

REVIEWED CONDENSED RESULTS OF THE GROUP

FOR THE YEAR ENDED 31 AUGUST 2012



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	% change	Reviewed Year to 31 August 2012	Audited Year to 31 August 2011
Revenue		461 403	388 516
– earned on contractual basis	19,1	457 452	384 218
– straight-line lease adjustment		3 951	4 298
Operating costs		(223 401)	(185 891)
Net rental income from properties		238 002	202 625
– earned on contractual basis	18,0	234 051	198 327
– straight-line lease adjustment		3 951	4 298
Administrative costs		(19 233)	(17 594)
Depreciation		(3 515)	(3 670)
Operating profit	18,7	215 254	181 361
Fair value adjustments of investment properties		163 509	(22 026)
Investment income		52 947	51 729
– interest received		1 153	1 729
– listed investment		26 588	24 172
– associate			
share of after tax profit		13 293	8 796
fair value adjustment/capital reserves		8 191	13 160
interest		3 722	3 904
Finance costs	27,8	(127 387)	(100 004)
– interest on borrowings		(129 200)	(103 217)
– interest capitalised		1 813	3 213
Fair value adjustments of interest rate derivatives		(14 910)	(11 342)
Amortisation of deemed debenture premium		10 906	10 669
Profit on sale of investment properties		666	464
Profit before debenture interest		300 985	110 883
Debenture interest	11,1	(127 633)	(114 890)
Profit/(loss) before taxation		173 352	(4 007)
Taxation charge		(63 413)	1 130
– Deferred taxation		(63 061)	1 305
– Normal taxation		(352)	(175)
Total comprehensive income for the year attributable to equity holders		109 939	(2 877)
Weighted linked units in issue – ('000)		89 866	89 297
Linked units in issue ('000)		108 225	89 297
Basic earnings per share (cents)	3 897,1	122,3	(3,2)
Fully diluted earnings per share (cents)	3 253,0	101,6	(3,2)
Basic earnings per linked unit (cents)	110,8	264,4	125,4
Fully diluted earnings per linked unit (cents)	75,0	219,5	125,4
Distribution per linked unit (cents)			
Dividends		0,68	0,64
Interest		136,62	128,66
Total	6,2	137,30	129,30

CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	% change	Reviewed Year to 31 August 2012	Audited Year to 31 August 2011
CASH FLOW FROM OPERATING ACTIVITIES			
Net rental income from properties		211 303	177 063
Adjustment for:			
– depreciation and amortisation		12 547	6 479
– working capital changes		7 567	17 030
Cash generated from operations		231 417	200 572
Investment income		31 463	29 805
Finance costs		(127 387)	(100 004)
Taxation paid		(536)	(175)
Distribution to linked unitholders paid		(114 184)	(116 621)
Net cash inflow from operating activities		20 773	13 577
CASH FLOW FROM INVESTING ACTIVITIES			
Investing activities		(313 712)	(256 984)
Proceeds from disposal of investment properties		4 800	4 255
Net cash outflow used in investing activities		(308 912)	(252 729)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of new units		290 624	–
(Decrease)/increase in interest-bearing borrowings		(11 779)	237 654
Net cash generated from financing activities		278 845	237 654
NET DECREASE IN CASH AND CASH EQUIVALENTS		(9 294)	(1 498)
Cash and cash equivalents at beginning of year		(22 797)	(21 299)
Cash and cash equivalents at end of year		(32 091)	(22 797)

SEGMENTAL INFORMATION

	Industrial	Office	Retail shopping centres	Retail – shops	Residential	Corporate unallocated	Total
R'000							
Analysis by property usage – 2012							
Revenue							
Rentals and recoveries		89 488	152 848	98 273	35 032		455 854
Management fee						1 598	1 598
Straight-line lease adjustment		(1 123)	(835)	3 486	500		3 951
Total revenue	80 213	88 365	152 013	101 759	35 532	1 598	461 403
Operating profit	49 524	43 626	62 467	61 162	17 761	(19 286)	215 254
Assets							
Investment properties	517 543	568 353	905 568	651 990	235 467		2 878 921
Plant and equipment	54	10 721	15 726	6 467	5 073		38 041
Other assets						690 058	690 058
Total assets	517 597	579 074	921 294	658 457	240 540	690 058	3 607 020
Analysis by property usage – 2011							
Revenue							
Rentals and recoveries	53 972	77 987	132 228	89 436	29 124		382 747
Management fee						1 598	1 598
Straight-line lease adjustment	28	(478)	1 815	2 333	473		4 171
Total revenue	54 000	77 509	134 043	91 769	29 597	1 598	388 516
Operating profit	27 680	41 950	60 565	51 285	14 011	(14 130)	181 361
Assets							
Investment properties	346 419	489 850	808 170	605 332	166 402		2 416 173
Plant and equipment	702	10 450	27 433	4 737	1 471		44 793
Other assets						604 318	604 318
Total assets	347 121	500 300	835 603	610 069	167 873	604 318	3 065 284

DIRECTORS' COMMENTARY

Review of results

All rental income received by the group, less operating costs, administration costs and interest on debt, is distributed semi-annually. The group does not distribute capital profits. Economic and trading conditions continued to be challenging during the financial period. Rental income increased following the successful upgrades of properties and a proactive approach to letting.

The total distribution per linked unit for the year of 137,30 cents per linked unit (2011: 129,30 cents) represents an increase of 6,2% on that paid in the previous comparative period.

The new linked units issued pursuant to the rights issue resulted in a dilution of the distribution payable per linked unit holder. This is as a result of Octodec receiving the proceeds of the rights issue on 17 August 2012, and the new unitholders' entitlement to a distribution for the period from 1 March 2012 to 31 August 2012.

The growth in the unit price from R15,95 to R19,02 at 31 August 2012 provided investors a capital growth of 19,2% for the year. The distribution of 137,30 cents per linked unit together with capital growth provided a total return of 27,8% for the year.

Rental income and net rental income increased by 19,1% and 18,0% respectively. The core portfolio representing those properties held for the previous comparable year with no major development activity reflects rental income growth of 9,2%. Property expenses increased to 48,8% (31 August 2011: 48,4%) of revenue. The increase in revenue was mainly due to improved letting and an increase in the recovery of utility and assessment rate charges. Despite rapidly escalating charges in respect of assessment rates and utility charges, the cost recovery percentage from tenants was maintained during the year. This has impacted on the total occupancy costs of tenants. Provisions and write-offs of bad debts remained at acceptable levels of 1,1% (2011: 0,7%) of total revenue.

Property and investment portfolio

Octodec invests in the retail, industrial and office property sectors. It also has a small residential property investment component in its portfolio.

Octodec continued to expand its property portfolio in the Johannesburg and Pretoria central business districts (CBDs). Various properties were redeveloped and upgraded during the year at a total cost of R77,0 million. This included the office block, Elephant House, and the mixed-use properties, Dan's Place and Temple Court. All of these properties are situated in the Johannesburg CBD. Octodec's total investment of R45 million in Dan's Place created 143 residential units and was completed in March 2012 at a fully-let yield of 9,9%. Octodec has various projects earmarked for completion in the 2013 financial year. These include the upgrade of the mixed-use residential property Kerk Street Building in the Johannesburg CBD, A 5 233 m² retail development in the Pretoria CBD is scheduled for completion in March 2013. This will be occupied by Cambridge, part of the Walmart Group, and other retailers.

Octodec's investment in IPS continued to provide acceptable earnings with profits earned from the associate company, including capital profits, increasing to R17,0 million. This was an increase of 34,0% on the prior comparable period. The growth achieved by IPS was positively impacted by the mixed-use developments Kempton Place, Craig's Place and Talis Place due to the improved occupancy levels achieved during the year.

During the period, Octodec acquired and transferred three properties for an aggregate purchase price of R216,2 million, providing an average weighted yield of 9,6%.

Details of the properties are:

Name of property	Description	Rentable m ²	Purchase price including costs R million	Initial yield %	Date of transfer
The Tannery	309 Derdepoort Road, Industrial units	39 563	150,4	10,4	1 November 2011
Industrial Park	Silverton, Pretoria				
FNB Centurion	2023 Hendrik Verwoerd Drive, Centurion	1 874	24,8	9,6	17 November 2011
Shoprite	Cnr Eloff and Von Brandis Streets, Johannesburg				
Eloff Street		34 224	41,0	6,6	11 April 2011
		75 661	216,2	9,6	

OCTODEC INVESTMENTS LIMITED and its subsidiaries ("Octodec" or "the group" or "the company") (Incorporated in the Republic of South Africa) (Registration number 1956/002688/06), Share code: OCT, ISIN: ZAEO00005104

Directors: S Wapnick† (Chairman), JP Wapnick* (Managing), AK Stein* (Financial), MZ Pollack†, DP Cohen†, PJ Strydom* * Executive Director † Independent Non-executive Director ‡ Non-executive Director

Registered office: CPA House, 101 Du Toit Street, Pretoria, 0002, PO Box 15, Pretoria, 0001, Tel: (012) 319 8811 Fax: (012) 319 8812

Transfer secretaries: Computershare Investor Services Proprietary Limited (Reg. No. 2000/006082/06), 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107, Tel: (011) 370 7700 Fax: (011) 688 7712

Property asset manager: email: propworld@cityprop.co.za

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Reviewed 31 August 2012	Audited 31 August 2011
ASSETS		
Non-current assets	3 565 859	3 023 244
Investment properties	2 834 133	2 375 336
Property, plant and equipment	9 882	13 397
Lease costs	28 159	31 396
Operating lease assets	44 788	40 837
Listed investment	375 981	310 390
Investments – equity accounted	272 916	251 888
Current assets	41 161	42 040
Total assets	3 607 020	3 065 284
EQUITY AND LIABILITIES		
Share capital and reserves	1 395 285	1 242 957
Share capital and premium	102 645	90 302
Non-distributable reserves	1 236 372	1 106 314
Retained earnings	56 268	46 341
Non-current liabilities	1 717 544	1 462 887
Debentures and premium	641 305	363 024
Interest-bearing borrowings	827 123	943 808
Derivative financial instruments	33 221	18 311
Deferred taxation	215 895	137 744
Current liabilities	494 191	359 440
Interest-bearing borrowings	348 918	234 696
Non-interest bearing	74 093	67 611
Linked unitholders	71 180	57 133
Total equity and liabilities	3 607 020	3 065 284
Linked units in issue ('000)	108 225	89 297
Net asset value per linked unit (cents)	1 882	1 798
Net asset value per linked unit (cents) – before providing for deferred tax	2 081	1 953
Loan to investment value ratio (%)	33,0	39,0

DISTRIBUTABLE EARNINGS

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

R'000	% change	Reviewed Year to 31 August 2012	Audited Year to 31 August 2011
Revenue			
– earned on contractual basis	19,1	457 452	384 218
Operating costs		(223 401)	(185 891)
Net rental income from properties	18,0	234 051	198 327
Administrative costs		(19 233)	(17 594)
Depreciation		(3 515)	(3 670)
Operating profit	19,3	211 303	177 063
Investment income			
– interest received		1 153	1 729
– listed investment		26 588	24 172
– associate		17 015	12 700
Distributable profit before finance costs	18,7	256 059	215 664
Finance costs	27,4	(127 387)	(100 004)
Distributable income before taxation	11,2	128 672	115 660
Taxation charge		(352)	(175)
Distributable earnings after tax	11,1	128 320	115 485
Add: Accrued distribution		6 814	–
Unitholders' distributable earnings	17,0	135 134	115 485
Weighted linked units in issue ('000)		89 866	89 297
Distribution per linked unit (cents)	6,2	137,3	129,3

Pre-rights issue distributable earnings

up by 11,1%

Distribution up by 6,2% to

137,30 cents per linked unit

Increase in net asset value up by 4,6% to

1 882 cents per linked unit

Total investments of

R3,6 billion

27,9% total return to investors for the year

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital	Non-distributable reserves	Retained earnings	Total
Balance at 1 September 2010	79 633	1 143 659	45 678	1 268 970
Total comprehensive income for the year			(2 877)	(2 877)
Transfer to capital – deemed debenture premium	10 669		(10 669)	–
Dividends paid			(580)	(580)
Adjustment to valuation of listed investment, net of deferred tax		(22 556)		(22 556)
Sale of investment properties		464	(464)	–
Fair value adjustments				
– Investment properties, net of deferred taxation		(20 246)	20 246	–
– Associate		13 160	(13 160)	–
– Interest rate derivatives, net of deferred tax		(8 167)	8 167	–
Balances at 31 August 2011	90 302	1 106 314	46 341	1 242 957
Issue of new units	1 437			1 437
Total comprehensive income for the year			109 939	109 939
Transfer to capital – deemed debenture premium	10 906		(10 906)	–
Dividends paid			(598)	(598)
Adjustment to valuation of listed investment, net of deferred tax		41 550		41 550
Sale of investment properties		666	(666)	–
Fair value adjustments				
– Investment properties, net of deferred taxation		90 386	(90 386)	–
– Associate		8 191	(8 191)	–
– Interest rate derivatives, net of deferred tax		(10 735)	10 735	–
Balances at 31 August 2012	102 645	1 236 372	56 268	1 395 285

RECONCILIATION – EARNINGS TO DISTRIBUTABLE EARNINGS

R'000	Reviewed Year to 31 August 2012	Audited Year to 31 August 2011
Earnings/(losses) attributable to equity holders	109 939	(2 877)
Amortisation of deemed debenture premium	(10 906)	(10 669)
Profit on sale of investment properties	(666)	(464)
Fair value adjustments		
– associate	(8 191)	(13 160)
– investment properties	(163 509)	22 026
– deferred tax	73 123	(1 780)
Headline earnings before debenture interest	(210)	(6 924)
Debenture interest	127 633	114 890
Headline earnings attributable to linked unitholders	127 423	107 966
Straight line lease adjustment, net of deferred tax	(2 845)	(3 094)
Fair value adjustments of interest rate derivatives, net of deferred tax	10 735	8 167
Deferred taxation adjustments	(6 993)	2 446
Accrued distribution	6 814	–
Distributable earnings attributable to linked unitholders	135 134	115 485
Headline earnings per linked unit (cents)	141,8	120,9

NOTES TO THE FINANCIAL STATEMENTS

Notes of preparation: The condensed consolidated financial statements have been prepared in accordance with the framework, concepts and the measurement and recognition requirements of International Financial Reporting Standards (IFRS), the AC 500 standards as issued by the Accounting Practices Board, the information as required by IAS 34: Interim Financial Reporting, the JSE Listings Requirements and the requirements of the South African Companies Act (71 of 2008), as amended.

These condensed consolidated results were prepared under the supervision of Mr Ak Stein (CA(SA), in his capacity as Group Financial Director and have been independently reviewed in terms of Section 29(1) of the Companies Act.

The accounting policies adopted and methods of computation are consistent with those applied in the financial statements for the year ended 31 August 2011.

The effective Capital Gains Taxation ("CGT") rate applied to the revaluation of investments has increased from 14% to 18,6%. An adjustment relating to prior years amounting to R42,6 million was made to the current year deferred tax charge to account for the increased CGT rate.

Related party: City Property Administration Proprietary Limited is responsible for the property and asset management of the group.

Subsequent events: Subsequent to year end Octodec disposed of the Eloff Ext. Mini Units property for an amount of R6,65 million.

Commitments: Octodec has capital commitments in an amount of R44,7 million relating to various re-developments of properties.

Contingent liability: The company has issued guarantees of R1 690 000 and R582