credit loss on loan receivable		–	10 250
Share of income of joint venture	24	8 751	3 701
Profit before finance costs		990 134	273 825
Net finance costs	25	(369 037)	(388 914)
Finance income		12 397	14 153
Finance costs		(381 434)	(403 067)
Profit/(loss) before taxation		621 097	(115 089)
Taxation	26	(15 970)	(59 730)
Profit/(loss) for the year and total comprehensive profit/(loss) attributable to shareholders		605 127	(174 819)
Basic and diluted profit/(loss) per share (cents)	28	227.3	(65.7)

Consolidated statement of changes in equity

for the year ended 31 August 2022

	Stated capital R'000	Non-distributable reserve R'000	Retained earnings R'000	Total R'000
Balance at 31 August 2020	4 210 134	1 723 581	490 213	6 423 928
Total comprehensive loss for the year	–	–	(174 819)	(174 819)
Dividends paid	–	–	(266 198)	(266 198)
Transfer to non-distributable reserve				
Deferred tax	–	(16 993)	16 993	–
Impairment of loans receivable	–	10 250	(10 250)	–
Fair value changes				
– Investment property	–	(641 050)	641 050	–
– Investment property – joint venture	–	1 224	(1 224)	–
– Derivative financial instruments	–	125 639	(125 639)	–
– Disposal of investment property	–	(7 945)	7 945	–
Balance at 31 August 2021	**4 210 134**	**1 194 706**	**578 071**	**5 982 911**
Total comprehensive income for the year	**–**	**–**	**605 127**	**605 127**
Dividends paid	**–**	**–**	**(266 198)**	**(266 198)**
Transfer to non-distributable reserve				
Deferred tax	**–**	**(16 163)**	**16 163**	**–**
Fair value changes				
– Investment property	**–**	**(82 386)**	**82 386**	**–**
– Investment property – joint venture	**–**	**6 286**	**(6 286)**	**–**
– Derivative financial instruments	**–**	**234 845**	**(234 845)**	**–**
– Disposal of investment property		**(10 824)**	**10 824**	**–**
Balance at 31 August 2022	**4 210 134**	**1 326 464**	**785 242**	**6 321 840**

Consolidated statement of cash flows

for the year ended 31 August 2022

	Notes	2022 R'000	2021 R'000
Cash flows from operating activities			
Cash generated from operations	29	792 454	776 901
Interest income		12 397	14 153
Finance costs		(388 892)	(414 737)
Dividends paid		(266 198)	(266 198)
Taxation paid	30	(24 894)	(18 891)
Net cash flows from operating activities		124 867	91 228
Cash flows from investing activities			
Additions to investment property		(54 812)	(57 479)
Acquisition of plant and equipment		(457)	(725)
Increase in tenant installation and lease costs		(6 364)	(12 994)
Proceeds on disposal of investment property		218 446	36 061
Repayment of loan receivable		73 429	721
Loan advanced to joint venture		(16 900)	(1 202)
Payment received on loan to joint venture		1 500	3 000
Net cash flows from investing activities		214 842	(32 618)
Cash flows from financing activities			
Proceeds from borrowings		1 421 702	559 694
Repayment of borrowings		(1 736 806)	(568 880)
Repayment of lease liabilities		(24)	(22)
Early settlement of derivatives		(16 385)	–
Net cash flows from financing activities		(331 513)	(9 208)
Net increase in cash and bank balance		8 196	49 402
Cash and bank balance at the beginning of the year		58 358	8 956
Cash and bank balances at the end of the year	13	66 554	58 358

Notes to the consolidated financial statements

for the year ended 31 August 2022

1. Reporting entity

Octodec Investments Limited is a company incorporated in the Republic of South Africa. These consolidated financial statements comprise the company and its subsidiaries (together referred to as "the group").

2. Basis of preparation

The consolidated annual financial statements have been prepared in accordance with IFRS, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee, Financial Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act.

The financial statements have been prepared on 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 in note 4. The accounting policies adopted and methods of computation are consistent with those applied in the financial statements of the previous year.

These financial statements are presented in Rands and have been rounded to the nearest thousand (R'000).

3. Critical accounting judgements and estimates

In the application of the group's accounting policies below, the directors are required to make judgements that have a significant impact on the amounts recognised in the financial statements and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors, including expectations of future events, and are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Assumptions and estimation uncertainty

Information about estimates and assumptions that may have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below.

3.1 Fair value measurement of investment properties

The fair value of investment properties is determined using current rentals, expected market rentals, expected vacancies, expected property expenses, maintenance requirements and appropriate capitalisation rates. Market rentals are determined by reference to current market rentals for similar buildings in the same location and condition. The inputs in the calculation which are subject to a significant degree of estimation are the long-range vacancy factor, the expense ratio and capitalisation rate. Any change to these inputs can have a significant impact on the financial position of the group.

3.2 Impairments

Calculation of expected credit losses

At each reporting date, management considers each borrower, taking into account the current economic conditions and the likelihood of the borrower defaulting on the debt, and makes a provision for that portion that is considered to be impaired in the next 12 months.

Notes to the consolidated financial statements *continued*

3. Critical accounting judgements and estimates *continued*

Assumptions and estimation uncertainty *continued*

3.2 Impairments *continued*

Calculation of lifetime expected credit losses

The group has adopted the simplified approach for the calculation of the expected credit loss on lease receivables. When calculating the lifetime expected credit loss (LECL), the group makes assumptions taking into account historical information as well as future economic conditions impacting the market in which it operates.

At each reporting date, management considers each debtor in respect of whom legal proceedings have been instituted or the debtor has vacated, and all those debtors which are past their due date, in order to determine the level of recoverability. It is assumed that all debtors are likely to be impaired when the debt is past its due date and a provision is raised for that portion that is considered not recoverable.

4. Significant accounting policies

4.1 Basis of consolidation

An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

(a) power over the investee
(b) exposure, or rights, to variable returns from its involvement with the investee
(c) the ability to use its power over the investee to affect the amount of the investor's returns

The company is the sole shareholder of each subsidiary and therefore controls each subsidiary.

The consolidated financial statements incorporate the financial statements of the company and all the subsidiaries controlled by the group. All the subsidiaries have the same financial year end and apply the same accounting policies.

The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All transactions and balances between group companies are eliminated in full on consolidation.

4.2 Financial instruments

4.2.1 Recognition and measurement

Financial assets and liabilities are recognised when the group becomes a party to the contractual provisions of the instruments.

Financial assets and liabilities are initially measured at fair value. Transaction costs directly attributable to the acquisition or issue of financial assets and liabilities that are subsequently measured at amortised cost, are added to or deducted from the value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial instruments at fair value through profit or loss (FVTPL) are expensed immediately in profit or loss.

4. Significant accounting policies *continued*

4.2 Financial instruments *continued*

4.2.2 Financial assets

The financial assets are classified into the following categories:

- Amortised cost
- Fair value through profit or loss (FVTPL)

The group has the following financial assets:

- Trade receivables
- Cash and bank balance
- Loans
- Derivative financial instruments

Financial assets at amortised cost

Financial assets are measured at amortised cost if the assets meet the following conditions:

- They are held within a business model whose objective is to hold the financial assets and collect their contractual cash flows
- The contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

After initial recognition, the financial assets are measured at amortised cost using the effective interest method. The group's cash and bank balance, trade and other receivables and loans fall into this category. Interest is recognised under finance income in profit or loss.

Financial assets at FVTPL

Financial assets that are held within a different business model other than "hold to collect" or "hold to collect and sell" are classified at FVTPL. All derivative financial instruments fall into this category and include the group's interest rate swaps.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

4.2.3 Expected credit loss of financial assets

Expected credit loss and lifetime expected credit loss

LECL represents the expected credit losses (ECL)s that will result from all possible default events over the expected life of a financial instrument. A 12-month ECL represents the portion of LECL that is expected to result from default events on a financial instrument that is possible within 12 months after the reporting date.

4. Significant accounting policies *continued*

4.2 Financial instruments *continued*

4.2.3 Expected credit loss of financial assets *continued*

Loans at amortised cost

The group recognises a loss allowance for ECLs on financial instruments that are measured at amortised cost. The amount of ECLs is updated at each reporting date to reflect changes in credit risk since initial recognition of the financial instrument. When there has been a deterioration in the credit quality of the financial instrument, the group recognises LECLs since initial recognition. If there has been no deterioration in the credit quality of the financial instrument since initial recognition, the group measures the loss allowance for that financial instrument at an amount equal to a 12-month ECL. The group considers the following factors in assessing whether credit risk has increased:

- The financial position of the debtor
- Significant increase in credit risk on other financial instruments of the same borrower
- Failure to meet current repayment obligations

Trade and other short-term receivables

The group recognises LECLs for trade receivables. The group considers that default has occurred when a lease receivable is more than seven days past due, legal proceedings have been instituted against the debtor or the tenant has vacated the premises. The LECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, prevailing economic conditions as well as an assessment of current and future direction of economic conditions at the reporting date.

The group assesses impairment of lease receivables for residential and commercial lease receivables separately since they possess different credit risk characteristics.

The expected credit losses of loans and trade and other receivables are recognised in the statement of profit or loss and other comprehensive income for the year.

4.2.4 Financial liabilities

The group's financial liabilities include borrowings, trade and other payables and derivative financial instruments.

Borrowings and trade and other payables are classified at amortised cost. These are originally measured at fair value and adjusted for transaction costs. Subsequently, these financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments include interest rate swaps. These are designated at FVTPL. Any gains or losses arising from changes in fair value are recognised in the statement of profit or loss and other comprehensive income.

All interest-related charges are reported in profit or loss and included within finance costs.

4. Significant accounting policies *continued*

4.2 Financial instruments *continued*

4.2.5 Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

When a trade receivable is considered irrecoverable due to factors such as insolvency, liquidation or the inability of the debtor to settle the debt, the amount is written off to profit or loss during the year in which it is identified that the debt is no longer recoverable, and the impairment provision is reversed. Any amounts subsequently recovered are recognised in profit or loss in the year that they are recovered.

The group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

4.3 Fair value

The group measures financial instruments, which include interest rate swaps, as well as investment properties at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed when the carrying values of these instruments do not reasonably approximate their fair value at the reporting date.

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 is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Input other than quoted prices included within Level 1 that is observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
Level 3: Input for the asset or liability that is not based on observable market data (unobservable input)

4.4 New and amended IFRS Standards that are not yet effective for the current year

A number of amendments to existing IFRS standards are applicable for financial periods starting on or after 1 January 2022. The group will adopt these amendments to the standards in 2023, when they become effective. The directors have considered these amendments and have concluded that they will not have a significant impact on the consolidated financial statements.

5. Investment property

Investment properties are properties held to earn rentals and/or for capital appreciation.

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

Investment properties are initially recognised at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value, adjusted for the carrying values of fixtures and fittings, straight-line rental income accrual, unamortised tenant installations and lease costs which are recognised as separate assets, so as not to double account for these assets that are recognised separately. A gain or loss arising from a change in fair value is recognised in profit or loss. Subsequent refurbishing expenditure relating to investment properties is capitalised to the asset's carrying amount only if it meets the recognition criteria for investment properties. All other subsequent expenditure is expensed to profit or loss in the period in which it is incurred.

Investment properties are derecognised on disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. The gain or loss (fair value changes) on disposal of investment properties is calculated as the difference between the net disposal proceeds and the carrying amount of the investment properties and is recognised in profit or loss in the period in which it arises.

Fair value

At the reporting date all investment properties are measured at fair value. The directors consider the valuations to determine the appropriateness of the valuation techniques and inputs used for fair value measurements. The valuation process is reviewed and approved by the directors at each reporting period.

Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of investment property that necessarily take a substantial period of time to get ready for their intended use are added to the cost of investment property, until such time as the investment property is substantially ready for its intended use. The group borrows funds generally and therefore uses the weighted average cost of borrowings to the group to calculate the interest capitalised. In cases where the group uses specific funding for the development, the actual cost of the specific funding is capitalised to the cost of the development.

Investment income earned on the temporary investment of any specific borrowings pending their expenditure is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

5. Investment property *continued*

	Notes	2022 R'000	2021 R'000
Reconciliation of investment property			
Carrying value at beginning of year		**10 866 380**	11 519 990
Acquisitions and additions		**64 384**	57 464
Disposals		**(132 670)**	(34 644)
Fair value changes		**(81 109)**	(641 351)
Transferred to held for sale		**(83 795)**	(35 079)
		10 633 189	10 866 380
Reconciliation of valuation to carrying value – investment property			
Valuation of portfolio at end of year		**10 890 365**	11 133 100
Less:			
Straight line rental income accrual	6	**(100 879)**	(93 626)
Plant and equipment	7	**–**	(726)
Unamortised tenant installations and lease costs	9	**(22 132)**	(24 668)
Non-current assets held for sale	14	**(134 165)**	(147 700)
Carrying amount at end of year		**10 633 189**	10 866 380

The investment properties are valued biannually by a valuation team at City Property and the portfolio valuation is reviewed and approved by the board. In terms of the JSE Listings Requirements, all the properties are valued by external independent valuers at least once over a rolling three-year period. In the current year 89 (2021:73) properties representing 26.1% (2021: 48.0%) of the portfolio, with a carrying amount of R2.8 billion (2021: R5.4 billion) were externally valued.

The portfolio was valued by the following valuers who are all registered valuers in terms of section 19 of the Property Valuers Profession Act, No 47 of 2000 and have extensive experience in property valuations.

Entity	Valuator	Qualifications
Jones Lang LaSalle	Joshua Askew	FRICS
Mills Fitchet Global	William Hewitt	NDPV, MIEA, FIVSA, RICS Registered Valuer
Gert van Zyl Valuations	Gerhardus Jacobus Van Zyl	Professional Associate Valuer
Premium Valuations Services	Yusuf Vahed	Professional Valuer

Jones Lang LaSalle and Mills Fitchet Global valued the properties using the discounted cash flow model, and Gert van Zyl Valuations the capitalisation of income method. Premium Valuation Services applied a combination of the discounted cash flow and capitalisation of income methods. The entire property portfolio was also internally valued using the capitalisation of income method.

5. Investment property *continued*

Fair value information

Valuation of investment property is subject to a significant amount of judgement and estimation and any change in assumptions and estimations will result in different property values. The inputs in the calculation which are subject to a significant degree of estimation are the capitalisation rates, the long-range vacancy factor and the expense ratio. Due to the mixed use of many properties, it is not possible to summarise the inputs by sector. To provide more insight into the valuations, the tables set out below reflect the ranges and number of buildings and values within the ranges.

The following unobservable inputs were used by the group at 31 August 2022:

	31 August 2022					31 August 2021				
	Number of properties	Fair value R'000	Weighted average capitalisation rate %	Weighted average long range vacancy factor %	Weighted average expense ratio %	Number of properties	Fair value R'000	Weighted average capitalisation rate %	Weighted average long range vacancy factor %	Weighted average expense ratio %
Capitalisation Rate										
8.25%	–	–	–	–	–	1	64 800	8.3	2.0	29.7
8.50% – 8.75%	6	2 204 700	8.7	7.6	31.3	3	1 342 400	8.7	10.1	30.2
9.00% – 10.00%	75	5 197 700	9.7	6.1	30.9	82	6 004 800	9.6	7.1	30.6
10.25% – 11.50%	145	3 154 900	10.6	9.3	27.0	157	3 230 300	10.6	9.2	26.9
Greater than 11.50%	7	97 700	12.2	18.2	27.4	10	160 800	12.2	17.7	27.3
Total	233	10 655 000	9.8	7.5	29.7	253	10 803 100	9.8	8.2	29.4
Long range vacancy factor										
1.00% – 5.00%	104	4 897 100	9.8	2.9	26.8	108	4 428 400	9.8	3.1	26.6
6.00% – 10.00%	87	3 629 900	9.7	7.6	33.1	95	4 112 500	9.8	8.3	32.1
11.00% – 15.00%	20	1 437 500	9.5	12.6	29.5	27	1 599 900	9.7	13.8	28.5
Greater than 15.00%	22	690 500	10.7	21.8	31.6	23	662 300	10.7	21.7	31.0
Total	233	10 655 000	9.8	7.5	29.7	253	10 803 100	9.8	8.2	29.4
Expense ratio										
6.00% – 15.00%	11	260 900	10.3	2.9	10.0	14	247 900	10.2	2.9	12.3
15.01% – 25.00%	68	2 054 500	10.2	4.9	21.1	72	2 048 400	10.2	6.4	20.7
25.01% – 35.00%	106	6 339 000	9.7	7.8	30.4	120	6 888 000	9.7	8.7	30.2
Greater than 35.00%	48	2 000 600	9.7	9.2	37.2	47	1 618 800	9.7	9.4	37.2
Total	233	10 655 000	9.8	7.5	29.7	253	10 803 100	9.8	8.2	29.4

The balance of the portfolio of 12 properties (2021: 13 properties) with a carrying value of R235.4 million (2021: R330.0 million) represents properties held for sale, land or mothballed properties. Where a firm offer has been received, the properties were valued at the offer consideration less costs to sell. Land and mothballed buildings have been valued using bulk rates determined from sales of similar properties and adjusted downwards for the impact of the current economic climate.

5. Investment property *continued*

Sensitivity to changes in valuation inputs

The significant unobservable inputs used in the fair value measurement of the group's investment properties are the capitalisation rates, the expense-to-income ratios and the long-range vacancy factor. Significant (increases)/decreases in any of these inputs in isolation would result in a significantly (lower)/higher fair value measurement.

	2022 R'000	2021 R'000
1% Increase in capitalisation rates, while all other inputs remain constant	(982 641)	(999 170)
1% Decrease in capitalisation rates, while all other inputs remain constant	1 205 970	1 225 405
2% Increase in long-range vacancy factor, while all other inputs remain constant	(229 430)	(235 956)
2% Decrease in long-range vacancy factor, while all other inputs remain constant	229 430	235 956
2% Increase in expense ratio, while all other inputs remain constant	(302 047)	(306 405)
2% Decrease in expense ratio, while all other inputs remain constant	302 047	306 405

In estimating the fair value of the properties, the highest and best use is taken into account. The judgements regarding the valuations and the inputs into the calculations have changed, but the methodology used has remained unchanged from the previous reporting period. Investment property has been categorised as a Level 3 in the fair value hierarchy, and no transfers have been made between Levels 1, 2 or 3 during the year under review (refer to fair value note 4.3 in the accounting policies).

	2022 R'000	2021 R'000
Reconciliation of fair value changes to investment property		
Investment property	(81 109)	(641 351)
Non-current assets held for sale	(1 277)	301
	(82 386)	(641 050)

Investment property pledged as security

The group has encumbered the majority of its investment properties with a fair value of R9.9 billion (2021: R9.2 billion) to secure mortgage loan facilities as set out in note 16. There are no other restrictions on the realisability of investment property or distribution of its income.

A schedule of investment properties owned by the group is set out on pages 161 to 167.

6. Straight-line rental income accrual

Straight-line rental income accrual represents an asset that arises from the recognition of rental income on a straight-line basis.

	2022 R'000	2021 R'000
Carrying value at beginning of year	93 626	98 354
Straight-line rental income accrual	8 562	(4 221)
Disposals	(640)	(386)
Transferred to non-current assets held for sale	(670)	(121)
	100 879	93 626

7. Plant and equipment

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

Depreciation is based on the cost of the asset less its residual value and is recognised on a straight-line basis over the current estimated useful lives of the asset. The estimated useful lives of assets for the current and comparative periods are:

- Security equipment 5 – 6 years
- Lifts 12 years
- Air-conditioning equipment 6 years

	2022 R'000	2021 R'000
Plant and equipment		
Cost	–	22 166
Accumulated depreciation	–	(21 440)
Carrying value	–	726
Movement during the year:		
Carrying value at beginning of year	726	756
Additions	–	725
Depreciation charge	(51)	(755)
Transfer to furniture and fittings	(675)	
	–	726

Notes to the consolidated financial statements *continued*

8. Furniture, fittings and equipment

Furniture, fittings and equipment are recognised at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is based on the cost of the asset less its residual value and is recognised on a straight-line basis over the current estimated useful lives of the asset. The estimated useful lives of assets for the current and comparative periods are:

- Furniture and fittings 6 years
- Motor vehicles 4 years
- Computer equipment 3 years

	2022 R'000	2021 R'000
Furniture, fittings and equipment		
Cost	2 462	–
Accumulated depreciation	(1 523)	–
Carrying value	939	–
Movement during the year:		
Carrying value at beginning of year	–	–
Additions	457	–
Depreciation charge	(193)	–
Transferred from plant and equipment	675	–
	939	–

9. Unamortised tenant installations and lease costs

Letting commission and tenant installation costs incurred in negotiating and arranging operating leases are deferred and amortised over the lease term on a straight-line basis.

	2022 R'000	2021 R'000
Carrying value at beginning of year	24 668	23 500
Additions	6 364	12 995
Disposals	(100)	(17)
Amortisation	(8 799)	(11 810)
	22 132	24 668

10. Interest in and loan to joint venture

A joint venture is an arrangement in which the group has joint control over the net assets held under the arrangement, rather than rights to its assets and obligations for its liabilities. Joint control is the contractually agreed sharing of control under the arrangement, which occurs only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Interests in joint ventures are accounted for using the equity method of accounting. They are recognised initially at cost, which includes transaction costs.

Subsequent to initial recognition, the consolidated financial statements include the group's share of the profit or loss and the other comprehensive income of equity-accounted investees, until the date on which the investment ceases to be a joint venture or when the investment is classified as held for sale.

When the group transacts with a joint venture of the group, profits and losses resulting from transactions with the joint venture are recognised in the group's consolidated financial statements only to the extent of interests in the joint venture that are not related to the group.

The joint venture, Prensas Properties (Pty) Ltd ("Prensas"), is a property investment company deriving income from rentals. The company is incorporated in the Republic of South Africa and has the same financial year end as the company. The joint venture applies the same accounting policies as the group.

Octodec has the right to cast 50% of the voting rights at shareholder meetings. Octodec and the other joint venture partner have joint control over Prensas Properties (Pty) Ltd and neither party can take decisions on their own without the consent of the other, therefore the joint venture is accounted for using the equity method in these consolidated financial statements.

	2022 R'000	2021 R'000
Proportion of ownership interest/voting rights held by the group		
Name of joint venture		
Prensas Properties (Pty) Ltd	**50%**	50%
Investment in and loan to joint venture		
Cost of investment	**1**	1
Reserves since acquisition	**27 561**	20 306
	27 562	20 307
Loan to joint venture	**20 199**	3 303
	47 761	23 610

The loan of R20.2 million (2021: R3.3 million) bears interest at prime plus 3% (2021: 12%) per annum, payable monthly in arrears. The capital is repayable over a period of seven years, taking into account the available cash flows generated by the joint venture company.

The ECL of the loan has been considered taking into account the financial position of the joint venture company and its ability to generate profits and positive cash flows in the future as well as the current economic climate. The company generates strong cash flows and therefore no loss is anticipated and no provision for impairment has been made.

10. Interest in and loan to joint venture *continued*

Summarised financial information of the joint venture as at 31 August 2022

The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with IFRS.

	2022 R'000	2021 R'000
Assets		
Non-current	109 600	93 700
Investment property	103 534	87 859
Straight-line rental income accrual	5 447	5 564
Unamortised tenant installations and lease costs	619	277
Current	1 509	3 880
Accounts receivable and prepayments	1 426	851
Loan – IPS Investments (Pty) Ltd	–	3 028
Taxation receivable	82	–
Cash and bank balances	1	1
	111 109	97 580
Equity and liabilities		
Equity	55 124	40 613
Share capital	1	1
Non-distributable reserve	39 765	27 304
Retained earnings	15 358	13 308
Non-current liabilities	54 785	42 585
Shareholder loan accounts	40 167	10 282
Long-term borrowings	–	21 252
Deferred taxation	14 618	11 051
Current liabilities	1 200	14 382
Trade and other payables	1 200	1 167
Taxation due	–	216
Short-term borrowings	–	12 999
	111 109	97 580
Results of operations		
Revenue	20 240	19 509
Property operating expenses	(11 522)	(10 129)
Property income	8 718	9 380
Administrative and corporate expenses	(720)	(720)
Fair value changes to investment property	15 676	3 155
Profit before finance costs	23 674	11 815
Net finance charges	(3 265)	(3 416)
Finance income	7	3
Finance costs	(3 272)	(3 419)
Profit before taxation	20 409	8 399
Taxation	(4 590)	(2 175)
Profit for the year and total comprehensive income	15 819	6 224

10. Interest in and loan to joint venture *continued*

Commitments and contingencies of joint venture

In the prior year, the group signed sureties of R11 million in favour of Nedbank Ltd on behalf of Prensas, for loan facilities provided by Nedbank Ltd. In August 2022, the shareholders of Prensas advanced an amount of R31.4 million to Prensas, the proceeds of which were utilised to settle the facilities provided by Nedbank Ltd. As a consequence, the sureties are in the process of being cancelled.

11. Joint operation

A jointly controlled operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Jointly controlled operations are accounted for by including the group's share of the jointly controlled assets, liabilities, revenues and expenses on a line-by-line basis in the financial statements from the date that joint control commences until the date that joint control ceases.

The group accounts for these assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

When the group transacts with a joint operation in which a group entity is a joint operator, the group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements only to the extent of the other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group does not recognise its share of the gains and losses until it resells those assets to a third party.

The Manhattan (50% interest)

Octodec has a 50% interest in the undivided share of the immovable property development, The Manhattan. The other 50% undivided share is owned by Burcress (Pty) Ltd. Decisions are taken jointly by each party and Octodec does not have control over The Manhattan. Octodec has rights to the assets and obligations for the liabilities of The Manhattan and therefore accounts for the interest in The Manhattan as a joint operation.

11. Joint operation *continued*

The Manhattan (50% interest) *continued*

Included in the assets and liabilities and profit or loss of Octodec is the 50% undivided share in The Manhattan property, which is summarised below:

	2022 R'000	2021 R'000
Assets		
Non-current		
Investment property	62 500	64 800
Current	357	334
Accounts receivable and prepayments	291	304
Cash and bank balances	66	30
	62 857	65 134
Equity and liabilities		
Equity	(5 587)	(7 825)
Non-distributable reserve	(28 537)	(26 237)
Retained earnings	22 950	18 412
Non-current liabilities		
Long-term borrowings	68 361	72 871
Current liabilities		
Trade and other payables	83	88
	62 857	65 134
Results of operations		
Revenue	8 122	7 871
Property operating expenses	(3 604)	(3 221)
Net property income	4 519	4 650
Fair value changes to investment property	(2 300)	900
Profit before finance income	2 219	5 550
Finance income	19	20
Profit for the year and total comprehensive income	2 238	5 570

Notes to the consolidated financial statements *continued*

12. Accounts receivable and prepayments

	2022			2021		
	Carrying amount R'000	**Expected credit loss R'000**	**Net R'000**	Carrying amount R'000	Expected credit loss R'000	Net R'000
Financial instruments						
Trade receivables	70 117	(32 422)	37 695	112 232	(39 008)	73 224
Other receivables – utility recoveries	62 398	(3 199)	59 199	59 096	(2 993)	56 103
Loans to B-BBEE suppliers & employees	3 090	(3 090)	–	3 162	(3 162)	–
Sundry receivables	49 057	–	49 057	10 488	–	10 488
	184 662	(38 711)	145 951	184 978	(45 163)	139 815
Non-financial instruments						
Payments in advance	20 634	–	20 634	11 914	–	11 914
Other receivables – municipal refunds	11 517	–	11 517	9 274	–	9 274
Deposits	5 200	–	5 200	5 106	–	5 106
VAT receivable	431	–	431	–	–	–
	222 444	(38 711)	183 733	211 272	(45 163)	166 109

All trade and other receivables are short term in nature. Interest is charged at prime plus 4% per annum (2021: prime plus 4% per annum) on arrear tenant balances and loans to employees. The loans to B-BBEE suppliers are interest free.

Refer to note 35.1 in respect of the ECL of trade receivables and other receivables – utility recoveries. No provision has been raised in respect of sundry receivables. Sundry receivables includes an amount receivable from the sale of a property transferred on 31 August 2022 and received on 1 September 2022. The balance of the sundry receivables were reviewed, and based on the payment experience, it was concluded that no ECL is required, and consequently, no provision for ECL was raised.

13. Cash and bank balances

	2022 R'000	2021 R'000
Cash on hand and bank balances	38 960	34 079
Bank account held for residential tenant deposits	27 594	24 279
	66 554	58 358

Cash and cash equivalents of R 27.6 million (2021: R24.3 million) relating to residential tenant deposits are held on behalf of tenants of the subsidiaries in a separate interest-bearing bank account in terms of the Rental Housing Act, No 50 of 1999. The group policy is to restrict these funds for the purposes of repaying the liability owing to residential tenants at the expiry of their lease, subject to the conditions contained in the lease agreement. The residential tenant deposits, inclusive of a provision for interest, are disclosed under note 20 'Tenant deposits', which is inclusive of both commercial and residential tenant deposits.

The group has overdraft facilities of R25.4 million (2021: R20.4 million) which are reviewable on an annual basis. The group's overdraft facility is unsecured and bears interest at the prime overdraft rate. The overdraft facility was not utilised at 31 August 2022.

The group banks with Nedbank which has a credit rating of long-term zaAA and short term of zaA-1+ with a positive outlook. No provision for impairment of the bank balance has been made as there are no indications that a loss will be incurred in the foreseeable future.

14. Non-current assets held for sale

A non-current asset is classified as held for sale if it is expected that its carrying amount will be recovered principally through sale rather than continuing use, it is available for immediate sale and the sale is highly probable to occur within one year.

Non-current assets held for sale comprising investment property are measured in accordance with International Accounting Standard (IAS) 40 Investment Property, at fair value less costs to sell, and the gain or loss arising from a change in fair value is recognised in profit or loss. Where a firm offer has been received, the properties classified as held for sale are valued at the offer value less costs to sell.

Non-current assets held-for-sale are presented separately from other assets and liabilities on the statement of financial position. Prior periods are not reclassified.

The following investment properties are classified as held-for-sale:

	2022 R'000	2021 R'000
Property name		
Fedsure House*	–	58 800
Goleda (5) Rose-Etta Street*	–	4 400
Hannyhof Centre (2) (Van der Hoff)*	–	2 600
Midrand McCarthy#	30 960	–
Midtown#	29 670	–
North Place (Ramreg 2)*	–	11 600
Ou Holland*	–	7 900
Potmeul	7 400	7 400
Potproes (4) – Jet Set Park	18 800	–
Potproes(2) Pretorius Street*	–	7 200
Rosnew	42 300	43 700
SKD (2)*	–	4 100
Swemvoor (2) Cnr Steve Biko and Swemmer#	5 035	–
	134 165	147 700

* *Properties disposed of during the year*
\# *Properties disposed of subsequent to year end*

A decision was made by the board to dispose of a number of non-core investment properties. Agreements have been signed for the sale of five properties for a total consideration of R126.7 million, of which three properties have already been transferred after year end and transfer of the remaining property is expected within 12 months.

Octodec is committed to disposing of the remaining identified properties and is actively marketing their sales. However, progress is impeded by the reluctance of banks and funders to finance purchasers of properties in the current uncertain environment.

Fair value information relating to the investment properties held for sale is disclosed in note 5.

15. Stated capital and reserves

Stated capital and reserves represent the residual interest in the group's assets after deducting all of its liabilities. Stated capital and reserves are classified as equity.

Shares issued by the company are recognised in equity at the proceeds received, net of issue costs. When the group repurchases its own shares, the cost is deducted from equity, and any gain or loss on the subsequent sale or cancellation of the company's own equity instruments is recognised directly in equity.

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, and to apply such profits towards the settlement of debt where required or the acquisition of investment property or similar assets. Similarly, gains and losses arising from changes in fair value of investment property and derivative financial instruments, as well as gains and losses arising from changes in fair value of investment property of joint ventures and expected credit losses on loans receivable, net of deferred tax where applicable, are transferred to a non-distributable reserve, as these are not distributable to shareholders.

	2022 R'000	2021 R'000
Stated capital		
Authorised		
500 000 000 ordinary shares of no par value	500 000	500 000
Issued		
266 197 535 (2021: 266 197 535) ordinary shares of no par value	4 210 134	4 210 134

The unissued ordinary shares are under the control of the directors and are subject to the conditions of the company's MOI, the JSE Listings Requirements and the Companies Act. This authority remains in force until the company's next AGM. All shares are fully paid up.

	2022 R'000	2021 R'000
Non-distributable reserves		
Capital reserve arising on disposal of investment property	10 828	21 652
Fair value changes to investment property	376 591	475 140
Fair value changes to derivative financial instruments	43 397	(191 448)
Fair value changes to joint venture reserves	28 305	22 019
Additions through business combination	874 262	874 262
Fair value on recognition of right-of-use asset on first time adoption of IFRS 16	1 177	1 177
Fair value changes to unlisted equity shares	(5 551)	(5 551)
Impairment of loans	(2 545)	(2 545)
	1 326 464	1 194 706

Notes to the consolidated financial statements *continued*

16. Borrowings

Loans at amortised cost	Interest rate %	Expiry date	Interest payment frequency	2022 R'000	2021 R'000
Secured loans					
Nedbank Limited (Nedbank)					
Loan 1	Prime less 0.84	1 September 2023	Monthly	397 595	394 825
Loan 2				–	399 988
Loan 3	Prime less 0.84	2 May 2024	Monthly	481 343	477 990
Loan 4				–	193 098
Loan 5	3 month JIBAR plus 2.30	1 February 2024	Quarterly	149 422	148 975
Loan 6	3 month JIBAR plus 1.86	7 February 2024	Quarterly	440 489	645 194
Standard Bank of South Africa Ltd (Standard Bank)					
Loan 1	3 month JIBAR plus 2.00	31 December 2024	Quarterly	494 491	495 027
Loan 2				–	328 326
Loan 3				–	474 415
Loan 4	Prime less 1.40	30 June 2025	Monthly	91 479	–
Loan 5	3 month JIBAR plus 1.89	30 June 2025	Quarterly	199 721	–
Loan 6	3 month JIBAR plus 1.98	30 June 2026	Quarterly	273 612	–
Loan 7	3 month JIBAR plus 2.09	30 June 2027	Quarterly	199 714	–
ABSA Group Ltd (ABSA)					
Loan 1	3 month JIBAR plus 1.80	30 June 2025	Quarterly	224 598	224 843
Loan 2	3 month JIBAR plus 1.95	06 March 2024	Quarterly	224 940	224 741
Loan 3	3 month JIBAR plus 2.375	08 October 2024	Quarterly	124 811	–
Loan 4	3 month JIBAR plus 2.475	08 October 2025	Quarterly	124 739	–
Loan 5	3 month JIBAR plus 2.10	30 June 2025	Quarterly	249 576	–
The terms of repayment are as follows: All loans are payable on the maturity dates.					
				3 676 530	4 007 422

Notes to the consolidated financial statements *continued*

16. Borrowings *continued*

Loans at amortised cost	Interest rate %	Expiry date	Interest payment frequency	2022 R'000	2021 R'000
DMTN Programme					
Unsecured loans – listed					
PMM 51 – issuance 36 months	3-month JIBAR plus 1.85	28 February 2022	Quarterly	–	45 000
PMM 53 – issuance 24 months	3-month JIBAR plus 1.60	8 October 2021	Quarterly	–	81 000
PMM 56 – issuance 18 months	3-month JIBAR plus 1.95	28 February 2023	Quarterly	179 960	180 000
PMM 57 – issuance 24 months	3-month JIBAR plus 2.05	10 October 2023	Quarterly	50 488	–
PMM 58 – issuance 36 months	3-month JIBAR plus 2.15	28 February 2025	Quarterly	99 866	–
Accrued interest				–	704
Secured loans – unlisted					
PMM 46 – Standard Bank of South Africa Ltd	3-month JIBAR plus 1.95	29 June 2023	Quarterly	368 354	367 427
				698 668	674 131
Terms of repayment:					
The loan is payable on maturity.					
				4 375 197	4 681 553
Disclosed in statement of financial position					
Non-current				3 816 601	2 664 050
Current				558 596	2 017 503
				4 375 197	4 681 553

The group has R624.0 million (2021: R359.1 million) of cash, overdraft and unutilised debt facilities available on demand as at 31 August 2022. The facilities are secured by mortgage bonds over various properties with a fair value of R9.9 billion (2021: R9.2 billion).

	2022 R'000	2021 R'000
Reconciliation of borrowings		
Balance at the beginning of the year	4 681 553	4 690 740
Proceeds from borrowings	1 421 702	559 694
Repayment of borrowings	(1 736 806)	(568 880)
Movement in accrued interest and unamortised borrowing costs	8 748	(1)
Balance at the end of the year	4 375 197	4 681 553

16. Borrowings *continued*

Loan covenants

The table below reflects the required covenants by the respective lenders. No covenants were breached during the year.

		31 August 2022 Actual			31 August 2021 Actual		
	Required	Nedbank	Standard Bank	ABSA	Nedbank	Standard Bank	ABSA
Group interest cover ratio – total portfolio (times)	Minimum – 2.0		2.28			2.07	
Interest cover ratio by secured property per lender (times)	Minimum – 1.8 – 2.0 times	2.8	3.3	4.4	2.4	3.9	3.0
LTV ratio – total portfolio (%)	Maximum – 50		39.7			43.2	
LTV ratio by secured property per lender (%)	Maximum – 50 – 55	35.7	43.5	45.1	50.60	44.3	48.2

17. Derivative financial instruments

	2022 R'000	2021 R'000
Interest rate derivatives		
Carrying value at beginning of year	(200 078)	(325 717)
Fair value changes	234 845	125 639
Early settlement of interest rate derivatives*	16 384	–
	51 151	(200 078)
Disclosed in statement of financial position		
Derivative financial instruments		
Non-current asset	43 612	–
Current asset	10 471	–
Non-current liabilities	–	(85 329)
Current liabilities	(2 932)	(114 749)
	51 151	(200 078)

* *Three interest rate derivative contracts were prematurely settled at the beginning of the year due to the unfavourable fixed rates agreed.*

The notional principal amount of the outstanding contracts for the group at year end was R3.5 billion (2021: R4.5 billion) (refer to note 35.2).

Fair value information

The fair values of the interest rate swaps are determined on a mark-to-market valuation calculated by discounting the estimated future cash flows based on the terms and maturity of each contract and using the market interest rate indicated on the SA swap curve.

Fair value hierarchy

Derivative financial instruments have been categorised as a Level 2 in the fair value hierarchy and no transfers have been made between Levels 1, 2 or 3 during the year under review. Refer to note 35.4 for the detailed classification of the financial instruments.

18. Lease liabilities

Lessee accounting

The group recognises a right-of-use asset and a lease liability on the commencement date of the lease.

The right-of-use asset is measured at the initial amount of the lease liability adjusted for any lease payments made in advance, plus any initial direct costs incurred less any lease incentives received. The right-of-use asset is recognised under Investment Property and subsequently remeasured at fair value under IAS 40.

The lease liability is initially recognised at the present value of future lease payments discounted using the group's weighted average cost of debt at the inception of the lease. For leases with variable lease payments that are linked to turnover, the variable portion is excluded from the definition of lease payments and no lease liability is recognised for the variable lease payments. These variable lease payments are expensed in profit or loss as incurred.

	2022 R'000	2021 R'000
Lease liabilities		
Carrying value at beginning of year	10 981	11 003
Finance costs (note 25)	1 021	1 023
Lease payments	(1 045)	(1 045)
	10 957	10 981
Disclosed in statement of financial position		
Non-current	10 930	10 957
Current	27	24
	10 957	10 981

The right-of-use assets consist of Woodmead Value Mart and the Intersite buildings, which are carried at fair value and classified as investment property.

	2022 R'000	2021 R'000
Commitments		
Future minimum lease payments		
Within one year	1 046	1 046
Two to five years	4 183	4 183
More than five years	44 735	45 780
	49 964	51 009

19. Deferred taxation

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and is accounted for using the liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are not recognised, as the group is a REIT and any subsequent profits will be distributed to the shareholders; the likelihood, therefore, of utilising a deferred tax asset is remote.

The group is a REIT and any capital gains arising on the disposal of investment property are exempt from capital gains tax. The group therefore does not recognise deferred tax on the changes in fair value of investment properties. Deferred tax is also not calculated on timing differences of those assets and liabilities that, when reversed, may be distributed to shareholders. Deferred tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit nor loss.

A REIT cannot claim building allowances. Allowances claimed in years prior to the group's REIT classification will be recouped on sale of the investment property. The deferred tax liability is therefore retained.

In instances where the group believes that it is not probable that a particular tax treatment is accepted, the group has used the most likely amount or the expected value of the tax treatment in the determination of taxable profit/(loss), tax bases, unused tax losses, unused tax credits and tax rates.

Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the period-end and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

	2022 R'000	2021 R'000
Deferred tax liability		
The deferred tax liability arises from the following temporary differences:		
Tax losses available for set-off against future taxable income	**(124 131)**	(81 048)
Building allowances – pre conversion to a REIT	**233 175**	241 811
Wear and tear allowance	**18 431**	19 241
Fair value changes – derivative financial instrument	**12 668**	(56 022)
	140 143	123 982
Reconciliation of movement for the year		
Carrying value at beginning of year	**123 981**	106 988
Tax losses available for set-off against future taxable income utilised	**7 671**	(18 185)
Wear and tear allowance	**(127)**	–
Fair value changes – derivative financial instruments	**13 250**	35 179
Change in tax rate	**(4 632)**	–
	140 143	123 982

A deferred tax asset of R15.1 million (2021: R73.4 million) has not been recognised as it is group policy not to raise a deferred tax asset because profits are normally distributed to shareholders. In the current year, certain subsidiary companies paid a dividend of less than 100% of their taxable income and utilised their assessed losses.

Notes to the consolidated financial statements *continued*

20. Trade and other payables

	2022 R'000	2021 R'000
Financial instruments		
Trade payables	25 556	22 081
Tenant deposits – commercial and residential tenants	83 966	82 592
Accruals – utilities and assessment rates	136 248	143 493
Accruals – repairs and maintenance	9 730	11 113
Accruals – capital expenditure	15 268	6 481
Accruals – interest on borrowings	7 906	30 164
Accruals – assessment rates	1 895	19 497
Other accruals	33 999	25 586
Unclaimed dividends	2 761	2 565
	317 329	343 572
Non-financial instruments		
VAT payable – current	17 063	7 145
Rent received in advance	59 215	80 538
	393 607	431 255

The group has financial risk management policies in place to ensure that all payables are paid within the credit framework. Amounts are settled within payment terms to ensure that no interest is payable.

21. Revenue

Revenue comprises rental received from properties as well as other revenue arising from 'contracts with customers'. The group applies a revenue recognition method that faithfully depicts the group's performance in transferring control of the service provided to the customer. Revenue is recognised as follows:

Type of revenue	Recognition
Rental income	Rental income is recognised on a straight-line basis over the lease period, and turnover-based rental income is recognised when due and the amount can be measured reliably. An adjustment is made to contractual rental income earned to bring to account in the current period, the difference between the rental income to which the group is currently entitled and the rental for the period calculated on a straight-line basis.
Recoveries	Recoveries comprise recoveries from tenants in respect of assessment rates, utilities, repairs and any other costs incurred and recovered from tenants. Recoveries are recognised over the period that the services are rendered. The group acts as a principal on its own account when recovering these costs from the tenants.
Other revenue	Other revenue comprises lease cancellation fees, casual parking, revenue from events and other sundry revenue. These services are provided at a point in time and are recorded when they are earned.
Rental and recovery discounts	COVID-19 rental relief granted to tenants was in the form of a discount given to the tenant. The discount was given on a tenant-by-tenant assessment depending on the impact that the lockdown measures had on the tenant. As this is not a contractual credit but an *ad hoc* credit against the contractual rental due by the tenant, it has been recognised as a discount under revenue.

	2022 R'000	2021 R'000
Revenue		
Rental income	1 422 665	1 391 438
Recoveries	484 517	449 992
Other revenue	23 909	28 081
Contractual revenue	1 931 091	1 869 511
COVID-19 rental discount	(571)	(30 845)
Straight-line rental income accrual	8 552	(4 353)
	1 939 072	1 834 313

Notes to the consolidated financial statements *continued*

22. Property expenses

	2022 R'000	2021 R'000
Fees for services		
Collections fees	125 868	116 770
Commissions	23 419	22 491
Other		
Amortisation of tenant installation costs and commission paid	8 865	11 943
Assessment rates	149 317	143 577
Cleaning costs*	52 273	53 697
Depreciation of plant and equipment	244	755
Employee costs	37 716	38 913
Insurance	16 889	19 640
Lease payments – contingent	7 694	6 810
Lease payments – short-term or low-value leases	3 412	1 799
Other property expenditure*	58 024	42 543
Repairs and maintenance costs*	97 298	103 513
Security costs	70 406	71 103
Utilities	328 622	301 210
	980 047	934 764

* *Other property expenditure has been expanded to enhance disclosure. The comparatives have been restated*

23. Administrative and corporate expenses

	2022 R'000	2021 R'000
Auditors' remuneration		
External audit fee	4 178	3 685
Internal audit fees	116	178
Fees for services		
Management fees	49 680	48 080
Fees paid for other services provided by management company	5 856	2 633
Directors' emoluments	7 135	8 144
Salaries	2 587	2 002
VAT apportionment – prior period	(311)	(427)
Other administrative costs	15 373	11 125
	84 614	75 420

Notes to the consolidated financial statements *continued*

24. Share of income of joint ventures

	2022 R'000	2021 R'000
Management fees	360	360
Interest received	631	729
Equity-accounted profit	7 760	2 612
Share of profits	1 474	1 388
Share of fair value change to investment property	6 286	1 224
	8 751	3 701

25. Net finance costs

	2022 R'000	2021 R'000
Interest income	12 397	14 153
Tenants	8 403	7 984
Bank	2 157	1 206
Loans	1 837	4 963
Finance costs	(381 434)	(403 067)
Interest rate derivatives	(95 924)	(136 956)
Borrowings	(284 088)	(265 741)
Finance lease	(1 021)	(1 023)
Reversal of interest paid to SARS	–	813
Other suppliers and SARS	(400)	(160)
	(369 037)	(388 914)

26. Taxation

Current and deferred tax expenses are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax expenses are also recognised in other comprehensive income or directly in equity respectively.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in prior years, and items that are not taxable or deductible. The group's current tax is calculated using tax rates that have been enacted by the end of the reporting period.

	2022 R'000	2021 R'000
Taxation included in profit or loss		
Current taxation	193	(42 737)
Deferred taxation	(16 163)	(16 993)
	(15 970)	(59 730)
Reconciliation of the income tax expense for the year to accounting profit		
Profit/(Loss) before tax	621 097	(115 089)
Income tax expense calculated at 28% (2021: 28%)	173 907	(32 225)
Fair value changes to investment property and derivative financial instruments	(42 688)	144 315
Non taxable income	(36 579)	(29 194)
Non-taxable equity income	(2 229)	(731)
Non-deductible expenses – of a capital nature	14 691	10 766
Income received in advance	16 306	22 424
Allowances		
Wear and tear	(10 403)	(10 105)
Provision for doubtful debts	(3 990)	(4 704)
Prepaid expenses	(2 755)	(23)
Loss on settlement of interest rate derivatives	(3 402)	–
Reversal of allowances/deductions granted in previous years	4 728	8 257
Exempt capital (gain)/loss	(809)	2 222
Lease payments	(293)	(293)
Qualifying distribution	(96 896)	(37 268)
Limitation of REIT distribution	22	–
Assessed losses utilised/limited	(1 822)	(12 423)
Deferred tax asset not raised in prior year	12 668	–
Section 12 B allowance – solar power	–	(1 420)
Other timing differences	146	132
Change in income tax rate	(4 632)	–
	15 970	59 730
Effective tax rate	2.6%	51.9%

The group has tax losses amounting to R516 million (2021: R552 million) which can be utilised against future taxable income.

27. Leases

Lessee accounting

Where leases include a variable amount linked to turnover, the variable amount is excluded from the lease and is recognised in profit or loss as and when incurred. All short-term leases (period of less than 12 months) and leases of low-value assets are also recognised in profit or loss as and when incurred.

	2022 R'000	2021 R'000
Lease payments recognised in profit or loss		
Lease payments – variable	7 694	6 810
Lease payments – short-term or low-value leases	3 412	1 799
	11 106	8 609

Lease payments of a short-term nature relate to payments for rental of parking spaces and building encroachments as well as some office equipment.

Lessor accounting

Rental income from operating leases is recognised on a straight-line basis over the period of the lease term and rental income based on a percentage of turnover is recognised when due and the amount can be measured reliably. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term (refer to note 9).

Rental income is disclosed under revenue (refer to note 21).

	2022 R'000	2021 R'000
Commitments under non-cancellable lease agreements		
Non-cancellable rental lease agreements		
Within one year	879 016	907 736
One to five years	960 915	951 704
More than five years	118 004	43 892
	1 957 936	1 903 332

Rental receivable represents contractual rental income and fixed operating costs recovered for leases in existence at year end.

Leases are entered into for periods ranging between one and ten years. Residential leases are for a 12-month period and provide for a monthly agreement at expiry.

Notes to the consolidated financial statements *continued*

28. Earnings, headline earnings and distributable earnings per share (cents)

Earnings per share is calculated based on the weighted number of shares in issue for the year and profit attributable to shareholders.

Headline earnings per share is calculated in terms of the requirements set out in circular 1/2021 issued by SAICA.

Given the nature of its business, Octodec uses distributable income per share as its key performance measure, as it is considered a more relevant performance measure than earnings or headline earnings per share.

	2022 R'000	2021 R'000
Reconciliation of earnings to headline earnings		
Profit/(loss) after taxation	605 127	(174 819)
Headline earnings adjustments		
Securities transfer tax on restructure of subsidiary	1 250	–
Fair value changes		
Investment property	82 386	641 050
Investment property – joint ventures	(6 286)	(1 224)
Disposal of investment properties	10 824	7 945
Deferred tax – change in tax rate	(4 632)	–
Headline earnings attributable to shareholders	688 669	472 952
Actual and weighted number of shares in issue (000)	266 198	266 198
Basic and diluted headline earnings per share (cents)	258.7	177.7

Notes to the consolidated financial statements *continued*

29. Cash generated from operations

	2022 R'000	2021 R'000
Profit/(loss) before taxation:	621 097	(115 089)
Adjusted for:		
Straight-line rental income accrual	(8 552)	4 353
Fair value changes to investment property	82 386	641 050
Fair value changes to interest rate derivatives	(234 845)	(125 639)
Fair value changes on disposal of investment property	10 824	7 945
Expected credit loss of trade and other receivables	33 413	40 899
Expected credit loss of loan receivable	–	(10 250)
Share of income from joint venture	(8 751)	(3 701)
Finance costs	381 434	403 067
Investment income	(12 397)	(14 153)
Depreciation and amortisation	9 109	12 698
Operating income before working capital changes	873 718	841 180
Decrease in trade and other receivables	(51 037)	(78 914)
(Decrease)/increase in trade and other payables	(30 227)	14 635
	792 454	776 901

30. Taxation received/(paid)

	2022 R'000	2021 R'000
Amounts unpaid at the beginning of the year	(23 846)	–
Amounts charged to the statement of profit or loss and other comprehensive income	193	(42 737)
Less amounts receivable/(payable) at the end of the year	(1 241)	23 846
	(24 894)	(18 891)

31. Contingencies and guarantees

Contingencies

The properties located in Tshwane were valued by the City of Tshwane during 2020/2021. The group has objected to some of the valuations, and some have been successfully objected to. The group decided to take the valuations on appeal, and a number of appeals have been successfully finalised in the current year, and settled. A number of valuations are still awaiting for an appeal date to be set. The group pays assessment rates based on the previous valuation until such time as the appeals process has been concluded, or the Council has demanded settlement of the amount due. The group has raised an accrual for 80% of the difference between the amount due, based on the new valuation, less all amounts paid to Council to date. The group therefore has a contingent liability for 20% of the unpaid amount of R6.5 million (2021: R11.5 million).

Sureties

Refer to note 10 of the financial statements for sureties provided by the company on behalf its joint venture.

Guarantees

	2022 R'000	2021 R'000
The group has issued guarantees for the provision of certain services to its subsidiaries:		
Tshwane Metropolitan Municipality	**22 654**	24 981
City Power – Johannesburg	**1 188**	1 092
Eskom	**190**	190

32. Commitments

Capital expenditure

As at 31 August 2022, the group had commitments of R100.1 million (FY2021: R23.7 million) in respect of approved and committed capital expenditure relating to refurbishment of properties, including the upgrade of Shoprite, Lilian Ngoyi Street in Tshwane, committed tenant installations and property contracts. These developments will be financed from existing unutilised banking facilities and undistributed cash retained in the business.

33. Retirement benefits

The employees of the group belong to a defined contribution pension fund or provident fund, and contributions to the funds are charged to profit or loss in the year that they are incurred. The group has no obligation to cover any unfunded benefits.

	2022 R'000	2021 R'000
Amount contributed by the group to the fund	**1 998**	2 054

Notes to the consolidated financial statements *continued*

34. Capital management

The group's policy is to have an adequate capital base so as to maintain stakeholder confidence and to sustain future development of the business. The capital comprises shareholders' equity, including capital and reserves. Octodec's dividend policy is based on the premise of retaining sufficient funds for developments and acquisitions as and when these opportunities arise, maintaining a strong balance sheet with an acceptable loan to value ratio, while at the same time taking into consideration our shareholders' expectations in respect of distributions. In determining the funds for distribution, we use distributable income (SA REIT funds from operations) and deduct the anticipated amount for refurbishments and developments, while ensuring that the distribution complies with the JSE Listings Requirements of a minimum distribution of 75% of distributable income (taxable income), taking into account the solvency and liquidity of the underlying property controlled subsidiaries. The distribution for FY2022 is approximately 100% of taxable income, ensuring that the company remains a REIT.

Based on the above policy, the board has declared a final dividend of 80.0 cents per share payable in November 2022. The total dividend for the year is 130.0 cents (FY2021: 50.0 cents) per share, a 160% increase on the prior year.

LTV ratio

The board reviews the capital structure on a quarterly basis. As part of the review, the board considers the cost of capital and the risks associated therewith over time. The group's current borrowings amount to 39.7% (2021: 43.2%) of its total investment portfolio.

	Consolidated	
	2022 R'000	2021 R'000
Total borrowings (note 16)	4 375 197	4 681 553
Less: Cash and cash equivalents	(38 960)	(34 079)
Cash and bank balances	66 554	58 358
Less: Bank balance held in regard to residential tenant deposits	(27 594)	(24 279)
Add: Derivative financial instruments (liability)	2 932	200 078
Net debt	4 339 169	4 847 552
Total assets per statement of financial position	11 244 676	11 454 606
Less: Derivative financial instruments (asset)	(54 083)	–
Less: Cash and bank balances	(66 554)	(58 358)
Less: Trade and other receivables	(183 733)	(166 109)
Carrying amount of property related assets	10 940 306	11 230 139
LTV ratio	39.7%	43.2%

35. Financial risk management

The board has overall responsibility for the establishment and oversight of the group's risk management framework. The risk committee is responsible for developing and monitoring the group's risk management policies. The risk committee reports to the board on its activities. Details of the group's material financial risks are set out below.

The group's financial instruments consist mainly of deposits with banks, bank overdrafts, loans from banks and DMTN note holders, interest rate swaps, trade receivables and payables. In respect of all financial instruments listed above, the carrying value approximates fair value.

The group is exposed to the following risks arising from its exposure to financial instruments:

- Credit risk
- Interest rate risk
- Liquidity risk

35.1 Credit risk

Trade receivables

Credit risk relates mainly to cash deposits, cash equivalents and trade and other receivables. The group deposits cash only with Nedbank Limited, which has a high credit rating. The concentration of credit risk relating to trade receivables is limited due to the large and unrelated tenant base.

Before accepting any new tenant, the tenant is evaluated to assess the potential tenant's credit quality. In addition, to mitigate the credit risk, deposits or bank guarantees equal to one month's rental are requested from high-risk tenants, before taking on the tenant. The group monitors the financial position of defaulting tenants on an ongoing basis.

An allowance for the ECL is calculated in full for all tenant balances where legal proceedings have been instituted against the debtor or the tenant has vacated the premises. An allowance for the ECL is calculated for the remaining tenant balances using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors, prevailing economic conditions as well as an assessment of current and future direction of conditions at the reporting date.

The calculation takes into account the deposit or surety held as well as an adjustment for VAT. The current economic climate continues to weigh heavily on the group's tenants. However, through tight credit control and tenant management, tenant arrears improved from 5.5% to 3.3% of rental income and recoveries at 31 August 2022. The LECL for the current year was applied consistently with those assumptions applied in the prior year.

	2022		2021	
The provision matrix is applied as follows:	**Commercial %**	**Residential %**	Commercial %	Residential %
120 days and over	**100.0**	**100.0**	100.0	100.0
90 days and over	**75.0**	**100.0**	75.0	100.0
60 days and over	**30.0**	**60.0**	30.0	60.0
30 days and over	**10.0**	**30.0**	10.0	30.0
Current	**2.5**	**5.0**	2.5	5.0

35. Financial risk management *continued*

35.1 Credit risk *continued*

Trade receivables *continued*

Ageing of trade receivables	Commercial Carrying amount 2022 R'000	Commercial Expected credit loss 2022 R'000	Commercial Unimpaired amount 2022 R'000	Commercial Carrying amount 2021 R'000	Commercial Expected credit loss 2021 R'000	Commercial Unimpaired amount 2021 R'000
30 days or less	29 916	4 149	25 767	48 254	4 618	43 636
31 to 60 days	5 856	1 739	4 117	12 647	3 790	8 857
61 to 90 days	3 525	1 966	1 559	13 245	4 254	8 991
91 days and over, legal and ex-tenants	18 765	15 970	2 795	23 566	15 360	8 206
	58 062	23 824	34 238	97 712	28 022	69 690
Percentage ECL to carrying amount		41.0%			28.7%	

Ageing of trade receivables	Residential Carrying amount 2022 R'000	Residential Expected credit loss 2022 R'000	Residential Unimpaired amount 2022 R'000	Residential Carrying amount 2021 R'000	Residential Expected credit loss 2021 R'000	Residential Unimpaired amount 2021 R'000
30 days or less	5 354	2 155	3 199	6 453	3 015	3 438
31 to 60 days	1 157	1 054	103	1 323	1 240	83
61 to 90 days	1 161	1 110	51	1 206	1 196	10
91 days and over, legal and ex-tenants	4 383	4 279	104	5 538	5 535	3
	12 055	8 598	3 457	14 520	10 986	3 534
Percentage ECL to carrying amount		71.3%			75.7%	
Total commercial and residential	70 117	32 422	37 695	112 232	39 008	73 224
Total percentage ECL to total carrying amount		46.2%			34.8%	

The net amounts of R34.2 million in respect of commercial tenants and R3.5 million in respect of residential tenants (2021: R69.7 million and R3.5 million respectively), which are past due at reporting date, represent the amounts that are still considered recoverable after taking into account the deposits held and VAT adjustments. The increase in the ECL percentage from 28.7% in the prior year to 41.0% in the current year is as a consequence of the improvement in the collection of receivables and the consequential decrease of the carrying amount from R97.7 million to R58.1 million at 31 August 2022. However, the expected credit loss has not decreased to the same extent due to certain tenants that were in arrears in the prior year, remaining in arrears as at 31 August 2022.

35. Financial risk management *continued*

35.1 Credit risk *continued*

Trade receivables *continued*

Reconciliation of provision for impairment of trade receivables	2022 Commercial and residential R'000	2021 Commercial and residential R'000
Carrying value at beginning of year	39 008	42 606
Additional provisions for the year (excluding utility accrual ECL)	33 184	40 805
Amounts written off as uncollectable	(39 770)	(44 403)
	32 422	39 008

Other receivables – utility and assessment rate recoveries

Ageing of trade receivables	Carrying amount 2022 R'000	Expected credit loss 2022 R'000	Unimpaired amount 2022 R'000	Carrying amount 2021 R'000	Expected credit loss 2021 R'000	Unimpaired amount 2021 R'000
Utility recoveries to be billed to tenants within next 30 days	62 398	3 199	59 199	59 096	2 993	56 103
Percentage ECL to carrying amount		5.1%			5.1%	

35.2 Interest rate risk

The group is exposed to interest rate risk because the group borrows funds at variable interest rates. The risk is managed by the group by entering into interest rate swap contracts. It is the group's policy to maintain debt hedging of between 70% and 80% of its long-term borrowings. At the reporting date, 80.0% (2021: 96.1%) of borrowings were hedged by way of interest rate swap contracts. The group does not engage in the trading of interest rate swaps for speculative purposes.

At 31 August 2022, the group had borrowings of R4.4 billion (2021: R4.7 billion) at various interest rates. The all-in weighted average cost of borrowings, including the cost of interest rate swaps, was 8.7% (2021: 8.5%) per annum. A breakdown of the borrowings is detailed in note 16, and the exposure to liquidity risk is set out in note 35.3.

35. Financial risk management *continued*

35.2 Interest rate risk *continued*

	Weighted average all-in margin over/(below) variable rate per annum %		Notional principal value R'000		Carrying amount assets/(liabilities) R'000	
	2022	2021	**2022**	2021	**2022**	2021
Expiry profile of derivatives						
Non-current – 1 to 2 years	**1.2%**	–	**1 000 000**	–	**7 540**	–
Non-current – 2 to 5 years	**1.0%**	2.8%	**2 500 000**	4 500 000	**43 612**	(200 078)
Receive floating rates, pay fixed rate	**0.8%**	2.8%	**3 500 000**	4 500 000	**51 152**	(200 078)

	Weighted average variable rate per annum %		Nominal amount of hedged variable loans R'000		Exposure of borrowings to interest rate movements R'000	
	2022	2021	**2022**	2021	**2022**	2021
Hedged variable loans	**7.9**	5.7	**4 375 197**	4 681 553	**875 197**	181 553

Interest rate trends are constantly monitored and appropriate steps taken to ensure that the group's exposure to interest movements is managed. The group is monitoring changes in the forward-looking interest swap curve in order to extend the interest rate derivatives' expiry period, at an acceptable cost.

The group analyses its interest rate risk on a continuous basis and calculates the impact on profit before tax of a change in interest rates by using different scenarios. A 0.5% per annum change in interest rates would increase/decrease profit after tax by R3 150 709 (2021: R653 589). The calculations are done monthly to ensure that the maximum additional expense is within limits and debt covenants are met.

As at 31 August 2022, 80.0% of Octodec's borrowings were hedged (FY2021: 96.1%).

	2022	2021
Change in fair value		
Opening balance	**(200 078)**	(325 717)
Fair value gains*	**234 845**	125 639
Unrealised portion of the fair value movement	**353 027**	249 758
Realised portion of the fair value movement	**(118 182)**	(124 119)
Early settlement	**16 385**	–
Asset/(Liability)	**51 152**	(200 078)

* *The fair value movements have been disaggregated for enhanced disclosure*

35. Financial risk management *continued*

35.3 Liquidity risk

The group's risk to liquidity is that it will not be able to meet its financial obligations when they fall due. The group's policy is to limit its exposure to liquidity risk by regularly reviewing and extending its debt maturity profile. The risk is further reduced as a result of undrawn banking facilities available to the group. Cash flows are monitored on a monthly basis to ensure that cash resources are adequate to meet funding requirements. The group has encumbered the majority of its investment properties with a fair value of R9.9 billion (2021: R9.2 billion) to secure mortgage loan facilities as set out in note 16. In the event that the group cannot meet its obligations per its loan facility agreements, there are no restrictions on the realisability of investment property or distribution of the related income to settle the obligations relating to the borrowings disclosed below and in note 16.

The following table analyses the group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed are the undiscounted cash flows.

	Current – 12 months maturity R'000	Non-current 1 to 2 years R'000	Non-current 2 to 5 years R'000	More than 5 years R'000
2022				
Borrowings including future finance costs	868 909	1 949 534	2 244 599	
Finance leases	1 046	2 092	3 138	43 688
Derivative financial instruments	2 932	–	–	
Trade and other payables	317 329	–	–	
2021				
Borrowings including future finance costs	2 261 284	927 957	1 937 348	
Finance leases	1 046	2 092	3 138	44 734
Derivative financial instruments	114 749	85 329	–	
Trade and other payables	343 572	–	–	

Refer to the liquidity disclosure for future lease payments in note 18.

Notes to the consolidated financial statements *continued*

35. Financial risk management *continued*

35.4 Classification of financial assets and liabilities

	Classification of financial assets and liabilities				Fair value hierarchy
	Fair value through profit or loss R'000	At amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000	Level 2 R'000
2022					
Financial assets					
Loan to joint venture	–	20 199	–	20 199	–
Cash and bank balances	–	66 554	–	66 554	–
Accounts receivable (net)	–	145 951	37 781	183 733	–
Derivative financial instruments	54 083	–	–	54 083	54 083
Financial liabilities					
Derivative financial instruments	2 932	–	–	2 932	2 932
Trade and other payables	–	317 329	76 278	393 607	–
Borrowings	–	4 375 197	–	4 375 197	–
2021					
Financial assets					
Loan to joint venture	–	3 303	–	3 303	–
Cash and bank balances	–	58 358	–	58 358	–
Accounts receivable (net)	–	139 815	26 294	166 109	–
Loan receivable	–	73 429	–	73 429	–
Financial liabilities					
Borrowings	–	4 681 553	–	4 681 553	–
Derivative financial instruments	200 078	–	–	200 078	200 078
Trade and other payables	–	343 572	87 683	431 255	–

36. Related parties

A related party is a person or entity that is related to Octodec, and that person or entity:

(i) has control or joint control of the reporting entity;
(ii) has significant influence over the reporting entity; or
(iii) is a member of the key management of the reporting entity.

Relationships where control existed during the year:

Directors: RWR Buchholz; DP Cohen; NC Mabunda; EMS Mojapelo; MZ Pollack; PJ Strydom, JP Wapnick; S Wapnick; LP van Breda and A Vieira.

Group company secretary: E Greeff

Subsidiary companies: Refer to interest in subsidiaries in the Directors Report on page 96.

Other: City Property, a company which manages the group's property portfolio and over which significant influence is exercised by JP Wapnick.

Tugendhaft Wapnick Banchetti and Partners, a firm of attorneys that renders legal services and over which significant influence is exercised by S Wapnick.

36.1 City Property

The following related party transactions took place during the year under review; the fees charged are in terms of the management agreement.

	2022 R'000	2021 R'000
Related party transactions*		
Income		
Rent received	10 331	9 746
Expenditure		
Asset management fees paid	49 680	48 080
Collection fees	125 865	116 770
Commissions paid	20 719	17 589
Commissions paid on sale and purchase of investment property, refurbishments, developments and repairs	10 635	5 730
Fees paid in respect of shared resources and supervisory fees	5 856	5 316
Related party balances		
Trade and other receivables	1 331	–
Trade and other payables	2 642	3 364

* *The amounts include VAT to the extent that VAT has not been claimed as input, so as to agree to the amounts disclosed in the statement of profit or loss and other comprehensive income, statement of financial position and notes thereto. Rent received excludes VAT*

36. Related parties *continued*

36.2 Tugendhaft Wapnick Banchetti & Partners

	2022 R'000	2021 R'000
Related party transactions		
Expenditure		
Professional and legal fees	44	164

36.3 Subsidiaries

	2022 R'000	2021 R'000
Related party transactions		
Dividends received		
IPS Investments (Pty) Ltd	94 280	–
Killarney Mall Properties (Pty) Ltd	20 800	17 600
Premium Properties Ltd	342 000	290 000
Presmooi (Pty) Ltd	207 900	182 000
Tribeca Properties (Pty) Ltd	–	2 500
Waverley Plaza Properties (Pty) Ltd	29 460	14 530
	694 440	506 630
Asset management fees recovered		
IPS Investments (Pty) Ltd and its subsidiaries	11 689	10 573
Killarney Mall Properties (Pty) Ltd	2 970	3 258
Octprop Properties (Pty) Ltd	77	77
Premium Properties Ltd and its subsidiaries	32 630	31 023
Presmooi (Pty) Ltd	16 054	15 517
Tribeca Properties (Pty) Ltd	308	315
Waverley Plaza Properties (Pty) Ltd	1 693	1 485
	65 421	62 248
Related party balances		
IPS Investments (Pty) Ltd	1 243 957	1 877 233
Killarney Mall (Pty) Ltd	477 417	503 967
Octprop Properties (Pty) Ltd	11 382	25 096
Premium Properties Ltd	647 721	937 529
Presmooi (Pty) Ltd	2 011 553	2 280 269
Tribeca Properties (Pty) Ltd	35 999	45 648
Waverley Plaza Properties (Pty) Ltd	65 931	91 255
	4 493 960	5 760 998

The above related party transactions and balances relating to the subsidiary companies are for information purposes only, as they are eliminated on consolidation.

Notes to the consolidated financial statements *continued*

36. Related parties *continued*

36.4 Directors' remuneration

	2022 R'000	2021 R'000
Directors' remuneration		
S Wapnick (Chairman)	1 137	1 227
DP Cohen (Lead independent director)	788	899
GH Kemp (Resigned 4 February 2022)	298	802
NC Mabunda	530	616
EMS Mojapelo	530	595
MZ Pollack	702	831
AK Stein (Resigned 31 August 2021)	–	809
PJ Strydom	687	809
JP Wapnick	613	809
LP van Breda	653	745
R Buchholz (Appointed 1 October 2021)	570	–
A Vieira (Appointed 1 September 2021)	591	–
	7 099	8 142
VAT and Skills Development Levy contributions	36	2
	7 135	8 144

36.5 Group company secretary's remuneration

	2022			2021		
	Salary and bonus R'000	Pension fund contributions R'000	Total R'000	Salary and bonus R'000	Pension fund contributions R'000	Total R'000
Elize Greeff	1 816	166	1 982	1 816	166	1 982

36. Related parties *continued*

36.6 Directors' remuneration – paid by City Property

As pointed out on page 4 and page 172 of this report, the executive directors are employed and remunerated by City Property. In terms of the JSE Listings Requirements, the remuneration paid to the executive directors of Octodec, by the employer company, City Property, is disclosed below. It is important to note, that City Property's operations are not limited to Octodec and include other activities; consequently the remuneration of the executive directors is for all of City Property's activities, and therefore only a portion of their remuneration is attributable to Octodec as reflected below:

	AK Stein*^ R'000	A Vieira#^ R'000	J Wapnick^ R'000	S Wapnick@ R'000	Total R'000
2022					
Basic salary and benefits	–	2 189	4 508	868	7 565
Bonus	–	1 750	2 850	–	4 600
Pension fund contribution	–	211		–	211
Total remuneration	–	4 150	7 358	868	12 376
Total remuneration attributable to Octodec	–	4 150	4 415	868	9 433
Attributable to Octodec	–	100%	60%	100%	
2021					
Basic salary and benefits	1 724	–	1 656	855	4 235
Bonus	4 850	–	5 610	–	10 460
Pension fund contribution	123	–	–	–	123
Total remuneration	6 697	–	7 266	855	14 818
Total remuneration attributable to Octodec	5 023	–	4 359	855	10 237
	75%	100%	60%	100%	

* *Resigned on 31 August 2021*

\# *Appointed 1 September 2021*

^ *Executive*

@ *S Wapnick is a non-executive director and City Property remunerates her for certain services provided*

37. Rental income by sector

The group does not have operating segments that meet the definition of IFRS 8 and, consequently, no segmental report has been provided. Rental income is, however, grouped into five major operating sectors, based on the type of premises from which the rental is derived and the type of tenant that occupies the premises.

Further sector results cannot be allocated due to the "mixed use" of certain of the properties.

On a primary basis the operations are organised into five major operating sectors:

- Retail
- Residential
- Offices
- Industrial
- Specialised and other, which includes:
  - Educational facilities
  - Healthcare facilities
  - Places of worship
  - Auto dealerships
  - Hotels
  - Parking

	2022		2021	
	R'000	%	R'000	%
Rental income by sector				
Retail	487 119	33.7	468 887	33.8
Offices	227 600	15.7	230 582	16.6
Residential	462 808	32.0	430 102	31.0
Industrial	99 192	6.9	103 667	7.5
Specialised and other				
Educational facilities	33 822	2.3	32 948	2.2
Healthcare facilities	41 813	2.9	31 790	2.3
Places of worship	4 916	0.3	3 984	0.3
Auto dealerships	14 495	1.0	13 989	1.0
Hotels	9 438	0.7	10 417	0.8
Parking	64 800	4.5	62 308	4.5
Total rental income	1 446 003	100.0	1 388 674	100.0
Straight-line rental income accrual	8 552		(4 353)	
Recoveries*	484 517		449 992	
Revenue	1 939 072		1 834 313	

* *Recoveries are not evaluated at sector level*

38. Events after reporting date

The following events have taken place subsequent to 31 August 2022:

A dividend of 80 cents per share has been declared and paid to shareholders in November 2022.

Three properties with a carrying value of R65.7 million were sold and transferred for a total consideration of R64.9 million.

39. Going concern

The current liabilities exceed the current assets by R0.7 billion (2021: R2.3 billion), mainly due to the fact that an unsecured note of R180 million and a secured note of R364 million will be maturing in the 2023 financial year. The group has R624 million (2021: R359.1 million) in cash and unutilised banking facilities available as at 31 August 2022 to fund its working capital requirements and to refinance maturing debt, if required. The process to extend or refinance the remaining short-term borrowings has already started with the respective banks.

The board has reviewed the cash flow projections for the eighteen months to 28 February 2024 and, based on the cash flow projections, and having considered the solvency and liquidity tests taking the above into consideration, has concluded that the group has adequate resources to continue to operate for the foreseeable future. The financial statements have therefore been prepared on the going concern basis.

Appendices

JSE Sustainability Guidance index

Environment

Climate change

Metric	Unit	Reference
Absolute gross greenhouse gas emissions expressed as metric tonnes of CO_2 equivalent and measured in accordance with the Greenhouse Gas Protocol for: Scope 1, Scope 2, and Scope 3 emissions. Scope 1 and Scope 2 emissions should be disclosed separately for (i) the consolidated accounting group (the parent and its subsidiaries) and (ii) associates, joint ventures, unconsolidated subsidiaries or affiliates not included in (i).	Metric tonnes of carbon dioxide equivalent (tCO_2e)	Environmental impact section, page 57 – estimation of total emissions.
Scope 3 emissions should include upstream and downstream emissions. The categories of Scope 3 emissions and basis for measurement for information provided by entities in the value chain should be disclosed. Recognising the challenges related to the disclosure of Scope 3 emissions, including data availability, reasons should be provided when Scope 3 emissions or categories of Scope 3 emissions are omitted.	Metric tonnes of carbon dioxide equivalent (tCO_2e)	Commitment to explore opportunities for future measurement and disclosure
GHG emissions intensity for Scope 1, 2 and 3, expressed as metric tonnes of CO_2 equivalent per unit of physical or economic output.	MtCO2-e per unit of output	
Total energy use and share of energy usage by generation type noting use of energy from renewable non-fossil sources, (namely wind, solar (solar thermal and solar photovoltaic) and geothermal energy, ambient energy, tide, wave and other ocean energy, hydropower, biomass, landfill gas, sewage treatment plant gas, and biogas).	MWhs or GJ/GRI 302 Percentage by type ESRS E1-5 SASB 130	Environmental impact section, page 57.
Define and report progress against time-bound short-, medium-, and long-term science-based GHG emissions targets that are in line with the goals of the Paris Agreement and Glasgow Climate Pact. This includes reducing global carbon dioxide emissions by 45% by 2030 relative to the 2010 level, and to net zero around mid-century, based on the best available scientific knowledge and equity, taking into account common but differentiated responsibilities and respective capabilities, and in the context of sustainable development and efforts to eradicate poverty. Science-based emissions reduction targets should be informed by recognised scientific methodologies and verified through approved processes; they should (as an absolute minimum) be consistent with relevant host country/ies' Nationally Determined Contribution.	Description	Environmental impact section, page 57 – commitment to adopt scientifically-based targets, with the aim of benchmarking and offsetting our carbon footprint and increasing our usage of renewable energy sources.

Climate change *continued*

Metric	Unit	Reference
Existence and nature of a 'transition plan' that commits to stakeholder engagement with affected workers and communities (see the JSE Climate Disclosure Guidance for further detail).	Description	Commitment to explore opportunities for future measurement and disclosure.
Number of workers in the past year recruited, retrained, retrenched, and/or compensated due to implementation of the decarbonisation plan.		
Number of engagements undertaken with affected parties by group and geography.		
Nature of climate-related lobbying activities, and those of relevant associations and membership groups, and their alignment with the objectives of the Paris Agreement and Glasgow Climate Pact.	Description	
Nature of provision for delivery of the transition plan within executive remuneration.	Description	
Nature of provision for impacts on workers and communities within climate scenario plans.	Description	
Amount of capital and expenditure deployed on direct and indirect climate adaptation and climate mitigation efforts.	ZAR/US$ etc.	

Water security

Metric	Unit	Reference
Total water consumption from all areas, and from areas with water stress.	Megalitres	Environmental impact section, page 57
Total water withdrawal from all areas with water stress, with a breakdown by following sources if applicable: surface water, groundwater, seawater, produced water, third-party water.	Megalitres	Commitment to, in future, disclose water withdrawals from boreholes at Waverly Place and Killarney Mall.
Freshwater consumption intensity: total freshwater use per material unit (e.g. sales revenue, unit of production, m^2 of building, or other).	Megalitres/per unit	

Biodiversity and land use

Metric	Unit	Reference
Number and area of sites owned, leased, or managed in or adjacent to areas of high biodiversity value (Key Biodiversity Areas – KBAs), for operations (if applicable) and full supply chain (if material).	# and hectares (or km^2 if applicable)	Deemed largely immaterial for Octodec, as we redevelop existing properties and do not construct new buildings on vacant land However, we are committed to resource efficiency – refer to Environmental impact section, page 57
Area of land used for the production of basic plant, animal or mineral commodities (e.g. the area of land used for forestry, agriculture or mining activities).	Total surface Hectares	
Level of capital and expenditure deployed towards implementation of measures undertaken to manage positive impacts and avoid, minimise, restore/rehabilitate and/or offset negative impacts on biodiversity and ecosystems.	ZAR, $US or other currency	
Describe wherever material across the value chain mechanisms aimed at enhancing management of biodiversity and ecosystem impacts (such as policies, targets, certifications, and audits).	Description	
Describe and report results of any processes aimed at identifying, assessing and/or managing the biodiversity footprint of the organisation, including for example: size and location of all habitat areas protected or restored, and whether the success of the restoration measure was or is approved by independent external professionals; and status of each area based on its condition at the close of the reporting period, noting the standards and methodologies used.	Description Hectares (or km^2)	

Pollution and waste

Metric	Unit	Reference
Total weight of waste generated (non-recycled), with a breakdown by composition of waste, noting % directed to disposal (including landfill and incineration), and % diverted from disposal (e.g. reuse, recycling, recovery).	Tonnes and %	Environmental impact section, page 57.
Total weight of hazardous waste generated, noting % directed to disposal (including landfill and incineration), and % diverted from disposal (e.g. reuse, recycling, recovery).	Tonnes and %	
Waste intensity: total waste per material unit (e.g. sales revenue, unit of production, or other).	Tonnes / ZAR or US$ etc. / unit	Commitment to explore opportunities for future measurement and disclosure.
Report wherever material along the value chain: estimated metric tonnes of single-use plastic consumed and share (%) of single-use plastic weight of total plastic weight.	Tonnes / %	Due to the nature of our business, these disclosures are deemed immaterial for Octodec. We encourage our customers, particularly in the industrial sector to dispose of all waste responsibly.
Report wherever material along the value chain: nitrogen oxides (NOx), sulphur oxides (SOx), volatile organic compounds (VOC), persistent organic pollutants (POP), particulate matter, and other significant air emissions identified in relevant regulations.	`	
Wherever possible estimate the proportion of specified emissions that occur in or adjacent to urban/densely populated areas.	Percentage	Environmental impact section, page 57.
Total water discharge to all areas in megalitres, and list of priority substances of concern for which discharges are treated, including how these substances were defined, approach to setting discharge limits, and number of incidents of non-compliance with discharge limits.	Megalitres, description and # of incidents	Commitment to explore opportunities for future measurement and disclosure.

Supply chain and materials

Metric	Unit	Reference
Report wherever material across the supply chain: mechanisms (e.g. supplier screening, and audits) to identify and address significant actual and potential negative environmental impacts, nature of these impacts, and measures to address these.	Description	Refer to the SERT committee chairman's report, page 54 and the Environmental impact section, page 57.
Total water withdrawal from all areas with water stress, with a breakdown by following sources if applicable: surface water, groundwater, seawater, produced water, third-party water.	Description	
Percentage of materials identified in point 1 above that are covered by a sustainability certification standard or formalised sustainability management programme.	% materials	Commitment to explore opportunities for future measurement and disclosure.

Social

Labour standards

Metric	Unit	Reference
Percentage of employees per employee category by race, gender, age group (under 30, 30-50, over 50), and where relevant other diversity indicators.	% work force by category	Refer to the people and communities section, page 62.
Number of allegations and confirmed incidents of discrimination and/or human rights incidents relating to workers incidents during the reporting period, noting the investigation status of reported and actual incidents, actions taken, and total amount of monetary losses due to legal proceedings associated with labour law violation, employment discrimination, and/or human rights violations.	# and description	Refer to the SERT committee chairman's report, page 54.
Ratio between the CEO's total annual remuneration and the median, lower quartile, and upper quartile of the total annual remuneration of all the organisation's employees (excluding the CEO).	Ratio	Octodec is cognisant of the draft Companies Act Amendment Bill, and will consider these disclosures once enacted.
The ratio of the average annual remuneration of the top 10% of the organisation's top earners, and the average annual remuneration for the bottom 10% of the lowest earners in the organisation.	Ratio	
The total annual remuneration of both the highest paid employee and the lowest paid employee; the average remuneration; and the median remuneration of all employees.	ZAR, $US or other currency	
Ratio of the total annual remuneration of women to men, and by race group, for each employee category, by 'significant locations of operation' (as defined by the organisation).	Ratio	
When a significant proportion of employees are compensated based on wages subject to minimum wage rules, report the relevant ratio of the standard entry level wage by race and gender compared to the applicable legislated minimum wage for the sector.	Ratio	Since Octodec mainly employs building staff (building managers, cleaners and handymen) and the group company secretary and assistant company secretary, these disclosures are deemed immaterial at this stage.
Ratio of lowest wage to living wage for employees and non-employee workers for each significant location of operation.	Ratio	
Percentage of employees and non-employee workers whose wages fall below a specific living wage methodology or benchmark.	% work force	
Describe how the organisation manages freedom of association and collective bargaining, noting any policy or policies considered likely to affect workers' decisions to form or § union, to bargain collectively or to engage in trade union activities.	Description	
Percentage of total employees covered under collective bargaining agreements.	% Work force	
Disclose the extent of major work stoppages (including both strikes and lockouts) due to disputes between the undertaking and its workforce, including the number of major work stoppages, and for each: number of workers involved; length in days of stoppage, reasons, and steps taken to resolve each dispute\	No and description ESRS-S1-23	
An explanation of the due diligence assessment performed on suppliers for which the right to freedom of association and collective bargaining is at risk including measures taken by the organisation to address these risks.	Description	

Labour standards *continued*

Metric	Unit	Reference
Describe key characteristics of employees in own workforce, including: total number of all employees by country; permanent employees; temporary employees; non-guaranteed hours employees; full-time employees; and part-time employees – with breakdown by race and gender for each.	Ratio workers	Refer to the people and communities section, page 62.
Describe key characteristics of non-employee workers in the organisation's own workforce, including: total number of non-employee workers, noting the most common type of workers and their relationship with the organisation.	Description	Refer to the people and communities section, page 62.

Community development

Metric	Unit	Reference
Total number and percentage of operations that have been subject to a human rights due diligence process or impact assessments, by country.	# and % operations and description	Where applicable to Octodec, the group commits to explore opportunities for future measurement and disclosure. For current engagement, refer to the Stakeholder engagement section on page 34 and the SERT committee chairman's report, page 54.
Nature of processes for engaging with affected communities and their representatives, and channels for affected community members to raise concerns.	Description	
Number and type of grievances reported with associated impacts related to a salient human rights issue in the reporting period, and an explanation of the % of these that are remedied in agreement with those who expressed the grievance.	# and description	
Number and percentage of relevant sites (typically those involved in extracting, harvesting, or developing natural resources or energy) that implement a human rights and security approach consistent with the Voluntary Principles on Security and Human Rights.	# and % operations	Due to the nature of our business, this disclosure is deemed immaterial for Octodec.
Number and percentage of sites at which the ownership, use of or access to land is contested, and an explanation of actions taken to address related social risks.	# and % operations	
Describe the employee and external skills development programmes aimed at developing skills that increase the recipient's future mobility, career development, and/or income earning potential.	Description	Refer to the social impact section, page 61.
Total number and rate of new employee hires during the reporting period, by age group, gender, other indicators of diversity, and region.	# and rate	Refer to the social impact section, page 61.
Total number and rate of employee turnover (for permanent employees) during the reporting period, by age group, gender, other indicators of diversity, and region.	# and rate	Refer to the social impact section, page 61.
Direct economic value generated and distributed (EVG&D) on an accrual basis, covering the basic components for the organisation's global operations, ideally split out by: Revenue Operating costs Employee wages and benefits Payments to providers of capital Payments to government (taxes, royalties, levies, etc.) Community investment (including charitable giving, impact investment and other social investment).	ZAR, $US or other currency	Refer to the financial director's review, page 36.

Community development *continued*

Metric	Unit	Reference
Description of significant identified indirect economic impacts of the organisation, including for example: number of jobs supported in supply or distribution chain; number of suppliers/enterprises supported from defined vulnerable groups; nature of economic development in areas of high poverty; availability of products and services for those on low incomes or previously disadvantaged; enhanced skills and knowledge in a professional community or geographic location.	# and % operations and description	Refer to the chairman's review, page 8, the managing director's review, page 10 and the social impact section, page 61.
Percentage of the procurement budget used for significant locations of operation that is spent on local suppliers, noting the organisation's definitions of 'local' and for 'significant locations of operation'.	% of spend.	98% of our suppliers are local. Refer to the Stakeholder engagement section on page 34.
Description (quantitative and qualitative) of the extent of significant	ZAR, $US or other currency Description	Refer to the chairman's review, page 8 and the managing director's review, page 10.
Total monetary value of financial assistance received by the organisation from any government during the reporting period.	ZAR, $US or other currency	Octodec does not receive any assistance or funding from municipalities or Government.

Health and safety

Metric	Unit	Reference
Number and rate of fatalities as a result of a work-related injury or ill-health during the reporting period across the organisation; the disclosure should include both employees and workers who are not employees, but whose work and/or workplace is controlled by the organisation.	# and rate	Refer to the social impact section, page 61.
Number of recordable work-related injuries, and number of work-related illnesses or health conditions arising from exposure to work-related hazards during the reporting period; the disclosure should include both employees and workers who are not employees, but whose work and/or workplace is controlled by the organisation.	No / rate	
An explanation of how the organisation facilitates workers' access to non-occupational medical and healthcare services and the scope of access provided for employees and workers, and a description of any voluntary health promotion services and programmes offered to workers to address major non-work-related health risks, including the specific health risks addressed.	Description	

Customer responsibility

Metric	Unit	Reference
Description of products and services that present specific risks to individuals, communities, or the environment; an outline of the nature of these risks, and the measures taken to mitigate these.	# and % operations and description	Due to the nature of our business and services, these metrics are deemed immaterial for Octodec. Refer to the SERT committee chairman's report, page 54, for our diligent commitment and oversight of customer health and safety.
Number and nature of any product recalls.	# and description	
Total research and development spend.	ZAR, $US or other currency	Quantitative disclosures throughout report.
Total costs related to research and development aimed at enhancing social or environmental attributes of products and services.	ZAR, $US or other currency	
Percentage of revenue from products and services designed to deliver specific social or environmental benefits or to address specific sustainability challenges; if the company applies a taxonomy or benchmark to label their activities as sustainable, they should report on the benchmark used and how they meet the criteria of the benchmark.	% Revenue	
A description of the mechanisms and steps taken to ensure privacy of consumer data.	Description	Governance report, page 69.
Total number of substantiated complaints received concerning breaches of customer privacy (categorised by complaints received from outside parties and substantiated by the organisation, and complaints from regulatory bodies), and total number of identified leaks, thefts, or losses of customer data.	# and description	

Supply chain

Metric	Unit	Reference
Description of the operations and suppliers considered to have a significant risk of child labour, forced or compulsory labour, or other significant actual and potential negative social impacts, given the type of operation, commodities, or geographic region, and the nature of the measures taken by the organisation intended to contribute to eliminating these risks.	Description	Commitment to explore options to extend the group's human rights commitment, as disclosed in the SERT committee chairman's report, page 54, to our suppliers.
The number and percentage of identified child labour, or forced and compulsory labour incidents in its operations or value chain; and percentage of these where the reporting entity has played a role in securing remedy for those affected.	# and %	
Report wherever material across the supply chain: mechanisms (e.g. supplier screening, and audits) to identify and address significant actual and potential negative social impacts, nature of these impacts, and measures to address these.	Description	
% of products certified by external agencies, % of traceable origin.		

Governance

Board composition

Metric	Unit	Reference
Composition of the board and its committees by race, gender, age group (under 30, 30–50, over 50) and, where relevant, any under-represented social groups.	# and %	Governance report, page 69, with commitment to improve disclosure over time.
Description of the specific skills, competencies, and experience on the Board to address the organisation's significant sustainability-related impacts, risks, and opportunities.	Description	
Composition of the board regarding: executive or non-executive; independence; tenure on the governance body; and number and nature of each individual's other significant positions and commitments.	# and %	

Remuneration

Metric	Unit	Reference
How the remuneration policies for board members and senior executives relate to their objectives and performance in relation to delivery of the organisation's strategy and management of its impacts on people, the environment, and the economy, noting the split between fixed pay and variable pay, and with variable pay split into short- and long-term incentives.	Description	Remuneration report, page 77.

Ethical behaviour

Metric	Unit	Reference
Total percentage of governance body members, employees and business partners who have received training or awareness-raising on the organisation's anti-corruption policies and procedures, broken down by employee category and region.	% Board members	Training conducted in prior reporting period, as disclosed in the Octodec integrated report 2021.
Total number and nature of incidents of corruption confirmed during the current year, related to this year and previous years, with a description of the activities taken to address confirmed incidents, and of the outcomes of these activities.	# and description	SERT committee chairman's report, page 54, with commitment to improve disclosure over time.
A description of: i) the internal and external grievance mechanisms (including whistleblowing facilities) for reporting concerns about unethical or unlawful behaviour and lack of organisational integrity; ii) mechanisms for seeking advice about ethical and lawful behaviour and organisational integrity; and iii) the extent to which these various mechanisms have been used, and the outcomes of processes using these mechanisms.	# and description	
Discussion of initiatives and stakeholder engagement to improve the broader operating environment and culture, to combat corruption.	Description	

Ethical behaviour *continued*

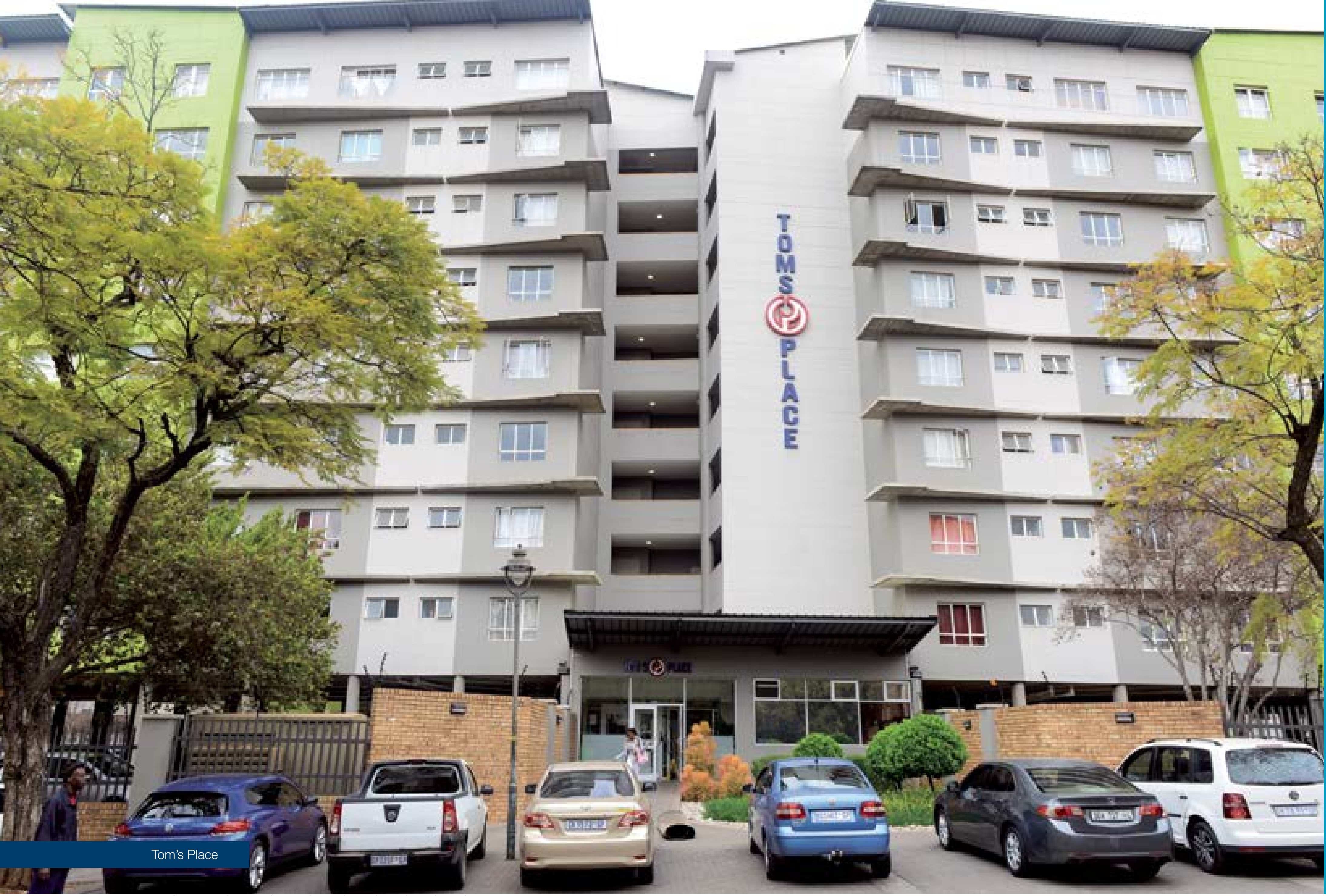
Metric	Unit	Reference
Total monetary value of financial and in-kind political contributions made directly and indirectly by the organisation, by country and recipient/beneficiary.	ZAR, $US or other currency	Octodec does not make political contributions, or engage in political activity.
Identify the significant issues that are the focus of the company's participation in public policy development and lobbying, including within any business association that the company is a member of; describe the company's strategy relevant to these areas of focus, identifying any differences between its lobbying positions and its purpose, policies, goals, and other public positions.	Description	

Compliance and risk management

Metric	Unit	Reference
Number and nature of significant environmental, social and/or governance related incidents during the reporting period, including incidents of legal non-compliance (whether under investigation, pending finalisation, or finalised) and directives, compliance notices, warnings or investigations, and any public controversies.	# and description	No breaches or fines in 2022 – refer to the governance report, page 69.
Total number and monetary value of fines, settlements, penalties, and other monetary loss suffered in relation to ESG incidents or breaches, including individual and total cost of the fines, settlements and penalties paid in relation to ESG incidents or breaches; and description of plans to address any incidents or breaches.	# / ZAR, $US or other currency; and description	

Tax transparency

Metric	Unit	Reference
A description of the organisation's approach to tax, including: i) whether the organisation has a tax strategy and, if so, a link to this strategy if publicly available; ii) the governance body or executive-level position within the organisation that formally reviews and approves the tax strategy, and the frequency of this review; iii) how its approach to tax is linked to the business and sustainability strategies of the organisation.	Description	As a regulatory compliant and socially responsible corporate citizen, Octodec is committed to paying its equitable share of taxes, on time. The audit committee is responsible for the oversight of tax. The group paid a total of R270 457 in taxes in 2022. Refer to the Financial directors review, page 36.
For each tax jurisdiction: the total global tax borne by the company, including corporate income taxes, property taxes, non-creditable VAT and other sales taxes, employer-paid payroll taxes and other taxes that constitute costs to the company, by category of taxes.	ZAR, $US or other currency	
Extent of exposure to countries and jurisdictions recognised for their corporate tax rate, tax transparency and tax haven status; estimated tax gap (gap between estimated effective tax rate and estimated statutory tax rate).		
% of products certified by external agencies, % of traceable origin.		



Tom's Place

Property portfolio information

for the year ended 31 August 2022

Investment properties owned by the group

Property name	Description of buildings	GLA per sector: Residential	Industrial	Offices	Retail – shopping centre	Retail – shops	Specialised & other	GLA m²	Vacancy %	Weighted average rental per unit at 31 August 2022 – Residential	Weighted average rental per m² at 31 August 2022 – commercial	Total Rental PA	% of portfolio value
Tshwane, Centurion													
FNB Centurion	Shops and parking	–	–	–	–	1 855	–	1 855	54.6%	–	224	2 263 562	0.2
Lenchen Centre	Shops	–	–	–	–	3 331	–	3 331	1.9%	–	111	4 358 208	0.3
Lenchen Park	Shops and workshops	–	5 435	–	–	–	–	5 435	0.0%	–	80	5 223 343	0.4
Prime Cure House	Offices and parking	–	–	2 689	–	–	–	2 689	100.0%	–	–	3 767 932	0.2
The Hangar	Shop, 260 flats and parking	20 590	–	–	–	166	–	20 756	7.6%	6 218	759	17 269 051	1.1
Total		20 590	5 435	2 689	–	5 352	–	34 066	15.7%	6 218	143	32 882 096	2.3
Tshwane, Hatfield													
Howzit Hilda	18 flats and parking	1 251	–	–	–	–	–	1 251	5.8%	3 590	–	1 038 881	0.2
Intersite	Gym, offices and parking	–	–	2 379	–	3 189	–	5 568	28.3%	–	157	7 495 568	0.4
Protea Hotel	Hotel, shops and parking	–	–	–	–	–	5 363	5 363	6.7%	–	61	3 674 543	0.3
The Fields	Hotel, shops, offices and 765 flats	29 716	–	9 573	–	8 261	9 792	57 342	15.2%	3 217	116	89 451 042	7.1
Total		30 967	–	11 952	–	11 450	15 155	69 524	15.4%	3 223	112	101 660 034	8.0
Tshwane, Hermanstad													
Erf One Eight One*	Factories, workshops and warehouses	–	–	–	–	–	–	–	0.0%	–	–	932 939	–
Hannyhof Centre (2) – sold	Shops	–	–	–	–	–	–	–	0.0%	–	–	2 405	–
Steyns Industrial Park	Warehouses	–	11 668	–	–	–	–	11 668	0.0%	–	41	5 732 149	0.4
Talkar†	Warehouses	–	6 873	–	–	–	–	6 873	0.0%	–	84	6 892 963	0.4
Total		–	18 541	–	–	–	–	18 541	0.0%	–	61	13 560 456	0.8
Johannesburg and surrounding areas													
3 West Street	Shops, offices and parking	–	–	1 722	–	1 642	–	3 364	44.6%	–	85	1 891 813	0.1
CCMA Place	Shops, offices and parking	–	–	3 503	–	649	–	4 152	9.0%	–	98	4 466 191	0.3
Erand Gardens†	Offices and parking	–	–	2 371	–	–	–	2 371	32.5%	–	133	2 556 646	0.2
Kempton Place	Shops, educational facilities and 469 flats	25 422	–	–	–	8 968	1 047	35 437	19.9%	4 613	125	27 977 831	2.2
Killarney Mall	Shopping centre, auto dealership, offices and parking	–	–	10 977	36 493	–	–	47 470	17.5%	–	145	68 097 611	4.7
Kyalami Crescent	Warehouses and mini factories	–	9 469	–	–	–	–	9 469	0.0%	–	39	4 449 982	0.4
McCarthy Midrand	Auto dealership	–	–	–	–	–	3 692	3 692	0.0%	–	76	3 370 500	0.3
Motor City Strijdom Park	Shops and workshop	–	–	9	–	6 720	–	6 729	0.0%	–	72	5 845 161	0.4
The Manhattan*^~	180 flats (50% joint operation)	11 049	–	–	–	–	–	11 049	1.0%	3 289	–	7 103 864	0.6
Woodmead Value Mart	Shopping centre and parking	–	–	–	17 168	–	–	17 168	0.0%	–	235	48 325 566	3.7
Total		36 471	9 469	18 582	53 661	17 979	4 739	140 901	12.9%	4 203	138	174 085 165	13.0
										–			
Johannesburg, CBD										–			
Anderson Place	Shops, offices and parking	–	–	5 180	–	205	–	5 385	88.6%	–	254	1 872 077	0.3
Arlington House	Shops and offices	–	–	384	–	2 521	–	2 905	26.4%	–	135	3 467 757	0.3
Bradlows Corner (sold during the year)	Shops	–	–	–	–	–	–	–	0.0%	–	–	1 030 382	–
Bram Fischer Towers	Shops, offices and parking	–	–	9 784	–	1 537	359	11 680	41.9%	–	99	8 120 494	0.6
Brisk Place	Shops and 93 flats	3 850	–	12	–	2 387	–	6 249	11.3%	3 772	70	5 535 448	0.3

Property portfolio information *continued*

Johannesburg, CBD *continued*

Property name	Description of buildings	GLA per sector: Residential	Industrial	Offices	Retail – shopping centre	Retail – shops	Specialised & other	GLA m²	Vacancy %	Weighted average rental per unit at 31 August 2022 – Residential	Weighted average rental per m² at 31 August 2022 – commercial	Total Rental PA	% of portfolio value
Castle Mansions	Shops and 177 flats	8 315	–	114	–	5 657	–	14 086	4.6%	4 398	127	17 035 522	1.2
City Block*	Workshops	–	4 074	–	–	–	–	4 074	25.4%	–	30	1 101 740	0.1
CPA Place	Shops, offices, 92 flats and parking	4 033	–	666	–	760	–	5 459	4.5%	4 440	129	6 527 955	0.4
Dan's Place	Shops and 150 flats	6 793	–	–	–	2 401	–	9 194	15.8%	4 120	112	8 971 310	0.5
Education Centre	Shops, mothballed offices and parking	–	–	8 355	–	2 581	–	10 936	76.5%	–	175	5 387 170	0.4
Elephant House	Offices and parking	–	–	4 714	–	–	63	4 777	43.2%	–	70	2 278 339	0.1
Empisal (sold during the year)	Shops and educational facilities	–	–	–	–	–	–	–	0.0%	–	–	508 445	–
Essenby	Shops and 116 flats	5 648	–	–	–	1 934	–	7 582	17.2%	4 187	174	7 183 367	0.4
Fedsure House (sold during the year)	Shops, offices and parking	–	–	–	–	–	–	–	0.0%	–	–	1 728 213	–
Focus House	Shops and offices	–	–	2 683	–	350	–	3 033	49.6%	–	70	1 274 815	0.1
Frank's Place	Shops, 106 flats and parking	10 071	–	–	–	3 398	–	13 469	5.3%	4 426	120	15 831 334	1.0
Howard House	Shops and offices	27	–	1 243	–	311	–	1 581	29.1%	1 718	116	1 548 966	0.1
Inner Court	Shops, offices and parking	–	–	12 760	–	10 468	–	23 228	82.6%	–	120	5 827 853	0.9
Jeppe House	Shops and educational facilities	–	–	59	–	2 604	5 674	8 337	0.7%	–	59	5 872 685	0.4
John Street	Warehouses	–	15 431	–	–	–	–	15 431	9.5%	–	37	6 245 296	0.5
Kings City Parkade (sold during the year)	Shops and parking	–	–	–	–	–	–	–	0.0%	–	–	1 065 762	–
Klamson Towers	Shops and offices	–	–	5 085	–	1 431	–	6 516	42.5%	–	104	4 698 435	0.3
Lara's Place	Shops, offices, 142 flats and parking	6 242	–	783	–	973	–	7 998	20.1%	4 264	194	8 167 343	0.5
Lister Medical Centre	Healthcare facilities and parking	–	–	284	–	3 158	11 763	15 205	48.7%	–	135	12 647 705	0.8
London House*	Shops and offices	–	–	3 944	–	334	22	4 300	31.0%	–	61	2 156 683	0.1
Lusam Mansions	Shops, store room and 82 flats	2 712	–	146	–	506	–	3 364	7.1%	3 697	124	4 082 615	0.2
Marlborough House	Shops, offices and parking	–	–	7 429	–	829	–	8 258	8.5%	–	137	12 385 749	0.6
Mr Price	Shops and offices	–	–	1 662	–	1 751	–	3 413	19.6%	–	136	4 468 118	0.3
Nzunza House	Shops, offices and parking	–	–	7 761	–	884	–	8 645	53.4%	–	163	7 898 230	0.6
Plaza Place	Shops, 214 flats and parking	8 106	–	–	–	1 436	–	9 542	10.9%	3 722	112	9 243 090	0.5
Record House	Shops and 41 flats	1 865	–	–	–	503	–	2 368	4.6%	3 691	120	2 232 695	0.1
Reinsurance House*	Mothballed offices	–	–	15 034	–	–	–	15 034	100.0%	–	–	–	0.2
Reliance Centre	Offices and warehouses	–	6 564	526	–	–	–	7 090	0.0%	–	35	2 946 340	0.2
Ricci's Place	Shops, 281 flats and parking	11 124	–	–	–	1 726	–	12 850	18.0%	4 105	176	14 209 566	0.9
Royal Place	Shops, offices, 155 flats and parking	6 491	–	6 717	–	2 549	–	15 757	21.8%	3 964	123	16 297 874	1.1
Selby 515	Factories	–	6 416	–	–	–	–	6 416	0.0%	–	48	3 662 813	0.2
Shoprite – Eloff Street	Shops and mothballed offices	–	–	22 338	–	9 355	–	31 693	97.8%	–	132	1 089 075	0.5
Splendid Place	Shops, 150 flats and parking	8 313	–	–	–	1 046	–	9 359	4.2%	4 253	175	8 791 203	0.5
Tali's Place	Shops, 337 flats and parking	14 148	–	2 555	–	2 727	–	19 430	16.9%	3 818	91	17 191 222	1.1
Temple Court	Shops and 45 flats	2 307	–	–	–	331	–	2 638	15.2%	4 300	159	2 490 667	0.1
The Brooklyn	Shops and 154 flats	4 338	–	–	–	2 157	–	6 495	4.1%	3 243	61	6 778 889	0.4
Union Club	Shops and 72 flats	2 813	–	–	–	955	–	3 768	10.2%	3 277	187	4 315 589	0.2
Vuselela Place	Shops, offices, 193 flats and parking	8 664	–	24	–	944	–	9 632	10.4%	4 133	157	9 901 635	0.6
Wits Technikon†	Educational facilities	–	–	–	–	–	16 937	16 937	0.0%	–	40	8 118 083	0.5
Works@Main*	Shops, offices, educational facilities and parking	–	–	3 935	–	940	–	4 875	38.2%	–	46	1 665 584	0.1
Total		115 860	32 485	124 177	–	71 649	34 818	378 989	34.2%	4 020	92	273 854 133	18.1

Property portfolio information *continued*

Property name	Description of buildings	GLA per sector: Residential	Industrial	Offices	Retail – shopping centre	Retail – shops	Specialised & other	GLA m²	Vacancy %	Weighted average rental per unit at 31 August 2022 – Residential	Weighted average rental per m² at 31 August 2022 – commercial	Total Rental PA	% of portfolio value
Tshwane, Arcadia													
470 Pretorius Street*†	Vacant land	–	–	–	–	–	917	917	0.0%	–	–	–	–
Apollo Centre*	Shops, offices, educational facilities and parking	–	–	3 071	–	1 000	4 920	8 991	24.9%	–	71	5 779 757	0.4
Benrico	Shops, educational facilities and parking	–	–	1 939	–	503	–	2 442	84.6%	–	133	599 469	0.1
BP Leyds Street†	Garage, vacant land and parking	–	–	–	–	1 411	–	1 411	0.0%	–	119	2 023 330	0.1
Corner Place	112 flats and parking	4 167	–	–	–	–	–	4 167	7.2%	4 789	–	5 647 388	0.4
Craig's Place	154 flats and parking	5 384	–	–	–	–	–	5 384	8.0%	4 764	–	8 137 887	0.6
Leo's Place	Shops, 167 flats and parking	6 087	–	106	–	175	–	6 368	9.3%	4 480	316	8 780 960	0.6
Ludwigs *	Showroom	–	1 529	–	–	–	–	1 529	100.0%	–	–	–	–
MBA Building*	Offices and parking	–	–	3 050	–	–	–	3 050	27.0%	–	90	2 462 414	0.2
McCarthy Church Street ǂ	Auto dealership	–	–	–	–	–	2 841	2 841	0.0%	–	111	3 774 114	0.3
Nedbank Plaza	Shops, offices, 144 flats and parking	10 807	–	4 548	–	11 373	–	26 728	29.4%	5 308	100	18 681 167	1.4
Numall	Shops, educational facilities and parking	–	–	–	–	1 103	4 117	5 220	0.0%	–	90	5 651 545	0.4
Provisus	Offices and educational facilities and parking	–	–	5 479	–	375	–	5 854	15.8%	–	117	6 909 848	0.5
Tiny Town 3*#	Vacant land	–	–	–	–	–	–	–	0.0%	–	–	–	–
Tiny Town 2*	14 cottages	1 270	–	–	–	–	–	1 270	2.0%	7 175	–	1 119 338	0.1
Total		27 715	1 529	18 193	–	15 940	12 795	76 172	22.0%	4 895	96	69 567 217	4.9
Tshwane, CBD													
012 Central	Shops and offices	425	1 392	3 223	–	5 469	8 002	18 511	25.6%	5 492	54	9 072 490	0.7
228 Pretorius Street*	Shops and educational facilities	–	–	–	–	641	2 844	3 485	0.0%	–	84	3 556 320	0.2
250 Pretorius Street*	Shops, offices and educational facilities	69	–	3 029	–	963	–	4 061	43.2%	4 432	102	2 869 581	0.2
28 Church Square	Shops, offices and parking	–	–	6 545	–	302	–	6 847	0.3%	–	99	8 178 720	0.6
Alec's Place	Shops and 95 flats	5 273	–	–	–	484	–	5 757	10.0%	5 469	159	5 943 937	0.4
Amanda Court	Shops, 23 flats and parking	1 506	–	–	–	1 453	–	2 959	6.3%	4 832	90	2 708 430	0.2
AVN†	Shops, offices and parking	–	–	7 073	–	–	–	7 073	0.0%	–	109	9 289 165	0.6
Bank Towers	Offices and parking	–	–	5 792	–	1 735	–	7 527	25.6%	–	121	8 176 396	0.4
Bosch Building*†	Parking	–	–	–	–	–	–	–	0.0%	–	–	549 592	0.1
Boschcurch	Shops	–	–	–	–	922	–	922	0.0%	–	66	731 337	–
Burlan	Shop and offices	–	–	–	–	244	1 707	1 951	0.0%	–	60	1 409 127	0.1
Callaway	Educational facilities and parking	–	–	–	–	763	1 239	2 002	38.1%	–	20	294 217	–
Capitol Towers North	Shops, offices and parking	–	–	12 086	–	1 887	–	13 973	0.2%	–	106	17 810 375	1.0
Central House	Shops, offices, educational facilities and parking	43	–	3 651	–	1 934	–	5 628	11.7%	3 321	84	5 008 839	0.3
Central Towers	Shops and offices	–	–	6 377	–	804	278	7 459	44.6%	–	134	6 616 440	0.4
Centre Place	Shops, 234 flats and parking	7 476	–	1 021	–	3 049	–	11 546	18.1%	3 955	150	14 718 047	1.0
Centre Walk	Shops, offices and parking	–	–	20 015	–	5 392	–	25 407	4.5%	–	118	34 479 687	2.0
City Corner	Shops	–	–	–	–	1 460	–	1 460	0.0%	–	100	1 759 103	–
City Place	Shops, 298 flats and parking	10 503	–	–	–	2 032	–	12 535	6.2%	4 165	440	20 973 015	1.3
City Towers	Shop and office	–	–	2 164	–	780	–	2 944	73.5%	–	186	1 736 776	0.1
CPA House	Shops, offices and parking	–	–	4 579	–	3 314	–	7 893	1.2%	–	90	8 419 316	0.7
Curpro*#	Offices and parking	–	–	157	–	–	–	157	100.0%	–	–	140 280	–
Cuthchurch	Basement, shops, offices and educational facilities	83	–	474	–	5 237	3 945	9 739	13.8%	6 131	58	5 859 411	0.4

Property portfolio information *continued*

Tshwane, CBD *continued*

		GLA per sector											
Property name	**Description of buildings**	**Residential**	**Industrial**	**Offices**	**Retail – shopping centre**	**Retail – shops**	**Specialised & other**	**GLA m²**	**Vacancy %**	**Weighted average rental per unit at 31 August 2022 – Residential**	**Weighted average rental per m² at 31 August 2022 – commercial**	**Total Rental PA**	**% of portfolio value**
Daloria	Shops, place of worship and parking	–	–	–	–	1 349	189	1 538	12.3%	–	78	1 266 231	0.1
Demar Building	Shops, 70 flats and parking	3 995	–	–	–	1 551	–	5 546	32.4%	5 095	357	4 328 043	0.3
Du Proes	Shops, educational facilities and place of worship	–	153	–	–	275	1 331	1 759	7.5%	–	49	957 915	0.1
Dupro (7)*#	Vacant land, shop and storeroom	–	–	–	–	–	–	–	0.0%	–	–	600 000	0.1
Dusku*†	Motor showroom	–	–	–	–	336	–	336	0.0%	–	79	318 459	–
Eland House*	Shops, 21 flats and parking	1 600	–	–	–	411	–	2 011	14.0%	5 379	205	2 172 120	0.1
Filkem House*	Shops, offices and basement	–	–	3	–	645	890	1 538	0.0%	–	109	2 008 993	0.1
Govpret	Shops, offices and parking	–	–	5 868	–	348	–	6 216	0.0%	–	114	8 533 046	0.5
Hacklu Enterprises*	Shops	–	–	–	–	683	–	683	2.9%	–	127	1 008 554	0.1
Indacom (sold during the year)	Shops, warehouses, offices and place of worship	–	2 423	366	–	1 127	2 001	5 917	0.0%	–	22	1 549 119	0.1
Jardown*	Shops, warehousing, offices, educational facilities and parking	–	3 063	1 646	–	2 274	1 320	8 303	40.5%	–	76	4 518 697	–
Jeff's Place	384 flats and parking	14 793	–	–	–	–	–	14 793	1.6%	–	–	23 245 407	1.6
Joan's Place	Shops, 28 flats and parking	886	–	–	–	207	–	1 093	11.7%	3 906	120	1 363 827	0.1
Letari Building*	Shops, warehouses, educational facilities and place of worship	–	1 097	–	–	1 031	840	2 968	29.1%	–	38	963 739	0.1
Lisa's Place	97 flats and parking	3 734	–	–	–	–	–	3 734	8.7%	4 613	–	4 471 893	0.3
Locarno House	Shops and offices	–	–	5 098	–	272	–	5 370	15.9%	–	107	5 774 114	0.4
Louis Pasteur	Healthcare facilities, shops, offices, warehousing and parking	–	158	7 291	–	6 570	21 538	35 557	12.0%	–	130	48 786 800	3.1
Midtown*	Shops, offices and parking	–	–	7 442	–	1 097	–	8 539	97.0%	–	591	1 842 948	0.3
Navy House	Shops, offices and parking	–	–	5 045	–	1 305	531	6 881	22.9%	–	75	4 830 124	0.3
Olivetti House*	Offices and parking	76	–	3 188	–	604	–	3 868	9.5%	–	84	3 452 058	0.2
One on Mutual	Shops, office, 142 flats and parking	6 188	–	488	–	1 718	–	8 394	14.9%	5 763	308	13 416 932	0.9
Orpheum Mansions	Shops, 22 flats and parking	1 579	–	–	–	474	665	2 718	7.0%	5 297	93	2 427 410	0.1
Parking@Sophie de Bruyn*#	Parking	–	–	–	–	–	–	–	0.0%	–	–	339 778	–
Perl Modes Building	Shops and college	–	–	–	–	587	1 583	2 170	0.0%	–	78	2 020 721	0.1
Pete's Place	Shops and 181 flats	7 615	–	–	–	127	–	7 742	6.9%	4 447	74	8 327 904	0.5
Potmeul#	Vacant land	–	–	–	–	–	–	–	0.0%	–	–	–	0.1
Potproes*	Shops, workshops, filling station, motor showroom and educational facilities	–	2 096	64	–	4 548	–	6 708	26.2%	–	68	4 054 976	0.2
Poyntons	Shop and offices	–	–	–	–	3 035	–	3 035	0.0%	–	70	2 559 704	0.2
Praetor Forum	Shop, offices and parking	–	–	4 518	–	1 587	–	6 105	8.7%	–	118	7 912 620	0.5
Premium Towers	Shop and offices	–	–	6 232	–	1 491	–	7 723	39.6%	–	115	6 486 876	0.5
Pretjolum	Shops, office, workshop, warehousing, educational facilities, place of worship and parking	–	1 062	343	–	4 214	1 231	6 850	27.7%	–	62	3 679 943	0.3
Prime Towers	Shops, offices and educational facilities	–	–	3 561	–	498	59	4 118	14.0%	–	102	4 324 249	0.2
Prinsben*	Shops	–	–	–	–	1 129	183	1 312	50.9%	–	131	1 015 265	0.1
Prinschurch*	Shops, offices and parking	–	–	11 358	–	1 775	–	13 133	86.1%	–	149	3 274 255	0.3
Prinsman	Shops, educational facilities, place of worship, 175 flats and parking	5 355	–	25	–	6 413	511	12 304	5.2%	4 099	101	15 712 234	1.0
Prinsproes*	Shops, educational facilities and parking	–	–	2 622	–	2 000	–	4 622	74.4%	–	66	941 626	0.1

Property portfolio information *continued*

Tshwane, CBD *continued*

Property name	Description of buildings	GLA per sector: Residential	Industrial	Offices	Retail – shopping centre	Retail – shops	Specialised & other	GLA m²	Vacancy %	Weighted average rental per unit at 31 August 2022 – Residential	Weighted average rental per m² at 31 August 2022 – commercial	Total Rental PA	% of portfolio value
Prinstruben*	Shops	–	–	1 392	–	817	–	2 209	63.0%	–	36	348 233	–
Protea Towers	Offices, parking and place of worship	–	–	8 545	–	821	5	9 371	16.5%	–	92	8 656 478	0.6
Provincial House*	Shops and offices	–	–	1 197	–	1 850	–	3 047	39.3%	–	11	252 063	–
Rapier	Shops	–	–	–	–	920	–	920	0.0%	–	237	2 611 651	0.2
Ross Electrical*	Shop	–	–	–	–	263	–	263	0.0%	–	103	325 502	–
Russell's Place	Shops, 191 flats and parking	7 979	–	–	–	1 049	–	9 028	15.7%	4 594	250	10 039 886	0.6
Samchurch*	Shops, basement and vacant land	–	–	–	–	189	–	189	0.0%	–	297	674 518	0.3
SchoeCourt*	Shops, warehousing and place of worship	–	776	–	–	810	865	2 451	21.9%	–	30	697 055	0.1
Scott's Corner	Shops	–	–	–	–	4 810	–	4 810	0.0%	–	107	6 182 746	0.3
Sharon's Place	Shops, 399 flats and parking	15 465	–	–	–	5 756	–	21 221	4.3%	4 810	150	31 159 636	2.1
Shepstru	Shops and place of worship	–	–	–	–	1 750	1 300	3 050	19.0%	–	41	1 202 599	0.1
Shoprite	Shops and offices	–	–	6 840	–	10 233	–	17 072	44.1%	–	73	8 332 226	0.6
SKD*	Shops, warehousing and place of worship	–	1 162	–	–	–	–	1 162	0.0%	–	5	420 373	–
Standard Bank Chambers	Offices and bank	–	–	7 782	–	–	–	7 782	14.3%	–	106	8 489 617	0.4
Station Place	Shops, educational facilities, 369 flats and parking	12 667	–	–	–	732	4 199	17 598	5.1%	3 991	38	16 831 892	1.1
Steyn's Place	Shops, 381 flats and parking	15 756	–	–	–	1 893	–	17 649	4.7%	4 727	171	23 980 375	1.5
Steynscor	Shops, offices and parking	–	–	1 042	–	2 770	–	3 812	14.1%	–	223	8 753 142	0.7
Time Place	Shops and 144 flats	5 256	–	–	–	743	–	5 999	4.3%	4 264	163	7 478 767	0.5
Toitman*	Educational facilities	–	–	–	–	–	2 124	2 124	0.0%	–	71	1 805 217	0.1
Tom's Place	320 flats and parking	11 160	–	–	–	–	–	11 160	3.5%	4 699	–	16 505 485	1.1
Tuel*	Shops	–	–	–	–	1 093	–	1 093	7.0%	–	64	785 195	0.1
Valcourt*	Shops, offices and place of worship	–	–	848	–	277	1 450	2 575	5.2%	–	12	362 680	–
Vanstrub*	Shops and warehouse	–	1 989	–	–	2 434	–	4 423	14.8%	–	60	2 695 277	0.2
Van Riebeeck Building*	Mothballed offices	–	–	8 167	–	–	–	8 167	100.0%	–	–	–	0.1
Volks Building	Parking	–	–	–	–	–	–	–	0.0%	–	–	442 374	–
Total		139 482	15 371	177 157	–	127 756	60 830	520 595	18.9%	5 181	101	527 820 166	34.6
Tshwane, East													
The Park Shopping Centre	Shopping centre, offices and parking	–	–	1 304	10 693	–	–	11 997	2.9%	1 400	164	22 918 155	1.8
Odeon Forum†	Offices and parking	–	–	3 102	–	–	–	3 102	0.0%	–	181	6 739 301	0.5
Total		–	–	4 406	10 693	–	–	15 099	2.3%	1 400	167	29 657 456	2.3
Tshwane, North													
Blaauw Village^	Shopping centre	–	–	–	7 265	–	–	7 265	2.1%	–	155	13 224 670	1.0
Erf Agt Nul Nege*	Shops and place of worship	–	–	402	–	1 353	–	1 755	37.5%	–	81	1 061 553	0.1
Erf Six Five One*	Workshops and place of worship	–	1 355	–	–	–	–	1 355	0.0%	–	40	645 215	–
Normed	Shops, offices and parking	–	–	2 656	–	3 208	–	5 864	20.6%	–	72	4 041 530	0.3
North Place (Ramreg 2) (sold during the year)	Shops, house, 19 flats and parking	–	–	–	–	–	–	–	0.0%	–	–	114 478	–
Rosnew*	Shops, workshop and petrol station	–	1 190	–	–	5 035	212	6 437	13.5%	–	103	6 894 499	0.4
Total		–	2 545	3 058	7 265	9 596	212	22 676	12.8%	–	109	25 981 945	1.8
Tshwane, Other													
Persequor Park	Offices and parking	–	–	8 074	–	–	–	8 074	0.0%	–	136	13 132 464	0.8
91 Rauch#	Land	–	–	–	–	–	–	–	0.0%	–	–	–	–
Rentmeester Park	Offices and parking	176	–	12 083	–	–	–	12 259	0.7%	–	110	15 936 939	1.1
Total		176	–	20 157	–	–	–	20 333	0.4%	–	120	29 069 403	2.0

Property portfolio information *continued*

		GLA per sector											
Property name	**Description of buildings**	**Residential**	**Industrial**	**Offices**	**Retail – shopping centre**	**Retail – shops**	**Specialised & other**	**GLA m²**	**Vacancy %**	**Weighted average rental per unit at 31 August 2022 – Residential**	**Weighted average rental per m² at 31 August 2022 – commercial**	**Total Rental PA**	**% of portfolio value**
Tshwane, West													
Asland	Warehouse and workshops	–	4 807	469	–	–	–	5 276	9.3%	–	30	1 725 471	0.1
Carlzeil*	Workshops and warehouses	–	6 796	–	–	290	–	7 086	13.3%	–	31	2 300 180	0.2
Goleda*	Shops, showroom, warehouse, workshops and place of worship	–	3 196	–	–	–	765	3 961	0.0%	–	20	939 889	0.1
Henwoods*	Factories	–	3 577	–	–	–	–	3 577	0.0%	–	45	1 937 327	0.1
H&S Mansions*	Shops, factories and 10 flats	708	2 055	–	–	1 085	–	3 848	16.2%	3 899	22	1 030 977	0.1
Imbuia*	11 flats and parking	960	–	–	–	–	–	960	9.1%	5 308	–	651 329	–
Ischurch*	Shops, workshops, place of worship and 8 flats	472	1 807	208	–	2 857	1 490	6 834	18.8%	4 348	36	2 574 193	0.2
Jakaranda*	33 flats and parking	2 527	–	–	–	–	–	2 527	5.9%	4 565	–	1 674 831	0.1
Kiaat*	40 flats and parking	2 974	–	–	–	–	–	2 974	7.5%	4 553	–	2 047 654	0.1
Lasmitch Properties†	Warehouse and showroom	–	3 272	–	–	–	–	3 272	0.0%	–	18	693 623	0.1
Lutbridge*	Shops and warehouse	–	3 286	395	–	886	1 245	5 812	11.7%	–	32	1 947 685	0.2
Metromitch*	Shops, warehousing, workshops, offices, educational facilities, place of worship, 33 flats and parking	2 818	3 128	579	–	3 552	1 255	11 332	18.5%	4 876	32	4 317 889	0.3
Mimosa*	18 flats and parking	1 569	–	–	–	–	–	1 569	33.3%	5 515	–	1 021 253	0.1
Mitchpap*	Shops, warehouses and place of worship	–	1 779	–	–	1 262	1 373	4 414	5.8%	–	31	1 529 719	0.1
Nedwest Centre	Shops and warehouses	–	7 216	–	–	2 128	–	9 344	8.9%	–	50	5 071 305	0.4
Panag Investments*	Shops and workshops	–	1 237	–	–	733	–	1 970	18.5%	–	43	821 749	0.1
Rosemitch (1) (Cnr Mitchell and Rosetta)	Warehouse	–	–	–	–	–	–	–	0.0%	–	–	209 877	–
Marsfield Mansions (sold during the year)	14 flats	–	–	–	–	–	–	–	0.0%	–	–	2 390	–
Rovon Investments*	Shops, workshops, warehouses and place of worship	–	3 869	–	–	435	–	4 304	4.8%	–	38	1 844 228	0.1
Soutwest Properties	Warehouses and workshops	–	1 839	–	–	–	–	1 839	0.0%	–	68	1 507 454	0.1
Syringa*	40 flats and parking	3 219	–	–	–	–	–	3 219	15.8%	5 019	–	2 227 095	0.1
Total		15 247	47 864	1 651	–	13 228	6 128	84 118	11.0%	4 800	35	36 076 118	2.5
Tshwane, Silverton and surrounding areas													
Brianley*	Warehouses, workshops, offices, educational facilities, place of worship and parking	–	7 723	3 592	–	–	145	11 460	12.3%	–	38	4 629 486	0.3
Janvoel (sold during the year)	Shops	–	–	–	–	–	–	–	0.0%	–	–	278 113	–
Sildale Park	Industrial park	–	22 734	35	–	73	–	22 842	1.4%	–	51	13 853 874	1.0
Silver Place	Shops, offices, place of worship, 232 flats and parking	15 708	–	347	–	9 104	981	26 140	3.0%	5 286	79	23 213 602	1.5
Silvertondale 36 (sold during the year)	Workshops and warehouses	–	–	–	–	–	–	–	0.0%	–	–	508 314	–
Tomzeil	Warehouse and workshops	–	6 191	395	–	–	–	6 586	0.0%	–	40	3 154 072	0.2
The Tannery Industrial Park	Industrial park and parking	–	35 671	1 286	–	889	–	37 846	10.9%	–	46	18 633 135	1.3
Total		15 708	72 319	5 655	–	10 066	1 126	104 874	6.3%	5 286	51	64 270 596	4.3

Property portfolio information *continued*

Property name	Description of buildings	GLA per sector: Residential	Industrial	Offices	Retail – shopping centre	Retail – shops	Specialised & other	GLA m²	Vacancy %	Weighted average rental per unit at 31 August 2022 – Residential	Weighted average rental per m² at 31 August 2022 – commercial	Total Rental PA	% of portfolio value
Tshwane, Sunnyside										–			
Karelia Flats	48 flats and parking	2 172	–	–	–	–	–	2 172	7.2%	4 429	–	2 298 277	0.1
Les Nize Flats	55 flats and parking	1 640	–	–	–	–	–	1 640	8.0%	3 949	–	2 149 373	0.1
Savyon Place	Shops, 28 flats and parking	2 196	–	–	–	687	–	2 883	14.8%	5 560	181	2 822 331	0.2
Selmar	19 flats and parking	1 290	–	–	–	–	–	1 290	21.8%	5 418	–	918 097	0.1
Sunnyside Galleries	Shops, educational facilities, place of worship and 5 flats	284	–	–	–	3 511	295	4 090	7.1%	5 622	81	3 700 827	0.2
The Village	Shops, place of worship and parking	–	–	–	–	4 205	818	5 023	8.4%	–	52	2 875 247	0.2
Unity Heights	Shops, 24 flats and parking	2 032	–	–	–	590	–	2 622	27.0%	6 226	156	2 072 593	0.2
Total		9 614	–	–	–	8 993	1 113	19 720	12.3%	4 752	80	16 836 745	1.1
Tshwane, Waverley, Gezina, Moot										–			
Bouwer Broers (sold during the year)	Shops and parking	–	–	–	–	–	–	–	0.0%	–	–	(8 295)	–
Gerlan†	Auto dealership	–	–	–	–	–	5 174	5 174	0.0%	–	118	7 350 314	0.6
Gezina City Shopping Centre	Shopping centre	–	–	–	16 218	–	–	16 218	6.8%	–	82	14 891 465	1.0
Motor City Capital Park	Shops, workshops and parking	–	3 417	–	–	4 044	–	7 461	0.9%	–	67	5 907 266	0.4
Ou Holland (sold during the year)	Shops, 22 flats and parking	–	–	–	–	–	–	–	0.0%	–	–	324 333	–
Swemvoor*	Shops and offices	–	1 030	–	–	1 353	–	2 383	21.2%	–	44	980 331	–
Trekfred (sold during the year)	Vacant land, shops and parking	–	–	–	–	–	–	–	0.0%	–	–	2 072 283	–
Trekmin	Shops, 48 flats and parking	3 660	625	326	–	4 438	–	9 049	13.6%	5 069	93	7 812 096	0.4
Waverley Plaza Shopping Centre	Shopping centre, offices and parking	–	–	1 866	9 701	–	–	11 567	2.5%	7 142	181	24 576 533	1.9
Total		3 660	5 072	2 192	25 919	9 835	5 174	51 852	6.1%	5 492	112	63 906 326	4.4
Total		415 490	210 630	389 868	97 538	301 844	142 090	1 557 460	19.5%	4 435	96	1 459 227 854	100.0
Total investment properties including 50% of the joint operation, The Manhattan		415 490	210 630	389 868	90 273	301 844	142 090	1 550 195	19.6%	4 435	95	1 446 003 184	99.0
Blaauw Village (refer note 10 on Joint Venture) 50% held	Shopping centre	–	–	–	7 265	–	–	7 265	2.1%	–	155	13 224 670	1.0
		415 490	210 630	389 868	97 538	301 844	142 090	1 557 460	19.5%	4 435	96	1 459 227 855	100.0

* *Unsecured properties. Refer long-term borrowings (notes 6 and 18) in respect of secured properties*

† *Single tenanted property*

^ *Property in which the group has a 50% interest*

\# *Land*

~ *Total GLA included but only 50% share of rental income disclosed*

SA REIT ratios

	31 August 2022 R'000	31 August 2021 R'000
SA REIT Funds from Operations (SA REIT FFO) per share		
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	605 127	(174 819)
Adjusted for:		
Accounting/specific adjustments:	(144 848)	526 507
Fair value adjustments to:		
• Investment property	82 386	641 050
• Debt instruments held at fair value through profit or loss	(234 845)	(125 639)
Asset impairments (excluding goodwill) and reversals of impairment	–	(10 250)
Deferred tax movement recognised in profit or loss	16 163	16 993
Straight-lining operating lease adjustment	(8 552)	4 353
Adjustments arising from investing activities:		
Gains or losses on disposal of:		
• Investment property and property, plant and equipment	10 824	7 945
Other adjustments:		
Adjustments made for equity-accounted entities	(6 286)	(1 224)
Securities transfer tax paid on restructure of subsidiary	1 250	–
SA REIT FFO	466 067	358 409
Number of shares outstanding at end of year (net of treasury shares)	266 198	266 198
SA REIT FFO per share (Rand)	1.75	1.35
Company-specific adjustments (per share)	–	–
SA REIT FFO per share (Rand) – Adjusted	1.75	1.35
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	6 321 840	5 982 911
Adjustments:		
Dividend to be declared	(212 958)	(133 098)
Fair value of certain derivative financial instruments	(51 151)	200 078
Deferred tax	140 143	123 982
SA REIT NAV	6 197 874	6 173 873
Shares outstanding		
Number of shares in issue at period-end (net of treasury shares)	266 198	266 198
SA REIT NAV per share (Rands)	23.28	23.20
SA REIT cost-to-income ratio		
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	980 047	934 764
Administrative expenses per IFRS income statement	84 614	75 420
Other expenses, if directly related to property operations, with clear explanations of these items		
Impairment of accounts receivable	33 413	40 899
Operating costs	1 098 074	1 051 083
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 446 004	1 388 670
Utility and operating recoveries per IFRS income statement	484 517	449 996
Gross rental income	1 930 521	1 838 666
SA REIT cost-to-income ratio	56.9%	57.2%

SA REIT ratios *continued*

	31 August 2022 R'000	31 August 2021 R'000
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses as per IFRS income statement	84 614	75 420
Administrative costs	84 614	75 420
Contractual rental income per IFRS income statement (excluding straight-lining)	1 446 004	1 388 670
Utility and operating recoveries per IFRS income statement	484 517	449 996
Gross rental income	1 930 521	1 838 666
SA REIT administrative cost-to-income ratio	4.4%	4.1%
SA REIT GLA vacancy rate		
Gross lettable area of vacant space (m²)	303 573	370 507
Gross lettable area of total property portfolio (m²)	1 557 460	1 621 564
SA REIT GLA vacancy rate	19.5%	22.8%
Cost of debt		
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	7.9%	5.7%
Pre-adjusted weighted average cost of debt	7.9%	5.7%
Adjustments:		
Impact of interest rate derivatives	0.8%	2.8%
Amortised transaction costs imputed into the effective interest rate	–	–
All-in weighted average cost of debt	8.7%	8.5%
SA REIT loan to value		
Gross debt	4 375 197	4 681 553
Less:		
Cash and bank balances	(38 960)	(34 079)
Cash and bank balances per statement of financial position	(66 554)	(58 358)
Less: Bank balance held in regard to residential tenant deposits	27 594	24 279
Add/Less:		
Derivative financial instruments	2 932	200 078
Net debt	4 339 169	4 847 552
Total assets – per Statement of Financial Position	11 244 676	11 454 606
Less:		
Cash and cash equivalents	(66 554)	(58 358)
Derivative financial assets	(54 083)	–
Trade and other receivables	(183 733)	(166 109)
Carrying amount of property-related assets	10 940 306	11 230 139
SA REIT loan to value (SA REIT LTV)	39.7	43.2

Analysis of ordinary shareholders

as at 31 August 2022

	Number of Shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	1 165	32.67%	313 323	0.12%
1 001 – 10 000	1 542	43.24%	6 223 951	2.34%
10 001 – 100 000	632	17.72%	20 421 725	7.67%
100 001 – 1 000 000	174	4.88%	55 509 945	20.85%
Over 1 000 000	53	1.49%	183 728 591	69.02%
Total	3 566	100.00%	266 197 535	100.00%
Distribution of shareholders				
Assurance Companies	22	0.62%	2 275 007	0.85%
Close Corporations	40	1.12%	27 462 983	10.32%
Collective Investment Schemes	107	3.00%	72 360 483	27.18%
Custodians	12	0.34%	2 408 707	0.90%
Foundations & Charitable Funds	43	1.21%	4 277 817	1.61%
Hedge Funds	4	0.11%	34 317	0.01%
Insurance Companies	1	0.03%	12 054	0.00%
Investment Partnerships	11	0.31%	146 130	0.05%
Managed Funds	8	0.22%	2 207 542	0.83%
Medical Aid Funds	9	0.25%	2 187 940	0.82%
Organs of State	3	0.08%	10 957 135	4.12%
Private Companies	148	4.15%	73 194 886	27.50%
Public Companies	3	0.08%	882 490	0.33%
Public Entities	1	0.03%	63 216	0.02%
Retail Shareholders	2 804	78.63%	29 215 679	10.98%
Retirement Benefit Funds	83	2.33%	12 112 564	4.55%
Scrip Lending	2	0.06%	423 707	0.16%
Stockbrokers & Nominees	13	0.36%	439 004	0.16%
Trusts	252	7.07%	25 535 874	9.59%
Total	3 566	100.00%	266 197 535	100.00%
Shareholder type				
Non-Public Shareholders	29	0.81%	104 305 062	39.18%
Directors and Associates**	29	0.81%	104 305 062	39.18%
Public Shareholders	3 537	99.19%	161 892 473	60.82%
Total	3 566	100.00%	266 197 535	100.00%

* *Pursuant to the provisions of Section 56 of the Companies Act, 2008, disclosures from foreign nominee companies have been included in this analysis*

** *Refer to page 71 for the disclosure on directors' shareholding*

Analysis of ordinary shareholders *continued*

	Number of shares	% of issued capital
Fund managers with a holding greater than 3% of the issued shares		
Catalyst Fund Managers	19 973 860	7.50%
Old Mutual Investment Group	12 276 020	4.61%
Abax Investments	11 815 629	4.44%
Public Investment Corporation	10 957 135	4.12%
Sesfikile Capital	10 387 426	3.90%
M & G Investments	9 476 310	3.56%
Total	74 886 380	28.13%
Beneficial shareholders with a holding greater than 3% of the issued shares		
Lefkopaul CC	20 209 741	7.59%
Tomneff Investments (Pty) Ltd	18 331 418	6.89%
Old Mutual Group	15 630 005	5.87%
City Property Administration (Pty) Ltd	12 680 413	4.76%
Sanlam Group	12 055 047	4.53%
Nedbank Group	11 965 567	4.49%
Government Employees Pension Fund	10 295 367	3.87%
Bosjacob (Pty) Ltd	8 395 911	3.15%
Total	109 563 469	41.16%

Share Price Performance	
Opening price – 1 September 2021	R8.09
Closing price – 31 August 2022	R9.19
Closing high for period	R9.49
Closing low for period	R7.40
Number of shares in issue	266 197 535
Volume traded during period	29 310 254
Ratio of volume traded to shares issued (%)	11.01%
Rand value traded during the period	R239 830 703
Market capitalisation at 31 August 2022	R2 446 355 347

City Property relationship

City Property is a private company which specialises in property and asset management in key strategic nodes in Tshwane and Johannesburg. City Property carries out all responsibilities relating to the management of Octodec's properties in accordance with a management agreement, which is periodically reviewed, updated and approved by the Octodec shareholders. Salient areas of the management agreement, which relate to the content of this report, include:

Effective date	The management agreement became effective on 1 July 2018 for a period of five years.
Property management	City Property is responsible for leasing, billing, collections, utility management, property accounting and expense management, and all other services that are typical of traditional property management.
Asset management	As part of the "all-in" service rendered by City Property, it sources and advises on investment opportunities, sales and acquisitions (including ancillary processes such as feasibilities and due diligence investigations), and financial management. It monitors the regulatory environment and advises on income-enhancing opportunities.
Specialist services	Certain specialist services have been developed to manage the unique challenges prevalent in the Octodec portfolio. These include the establishment and maintenance of various stakeholder relationships, tenant installation services, repairs and maintenance, finance, risk management, internal audit, legal and compliance, HR, IT and credit control.
HR management and administration	City Property undertakes to provide Octodec with a fully comprehensive, end-to-end HR management and administrative service, which includes payroll, in respect of all Octodec employees. HR policies at Octodec and City Property align with one another.
Stakeholder engagement	City Property is accessible to our tenants and other stakeholders across a variety of platforms and engages with stakeholders on a regular basis.
Risk management	Octodec's risk management function sets the tone for risk management within the business and provides the framework for the identification and mitigation of risks in its everyday processes. Each department within City Property monitors Octodec's risks in line with its ERM policy and framework and has its own risk and opportunities register through which it actively identifies, monitors and manages the risks and opportunities.
Governance	The Octodec board has oversight of and monitors the outputs generated by City Property in terms of the management agreement.
Executive director remuneration	Octodec sets the key performance measures and targets for City Property annually, which are aligned with the performance measures and targets as required in terms of the management agreement with City Property. The executive directors are responsible for the achievement of these measures and targets.
City Property remuneration	A formula is used for the calculation of the fee payable to City Property. This fee is partially linked to the performance of Octodec. The key performance indicators which City Property must meet are proposed by City Property annually for Octodec board's consideration and agreement (see pages 82 to 89 for the key performance indicators that apply to City Property for FY2022 and FY2023). City Property's performance is reviewed twice a year by a committee of independent non-executive directors, after finalisation of the mid-year results and at financial year end.
Shared resources	A shared resource is a resource of expertise and skills, such as an employee, which is shared between Octodec, City Property and other property owners falling under City Property's management. These include, but are not limited to, the chief risk officer and internal auditor.

Notice of Annual General Meeting

Octodec INVESTMENTS LIMITED

(Registration number: 1956/002868/06)
(Incorporated in the Republic of South Africa)
ISIN: ZAE000192258
JSE share code: OCT
(Approved as a REIT by the JSE)
(Octodec or the company)

Notice is hereby given in terms of section 62(1) of the Companies Act of the AGM of shareholders of Octodec that will be held on Friday, 03 February 2023 at 11:30 (subject to any adjournment, postponement, or cancellation), through electronic participation only, to consider and, if deemed fit, to approve, with or without modification, the special and ordinary resolutions listed below in the manner required by the Companies Act as read with the JSE Listings Requirements.

The glossary on page 184 of the integrated report to which this notice is attached applies, *mutatis mutandis*, to this notice.

Record date

In terms of sections 59(1)(a) and (b) of the Companies Act, the board has set the record date for determining which shareholders are entitled to:

a) Receive notice of the AGM being the date on which a shareholder must be registered in the company's securities register to receive notice of the AGM as Friday, 2 December 2022

b) Participate in and vote at the AGM (being the date on which a shareholder must be registered in the company's securities register to participate in and vote at the AGM) as Friday, 27 January 2023

The last day to trade in the company's shares to be recorded in the securities register of the company and to be able to attend, participate and vote at the AGM is Tuesday, 24 January 2023.

Presentation of financial statements

The audited consolidated financial statements of the company and its subsidiaries, incorporating the reports of the auditors, the group audit committee and the directors for the year ended 31 August 2022, will be presented to shareholders as required in terms of section 30(3)(d) of the Companies Act.

Report of the SERT committee

In accordance with regulation 43(5)(c), issued in terms of the Companies Act, the report of the SERT committee on the statutory matters within the mandate of the SERT committee will be presented to shareholders and has also been made available from page 54 of the integrated report of which this notice forms part.

Resolutions for consideration and approval

Special resolution 1 – To approve financial assistance to related and inter-related companies

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED THAT by way of special resolution as required in terms of sections 44 and/or 45(2) of the Companies Act and the MOI, as a general approval, the board of the company may, from time to time, authorise the company to provide financial assistance to any of its present or future subsidiaries and/or any company that is or becomes related or inter-related to the company, at such times and on such terms and conditions as the directors of the company in their sole discretion may determine, and subject to all relevant statutory and regulatory requirements being met, such authority to remain in place until renewed by way of a special resolution passed at a duly constituted AGM of the company."

The reason for and effect of special resolution 1

Sections 44 and 45(2) of the Companies Act authorise the board to authorise the company to provide direct or indirect financial assistance to a related or inter-related company as defined in the Companies Act, subject to subsections (3) and (4) of section 45 of the Companies Act and unless otherwise provided in the company's MOI. In terms of section 45(3) of the Companies Act, a special resolution of shareholders is required in these instances. The main purpose of the special resolution as set out in the notice of the meeting is to approve the granting of inter-related company loans, a recognised and well-known practice, details of which are also set out in the notes to the financial statements.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% (seventy-five percent) of all votes cast and/or exercised at the meeting in respect of this resolution.

Special resolution 2 – To authorise the company and/or its subsidiaries to acquire its shares

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED THAT the company and/or any of its subsidiaries be and are hereby authorised, by way of a general approval as contemplated in section 48 of the Companies Act and the 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 MOI of the company, the provisions of the Companies 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 counterparties

b) This general authority shall only be valid until the company's next AGM, provided that it shall not extend beyond 15 (fifteen) months from the date of passing of this special resolution

c) The company or any subsidiary is authorised thereto by its MOI

d) The general repurchase by the company is limited to a maximum of 5% (five 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 5% (five percent) in aggregate of the company's issued share capital in any one financial year, and not more than 10% (ten percent) in aggregate of the company's issued capital may be held by or for the benefit of all the subsidiaries taken together

f) The repurchase is not made at a price greater than 5% (five percent) above the weighted average of the market value of the securities for 5 (five) business days immediately preceding the date on which the repurchase is effected

g) The repurchase does not take place during a prohibited period as defined in paragraph 3.67 of the JSE Listings Requirements unless there is 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 which has been submitted to the JSE in writing 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 shareholders' authority for the repurchase 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 Companies Act

j) The board, by resolution, has acknowledged that it has applied the solvency and liquidity test, as set out in section 4 of the Companies Act, and has reasonably concluded that the company will satisfy the solvency and liquidity test immediately after completing the repurchase, as contemplated in section 46(1)(c) of the Companies Act

k) The company and the group are able to repay their debts in the ordinary course of business for a period of 12 (twelve) months after the date of such repurchase

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 12 (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 12 (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 12 (twelve) months after the date of such repurchase

o) The company appoints only 1 (one) agent to effect any repurchase on its behalf."

Other disclosures in terms of paragraph 11.26 of the JSE Listings Requirements relating to special resolution 2:

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:

a) Major beneficial shareholders – page 171

b) Share capital of the company – note 15 of the financial statements on page 123

The directors may utilise this general authority to acquire their shares as and when suitable opportunities present themselves.

Directors' responsibility statement

The directors in office whose names appear on pages 66 to 68 of the integrated report collectively and individually accept full responsibility for the accuracy of the information relevant to special resolution 2 and certify that, to the best of their knowledge, there are no facts that have been omitted which would make any statement false or misleading, that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the JSE Listings Requirements.

Material changes

Other than the facts and developments reported in the integrated report, there have been no material changes in the financial position of the company and its subsidiaries since the company's financial year end and the date of signature of the integrated report.

The reason for and effect of special resolution 2

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 the JSE Listings Requirements. Section 48 of the Companies Act authorises the board of directors of a company to approve the acquisition of its own shares subject to the provisions of section 46 and section 48 of the Companies Act having been met.

Statement of board's intention

The directors of the company have no specific intention to avail themselves of the provisions of special resolution number 2, but will continually review the company's position, having regard to prevailing circumstances and market conditions, in considering whether to avail themselves of the provisions of special resolution number 2.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% (seventy-five percent) of all votes cast and/or exercised at the meeting in respect of this resolution.

Special resolution 3 – Approval of directors' remuneration for the period 1 September 2023 to 31 August 2024

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED THAT, in terms of section 66(9) of the Companies Act, the company be and is hereby authorised to remunerate its directors for their services as directors (inclusive of the committees on which they serve and attend by invitation as set out in the integrated report) and/or pay any fees related thereto on the basis and on any other basis as may be recommended by the SERT committee and approved by the board, provided that the aforementioned authority shall be valid with effect from 1 September 2023 for a period of 12 (twelve) months ending 31 August 2024, as follows:

	Proposed 12 months to 31 August 2024 R	Current 12 months ending 31 August 2023 R
Annual retainer		
Board Chairman	**751 275**	715 500
Lead independent director	**375 801**	357 220
Non-executive directors	**312 753**	297 860
Executive directors	**312 753**	297 860
Fee per meeting		
Board meeting (including AGM)	**18 810**	17 914
Meeting fee for a non-executive director's attendance at a subcommittee meeting of the board	**22 483**	21 412
Chairman of a subcommittee of the board	**27 491**	26 182
Meeting fee for a non-executive director's attendance at an *ad hoc* subcommittee meeting of the board	**22 483**	21 412
Chairman of an *ad hoc* subcommittee of the board	**27 491**	26 182

The reason for and effect of special resolution 3

In terms of sections 66(8) and 66(9) of the Companies Act, companies may pay remuneration to directors for their services as directors, unless otherwise provided by the MOI and on approval of shareholders by way of special resolution.

The role of directors is under increasing focus of late with greater accountability and risk attached to the position. Octodec compensates and remunerates its directors according to their scope of responsibility and contribution to the group, considering industry norms as well as the external market and benchmarks.

The proposed fees for the period 1 September 2023 to 31 August 2024 reflect an increase of 5% (five percent) on the fees payable for the period ending 31 August 2023, as recommended by the board following the advice from an independent remuneration consultant. This is to ensure that they remain market related, accord with the increasing level of responsibility being placed upon directors, and remain adequate for the purposes of attracting and retaining high-calibre and professional directors, thereby ensuring that the board has the necessary skills required to execute on its mandate.

In addition to the benchmark alignment, the following are particularly relevant to substantiate the 5% (five percent) increase in remuneration:

- *The board's remuneration policy to attract and retain suitably qualified and independent-minded directors.*
- *No increase was given in the remuneration of directors for the periods*
  1 September 2020 to 31 August 2021,
  1 September 2021 to 31 August 2022,
  1 September 2022 to 31 August 2023.

Effective from 1 March 2022, executive directors only receive directors' remuneration for attending board meetings, as indicated in special resolution 3 above. In addition, non-executive directors who are not members of a particular board subcommittee will no longer receive fees for their attendance at such meetings unless the non-executive director in question is a standing invitee of a board subcommittee (i.e., the chairman of the board has a standing invitation to attend group audit committee meetings), or the chairman of the respective board subcommittee specifically invites a non-executive director to attend a board subcommittee meeting for a specific purpose. The amounts in special resolution 3 are exclusive of VAT. For clarity, to the extent that VAT is applicable, the company is authorised to pay the VAT thereon in addition to the proposed remuneration. Effective from 1 September 2023, the abovementioned meeting fees will, together with the retainer, be payable quarterly in arrears.

Accordingly the approval of the shareholders is sought to increase the remuneration paid to directors, in respect of services rendered as directors in terms of section 66 of the Companies Act, so as to ensure that market-related remuneration, benchmarked against similar companies in size and complexity, is paid by the company, as detailed above.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% (seventy-five percent) of all votes cast and/or exercised at the meeting in respect of this resolution.

Special resolution 4 – Authority to issue shares to directors who elect the distribution re-investment alternative

To consider and, if deemed fit, to pass, with or without modification, the following special resolution:

"RESOLVED THAT, subject to the provisions of the Companies Act and to the extent required, the JSE Listings Requirements and the MOI, the directors be and are hereby authorised by way of a specific standing authority to issue ordinary shares as and when they deem appropriate, for the exclusive purpose of affording shareholders who are also persons as contemplated in section 41(1) of the Companies Act, opportunities from time to time to elect to re-invest their distributions in new ordinary shares of Octodec, for which purpose such ordinary shares are hereby placed under the control of the directors."

The reason for and effect of special resolution 4

Special resolution 4 is required to be passed to comply with the provisions of section 41 of the Companies Act, which requires an issue of shares to present or future directors or officers of the company or their related persons to be approved by special resolution. To the extent that the company elects to offer shareholders the opportunity to re-invest their distributions, the passing of special resolution 4 will allow present or future directors or officers of the company to re-invest their distributions in new ordinary shares of Octodec.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% (seventy-five percent) of all votes cast and/or exercised at the meeting in respect of this resolution.

Ordinary resolution 1 – Re-election of directors

To elect, by way of separate resolutions, directors in place of those retiring in accordance with the company's MOI. The directors retiring are Derek Cohen, Pieter Strydom and Sharon Wapnick.

Derek Cohen, Pieter Strydom and Sharon Wapnick offer themselves for re-election.

Ordinary resolution 1.1 – Re-election of Derek Cohen

"RESOLVED THAT Derek Cohen be and is hereby re-elected as a director of the company."

Ordinary resolution 1.2 – Re-election of Pieter Strydom

"RESOLVED THAT Pieter Strydom be and is hereby re-elected as a director of the company."

Ordinary resolution 1.3 – Re-election of Sharon Wapnick

"RESOLVED THAT Sharon Wapnick be and is hereby re-elected as a director of the company."

The reason for and effect of ordinary resolutions 1.1 – 1.3

In accordance with the company's MOI, one-third of the non-executive directors are required to retire at each AGM and may offer themselves for re-election. Derek Cohen, Pieter Strydom and Sharon Wapnick who, being eligible, offer themselves for re-election. The nominations committee has reviewed the composition, gender and racial balance of the board and evaluated the independence (where applicable), performance and contributions of the directors listed above. Furthermore, the nominations committee has considered their knowledge, skills, experience, past performance and contributions to the company and recommended to the board that they be proposed for re-election by shareholders. The board has considered the proposal of the nominations committee and recommends the re-election of Derek Cohen, Pieter Strydom and Sharon Wapnick by way of separate resolutions. Brief résumés of the nominees are set out on pages 66 to 68 of the integrated report of which this notice forms part.

Resolution approval threshold

For each of these resolutions to be passed, votes in favour must represent at least 50% + 1 (fifty percent plus one) of all votes cast and/or exercised at the meeting in respect of each of these resolutions.

Ordinary resolution 2 – To place the unissued shares under the directors' control

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"RESOLVED THAT the directors be and are hereby authorised, as required by the company's MOI and subject to the provisions of section 41 of the Companies Act, to allot and issue, at their discretion, the unissued but authorised shares in the share capital of the company, subject to the following terms and conditions:

a) No more than 10% (ten percent) of the company's issued shares will be allotted and issued by the directors other than by way of a transaction that will be subject to shareholders' approval.

b) The maximum discount at which shares will be allotted and issued is 10% (ten percent) of the weighted average price on the JSE of the company's shares over 30 (thirty) business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares (collectively, the company's undertaking), provided that such transaction(s) has/have been approved by the JSE, if so required, and is/are subject to the JSE Listings Requirements, which authority shall endure until the next AGM of the company. The weighted average price shall be adjusted for a dividend where the "ex" date (being the day after the last day to trade to be entitled to such dividend) occurs during the 30 (thirty) business days in question. Where the allotment or issue is undertaken in terms of a vendor consideration placing pursuant to the JSE Listings Requirements, the minimum placing price is subject to the pricing limitations set out in the JSE Listings Requirements."

The reason for and effect of ordinary resolution 2

The reason for ordinary resolution 2 is that the board requires authority from shareholders in terms of article 6.10 of its MOI to issue shares in the company.

This general authority, once granted, allows the board from time to time, when appropriate, to issue ordinary shares as may be required, inter alia, in terms of capital raising exercises, and to maintain a healthy capital adequacy ratio. This general authority is subject to the restriction that it is limited to 10% (ten percent) of the number of shares in issue as provided in a) above, being 26 619 755 shares, on the terms more fully set out in ordinary resolution 2 above.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 50% + 1 (fifty percent plus one) of all votes cast and/or exercised at the meeting in respect of this resolution.

Ordinary resolution 3 – To approve the issue of shares for cash

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"RESOLVED THAT, subject to not less than 75% (seventy-five percent) of the shareholders present in person or by proxy and entitled to vote at the AGM at which this ordinary resolution is to be considered voting in favour thereof, in terms of the JSE Listings Requirements, the mandate authorising the directors of the company by way of a general authority to issue all or any of the authorised but unissued shares in the capital of the company for cash (which is separate from and in addition to the authority referred to in ordinary resolution 2 of the notice of AGM) as they in their discretion deem fit, be renewed subject to the following conditions and limitations:

a) This authority shall not extend beyond the later of the date of the next AGM of the company or the date of expiry of 15 (fifteen) months from the date of this AGM

b) Issues in terms of this authority shall not exceed 10% (ten percent) (being an equivalent of 26 619 755 shares) in the aggregate of the number of shares in the company's issued share capital at the date of this notice of AGM, for which purpose such further ordinary shares are hereby placed under the control of the directors

c) The number of shares to be issued shall be based on the number of shares in issue at the date of this notice of AGM, less any shares issued in terms of this general authority by the company during the period

d) In the event of a subdivision or consolidation of issued shares during the period of this general authority, the general authority shall be adjusted accordingly to represent the same allocation ratio

e) An announcement giving full details, including the intended use of funds, will be published at the time of any issue representing, on a cumulative basis within the period, 5% (five percent) or more of the number of shares in issue prior to such issue

f) In determining the price at which an issue of shares will be made in terms of this authority, the maximum discount permitted will be 5% (five percent) of the weighted average traded price of such shares, as determined over a 30 (thirty) business day period to the date that the price of the issue is determined

g) Any such issue will only be made to public shareholders as defined by the JSE, and not related parties, provided that if the company undertakes an equity raise via a bookbuild process, shares may be allotted and issued to related parties on the basis that such related parties may only participate in the equity raise at the maximum bid price at which they are prepared to take up shares or at the book close price in accordance with the provisions contained in paragraph 5.52(f) of the JSE Listings Requirements

h) The shares 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."

The reason for and effect of ordinary resolution 3

For listed entities wishing to issue shares for cash, it is necessary for the board not only to obtain the prior authorisation of shareholders as may be required in terms of their MOI as contemplated in ordinary resolution number 2 above but also to obtain the prior authorisation of shareholders in accordance with the JSE Listings Requirements. The reason for ordinary resolution number 3 is accordingly to obtain a general authority from shareholders to issue shares for cash in compliance with the company's MOI and the JSE Listings Requirements. The authority granted in terms of ordinary resolution 3 to issue shares for cash, and the exercise thereof, will be subject to the conditions contained in the resolution. Such issue may not exceed 10% (ten percent) (being 26 619 755 shares) of the number of shares issued as of the date of this AGM notice.

Statement of board's intention

The directors confirm that there is no specific intention to issue any shares for cash as of the date of this AGM notice.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% (seventy-five percent) of all votes cast and/or exercised at the meeting in respect of this resolution.

Ordinary resolution 4 – To approve the re-appointment of members of the group audit committee

To approve, by way of separate resolutions, the appointment of the following non-executive directors as members of the group audit committee:

4.1 Louis van Breda (chairman)
4.2 Richard Buchholz
4.3 Derek Cohen (subject to the passing of ordinary resolution 1.1)
4.4 Pieter Strydom (subject to the passing of ordinary resolution 1.2)

Brief résumés of these directors are set out on pages 66 to 68 of the integrated report of which this notice forms part.

The reason for and effect of ordinary resolutions 4.1 – 4.4

In terms of section 94(2) of the Companies Act, a public company must at each AGM elect an audit committee comprising at least 3 (three) members who are directors and who meet the criteria of section 94(4) of the Companies Act. Regulation 42 of the Companies Act specifies that one-third of the members of the audit committee must have appropriate academic qualifications or experience in the areas listed in the regulation. The board, on the recommendation of the nominations committee, has assessed the performance of the group audit committee members standing for re-election and has found them suitable for re-appointment. As the group audit committee consists of four independent non-executive directors, the board is satisfied that the proposed members of the group audit committee meet all relevant requirements.

Resolution approval threshold

For each of these resolutions to be passed, votes in favour must represent at least 50% + 1 (fifty percent plus one) of all votes cast and/or exercised at the meeting in respect of each of these resolutions.

Ordinary resolution 5 – To approve the re-appointment of the independent external auditor

"RESOLVED THAT Ernst & Young Inc., with the designated audit partner being Gail Moshoeshoe, be and is hereby appointed as independent external auditor of the group with effect for the financial year ending 31 August 2023 until the next AGM."

The reason for and effect of ordinary resolution 5.

In accordance with paragraph 3.84(g)(iii) of the JSE Listings Requirements, the group audit committee has reviewed the credentials and accreditation information relating to Ernst & Young Inc. and Gail Moshoeshoe to assess their suitability for appointment. The assessment encompassed a review of, inter alia, the relevant IRBA inspection reports, transparency reports, proof of registration and qualifications report. The group audit committee is comfortable that Ernst & Young Inc. and Gail Moshoeshoe are suitable for appointment as the independent and designated auditor respectively of the group for the ensuing year. The board agrees with this assessment and accordingly proposes their appointment.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 50% + 1 (fifty percent plus one) of all votes cast and/or exercised at the meeting in respect of this resolution.

Ordinary resolution 6 – Specific authority to issue shares to shareholders who elect the distribution re-investment alternative

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"RESOLVED THAT, subject to the provisions of the Companies Act, the JSE Listings Requirements and the MOI, the directors be and are hereby authorised by way of a specific standing authority (which is separate from and in addition to the authority referred to in ordinary resolution 2) to issue ordinary shares of no par value (new shares) as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to re-invest their distributions in new ordinary shares of Octodec, for which purpose such ordinary shares are hereby placed under the control of the directors."

The reason for and effect of ordinary resolution 6

Pursuant to the shareholders' distribution re-investment programme implemented at the company's discretion, shareholders will be provided with an election form on which they can indicate whether they wish to re-invest any of their distributions in shares in the company. The election form will provide details of the process and timing of the programme.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 75% (seventy-five percent) of all votes cast and/or exercised at the meeting in respect of this resolution.

Ordinary resolution 7 – To provide signing authority

To consider and, if deemed fit, to pass, with or without modification, the following ordinary resolution:

"RESOLVED THAT any one director of the company or the group company secretary be and is hereby authorised to do all such things and sign all such documents as may be necessary to give effect to all the ordinary and special resolutions, as well as the non-binding advisory votes, passed at the AGM."

The reason for and effect of ordinary resolution 7

Authority is required to do all such things and sign all documents and take all such action as is necessary to implement the resolutions set out in the notice and approved at the AGM at which this resolution will be considered. It is proposed that any one director and/or the group company secretary be authorised accordingly.

Resolution approval threshold

For this resolution to be passed, votes in favour must represent at least 50% + 1 (fifty percent plus one) of all votes cast and/or exercised at the meeting in respect of this resolution.

Non-binding advisory vote 1 – To endorse the remuneration policy

To consider and, if deemed fit, endorse, with or without modification, the following non-binding advisory vote:

"RESOLVED THAT shareholders endorse the remuneration policy for the year ended 31 August 2022 as set out on pages 78 and 79 of the integrated report of which this notice forms part."

Non-binding advisory vote 2 – To endorse the remuneration implementation report

To consider and, if deemed fit, endorse, with or without modification, the following non-binding advisory vote:

"RESOLVED THAT shareholders endorse the remuneration implementation report for the year ended 31 August 2022, the details of which are set out on pages 80 to 89 of the integrated report of which this notice forms part."

The reason for and effect of non-binding advisory votes 1 and 2

Shareholders are reminded that, in terms of King IV™, the endorsement of the company's remuneration policy and remuneration implementation report are by way of advisory, non-binding votes. This enables shareholders to express their views on the remuneration policy and the remuneration implementation report and is of an advisory nature only.

Resolution approval threshold

These ordinary resolutions are of an advisory nature only and, although the board will consider the outcome of the vote when implementing its remuneration practices, failure to pass these resolutions will not legally preclude the company from implementing the remuneration policy and practices as contained in the remuneration review report.

The board will, however, consider the outcome of the votes when considering amendments to the company's remuneration policy and how this policy is implemented.

Shareholders who wish to raise any concerns or submit any comments to the company on the remuneration policy or implementation report are requested to submit these to the group company secretary at cosec@octodec.co.za. As detailed in the SERT committee report, the company continues to regularly engage with shareholders on its remuneration matters but will further engage with shareholders who so require in the lead-up to the AGM.

In the case that the company receives 25% (twenty-five percent) or more votes against either the policy or report, individual shareholder engagements will be specifically arranged.

Electronic participation, identification, voting and proxies

Electronic participation

The company has determined it prudent and appropriate to make the meeting accessible through electronic participation only, as provided for by the JSE Limited and in terms of the provisions of the Companies Act and the company's MOI.

Shareholders wishing to participate in this virtual AGM should contact The Meeting Specialist (Pty) Ltd (TMS) at proxy@tmsmeetings.co.za or on +27 11 520 7952/0/1 as soon as possible, but ideally no later than on Wednesday, 1 February 2023 to register to gain access to its electronic communication platform (the Platform), to enable all of the shareholders who are present at the AGM to communicate concurrently with each other without an intermediary, and to participate reasonably effectively and exercise their voting rights at the AGM. Notwithstanding the aforegoing, any shareholder who wishes to attend the AGM is entitled to contact TMS at any time before the commencement of the AGM, to be verified and provided with access to the Platform. TMS is obliged to validate this information with your central securities depository participant (CSDP) before providing you with the necessary means to access the voting platform.

Shareholders are still able to vote normally through proxy submission, despite deciding whether to participate virtually or not.

Shareholders are strongly encouraged to submit votes by proxy before the meeting.

Shareholders will be liable for their network charges and these will not be for the expense of Octodec or TMS. Neither Octodec nor TMS can be held accountable should loss of network connectivity or network failure due to power outages or insufficient airtime or internet connectivity prevent you from voting or participating in the virtual meeting.

Identification, voting and proxies

In terms of section 63(1) of the Companies Act, any person attending or participating in the AGM must present reasonably satisfactory identification, and the person presiding at the AGM must be reasonably satisfied that the right of any person to participate in and vote (as a shareholder or as a proxy for a shareholder) has been reasonably verified. Suitable forms of identification will include valid identity documents, driver's licences and passports. Shareholders registered as such on Friday, 27 January 2023 (voting record date) will be entitled to virtually attend and vote at this AGM. Accordingly, the last date to trade to be able to participate and vote at the AGM is Tuesday, 24 January 2023. The record date for shareholders to be entitled to receive notice of this meeting is Friday, 2 December 2022.

Each shareholder entitled to attend and vote at the AGM is entitled to appoint one or more proxies (none of whom need be a shareholder of the company) to virtually attend, submit questions and, on a poll, vote in the shareholder's stead. Votes will be done via poll, and on a poll the holders of ordinary shares present in person or by proxy will each be entitled to one vote for every share held. The form of proxy for the AGM, which sets out the relevant instructions for its completion, is attached hereto for the convenience of any certificated shareholder and "own name" registered dematerialised shareholder who cannot attend but who wishes to be represented at the AGM. Additional proxy forms are obtainable from Octodec's group company secretary, Octodec's website or TMS.

Shareholders who have dematerialised their shares through a CSDP or broker, other than "own-name" registered dematerialised shareholders, who wish to attend the AGM, must request their CSDP or broker to issue them with a letter of representation/letter of electronic participation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement/mandate entered into between them and the CSDP or broker.

In the interest of efficiency, shareholders are kindly requested to submit completed forms of proxy at the office of the meeting scrutineers of the company at proxy@tmsmeetings.co.za or The Meeting Specialist (Pty) Ltd, JSE Building, One Exchange Square 2 Gwen Lane, Sandown, 2196, by 12:00 on Wednesday, 1 February 2023. Any forms of proxy not lodged by this time must be e-mailed to TMS to be received by them before the proxy exercises a shareholder's right virtually at the AGM.

Please note that a proxy may delegate his/her authority to act on a shareholder's behalf to another person, subject to the restrictions set out in the attached form of proxy as stipulated in section 58(3)(b) of the Companies Act.

Unless revoked before then, a signed proxy form shall remain valid at any adjournment or postponement of the AGM and the proxy so appointed shall be entitled to vote, as indicated on the proxy form, on any resolution (including any resolution which is amended).

CSDPs, brokers or their nominees, as the case may be, recorded in the company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the company, may vote either by appointing a duly authorised representative to virtually attend and vote at the AGM or by completing the attached form of proxy in accordance with the instructions thereon and returning it to TMS.

Octodec does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the AGM or any business to be conducted thereat.

By order of the board

Elize Greeff
Group company secretary

Octodec Investments Limited
101 Du Toit Street
Tshwane

29 November 2022

Form of proxy

OCTODEC INVESTMENTS LIMITED

(Registration number: 1956/002868/06)
(Incorporated in the Republic of South Africa)
ISIN: ZAE000192258
JSE share code: OCT
(Approved as a REIT by the JSE)
(Octodec or the company)

For use by the ordinary shareholders in respect of the AGM of Octodec to be held through electronic participation on **Friday, 03 February 2023**, commencing at **11:30**, or any adjournment thereof.

Each shareholder is entitled to appoint one or more proxies (none of whom needs to be a shareholder of the company) to attend, speak and, on a poll, vote in place of that shareholder at the AGM.

The glossary on page 184 of the integrated report to which this form of proxy is attached applies, *mutatis mutandis*, to this form of proxy.

I/We ____

Telephone number ____________________ Cell phone number ____________________

E-mail address ____

being of (address) ____

being the holder/s of ____________________ ordinary shares in the share capital of the company, do hereby appoint (see note 1):

1. ____ **or failing him/her,**

2. ____ **or failing him/her,**

3. the chairman of the AGM

as my/our proxy to act for me/us and on my/our behalf at the AGM which will be held to consider and, if deemed fit, pass, 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 shares registered in my/our name/s, by the following instructions (see note 2):

	Number of votes (1 vote per share)		
	In favour of	Against	Abstain
1. **Special resolution 1:** To approve financial assistance to related and inter-related companies			
2. **Special resolution 2:** To authorise the company and/or its subsidiaries to acquire its shares			
3. **Special resolution 3:** Approval of directors' remuneration for the period 1 September 2023 to 31 August 2024			
4. **Special resolution 4:** Authority to issue shares to directors who elect the distribution re-investment alternative			
5. **Ordinary resolutions 1.1 – 1.3:** To re-elect the directors required to retire in terms of the MOI:			
1.1 Derek Cohen			
1.2 Pieter Strydom			
1.3 Sharon Wapnick			
6. **Ordinary resolution 2:** To place the unissued shares under the directors' control			

	Number of votes (1 vote per share)		
	In favour of	Against	Abstain
7. **Ordinary resolution 3:** To approve the issue of shares for cash			
8. **Ordinary resolutions 4.1 – 4.4:** To approve the re-appointment of members of the group audit committee:			
4.1 Louis van Breda (chairman)			
4.2 Richard Buchholz			
4.3 Derek Cohen			
4.4 Pieter Strydom			
9. **Ordinary resolution 5:** To approve the re-appointment of the independent external auditor			
10. **Ordinary resolution 6:** Specific authority to issue shares to shareholders who elect the distribution re-investment alternative			
11. **Ordinary resolution 7:** To provide signing authority			
12. **Non-binding advisory vote 1:** To endorse the remuneration policy			
13. **Non-binding advisory vote 2:** To endorse the remuneration implementation report			

Signed at ______________________________ on ______________________________ 2022/2023

Signature/s ______________________________ ______________________________

Name in BLOCK LETTERS (full name if signing in a representative capacity) Assisted by (where applicable)

Please read the notes on page 183.

Notes

Instructions on signing and lodging the AGM form of proxy

1. A shareholder may insert the name of a proxy or the names of two alternative proxies of the shareholder's choice in the space/s provided, with or without deleting "the chairman of the AGM", but any such deletion must be initialled by the shareholder. The person whose name stands first on the form of proxy and who is present at the AGM will be entitled to act as a proxy to the exclusion of those whose names follow.
2. Please insert an X in the relevant spaces according to how you wish your votes to be cast. However, if you wish to cast your votes in respect of a lesser number of ordinary shares than you own in the company, insert the number of ordinary shares in respect of which you desire to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the AGM as he/she deems fit in respect of all the shareholder's votes exercisable thereat. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or by the proxy.
3. Forms of proxy must ideally, for administrative purposes, be received at the office of TMS by 12:00 on Wednesday, 1 February 2023, failing which they may be electronically submitted to TMS before the proxy exercises any shareholder rights at the AGM.
4. The completion and lodging of this form of proxy will not preclude the relevant shareholder from virtually attending the AGM and submitting questions and voting in person thereat to the exclusion of any proxy appointed in terms hereof (subject to following the electronic participation protocol).
5. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or waived by the chairman of the AGM.
6. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
7. A minor must be assisted by his/her parent or guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by TMS.
8. The chairman of the AGM may reject or accept a form of proxy which is completed and/or received other than by these notes if she is satisfied as to how the shareholder wishes to vote.

Glossary

AGM	Annual general meeting
B-BBEE	Broad-based black economic empowerment
Board	Board of directors of the company
CBD	Central business district
CCMA	Commission for Conciliation, Mediation and Arbitration
CID	City Improvement District
Companies Act	Companies Act, No 71 of 2008
City Property	City Property Administration (Pty) Ltd
CSDP	A central securities depository participant, appointed by individual Octodec shareholder(s) for the purpose of and in regard to dematerialisation in terms of the Securities Services Act, No 36 of 2004
CSI	Corporate social investment
DMTN	Domestic Medium-Term Note
ECL	Expected credit loss
ERM	Enterprise risk management
EVP	Employee value proposition
FVTPL	Fair value through profit or loss
GDP	Gross domestic product
GLA	Gross lettable area
Group	Octodec, its subsidiaries and associated company
HQLA	High-quality liquid asset
HR	Human resources
IAS	International Accounting Standard
ICR	Interest cover ratio
ICT	Information and communications technology
IFRS	International Financial Reporting Standards
IT	Information technology
International <IR> Framework	International Integrated Reporting Framework
IRBA	Independent Regulatory Board for Auditors
ISA	International Standards on Auditing
IT	Information technology
JSE	Johannesburg Stock Exchange Ltd
JV	Joint venture
King IV™	King Report on Corporate Governance™ for South Africa, 2016
KPI	Key performance indicator
LID	Lead independent director
LTI	Long-term incentive
LTV	Loan to value
Management agreement	Asset and property management agreement entered into between Octodec and City Property
MOI	Memorandum of Incorporation
NAV	Net asset value
NAVPS	Net asset value per share
NPO	Non-profit organisation
NPS	Net promoter score
Prime	Prime interest rate offered by Nedbank Ltd and Standard Bank of SA Ltd
PV	Photovoltaic
REIT	Real Estate Investment Trust as defined in section 1 of the Income Tax Act, No 58 of 1962
SAICA	South African Institute of Chartered Accountants
SAPOA	South African Property Owners Association
SENS	Stock Exchange News Service
SERT committee	Social, ethics, remuneration and transformation committee
STI	Short-term incentive
VAT	Value added tax
WALE	Weighted average lease expiry

Corporate information

Octodec Investments Limited

Incorporated in the Republic of South Africa
Registration number: 1956/002868/06
Share code: OCT
ISIN: ZAE000192258
(Approved as a REIT by the JSE)

Registered address

CPA House
101 Du Toit Street, Tshwane, 0002
Tel: 012 319 8781
E-mail: info@octodec.co.za

Directors

S Wapnick (Chairman)[1], JP Wapnick (managing director)[2], A Vieira (financial director)[2], DP Cohen[3], RWR Buchholz[4], NC Mabunda[4], EMS Mojapelo[4], MZ Pollack[1], PJ Strydom[4], LP van Breda[4]

[1] *Non-executive director*
[2] *Executive director*
[3] *Lead independent director*
[4] *Independent non-executive director*

Group company secretary

Elize Greeff
CPA House, 101 Du Toit Street, Tshwane, 0002
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> *The strength of our business is underpinned by our belief in quality and the application of sound property fundamentals*