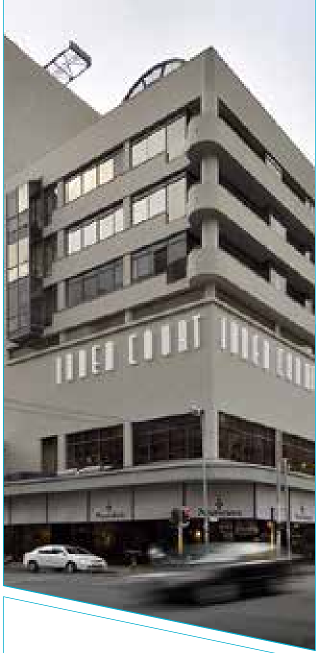
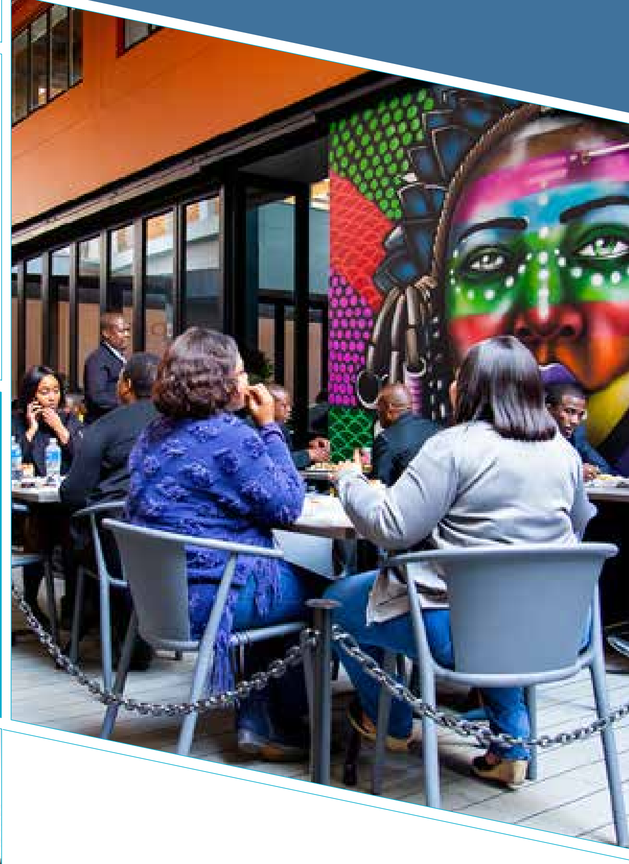






Reviewed provisional annual results for the year ended 31 August 2021

Octodec
INVESTMENTS LIMITED

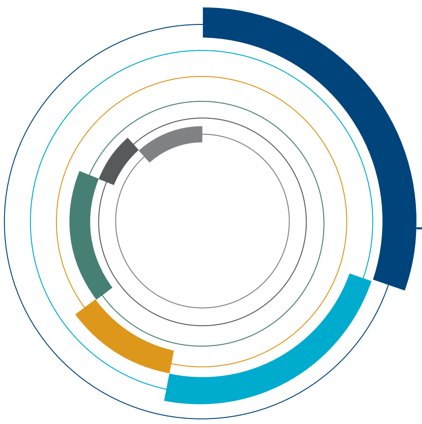
2021 performance highlights

	31 August 2021	31 August 2020
Rent received on contractual basis (R'000)	R1 838 666	R1 886 052
Distributable profit before tax (R'000)	R401 146	R420 431
Net asset value per share (SA REIT calculation)	R23.20	R24.80
Loan to value (LTV) (SA REIT calculation)	43.2%	42.5%
All-in annual weighted average cost of borrowings (SA REIT calculation)	8.5%	8.7%

The property portfolio information on this page as well as that continued on pages 2 to 6 includes 100% of our interest in the joint venture.

Rental income by sector

31 August 2021 (excl. COVID-19 discounts)



30.3%
Residential
(2020: 31.3%)

16.3%
Offices
(2020: 15.8%)

22.8%
Retail – street shops
(2020: 23.4%)

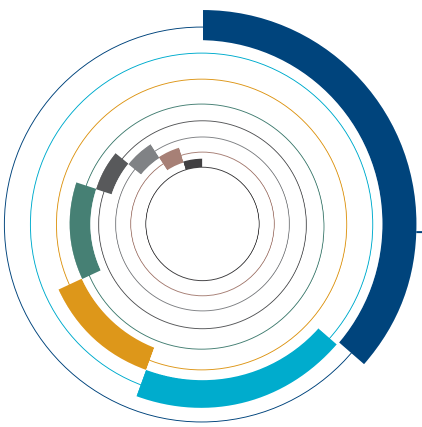
7.4%
Industrial
(2020: 7.1%)

11.8%
Retail – shopping centres
(2020: 9.9%)

11.4%
Specialised and other
(2020: 12.5%)

Geographical analysis of rental income

31 August 2021 (excl. COVID-19 discounts)



36.4%
Tshwane CBD
(2020: 35.3%)

6.0%
Tshwane Hatfield
(2020: 6.7%)

19.3%
Johannesburg CBD
(2020: 20.0%)

5.0%
Tshwane Arcadia
(2020: 5.0%)

12.5%
Tshwane other
(2020: 12.8%)

4.4%
Silverton and surrounding areas
(2020: 4.1%)

11.9%
Johannesburg and surrounding areas
(2020: 12.0%)

4.5%
Waverley, Gezina, Moot
(2020: 4.1%)

Tshwane and surrounding urban areas
69%

Johannesburg and surrounding urban areas
31%

Contents

Commentary

Octodec Investments Limited (Octodec, the company), its subsidiaries and associated company (the group) is a real estate investment trust (REIT) listed on the JSE Ltd (JSE). Octodec has a diversified portfolio of 267 residential, retail, office, industrial and specialised properties situated in the major metropolitan areas of Tshwane and Johannesburg. The portfolio, including a joint venture, has a lettable area of 1 621 564m^2 and is valued at R11.2 billion.

We manage our portfolio by maintaining sound property fundamentals which are designed to deliver long-term sustainable value for our shareholders and other stakeholders and to provide affordable and attractive accommodation for our tenants. Our long-term strategic objectives remain unchanged, to create value for stakeholders, optimise the value of our portfolio and prudent management of our balance sheet and funding requirements.

Octodec has contracted City Property Administration (Pty) Ltd (City Property) to perform its asset and property management functions.

COVID-19 impact

The COVID-19 pandemic has negatively impacted economic activity and contributed to many business closures and increased unemployment, which in turn has impacted the real estate sector, our business and tenants. Certain sectors which form part of our tenant base have been more severely impacted by the lockdown than others due to their level of social interaction, such as hospitality, places of worship and universities and colleges, many of which have moved their tuition online. Initially, the majority of our commercial tenants were afforded rental relief in the form of discounts rather than deferrals or payment plans, especially small, medium and microenterprises (SMMEs) which continue to be the most affected. This approach provided greater certainty around the management of future cash flows, arrears and bad debts. However, more recently, with certain lease renewals, tenants are looking for reduced rentals rather than a once-off discount. Tenant retention remains a high priority for Octodec and we continue to engage with tenants to ensure that tenants survive the adverse effects of the pandemic.

Review of results

The impact of COVID-19 and the consequent lockdowns and restrictions continuing through FY2021 were significant for Octodec, further aggravated by a weakening economic environment. This led to a decrease of 4.6% in Octodec's distributable income before tax and 14.1% after tax, largely attributable to a reduction in rental income caused by rent relief granted to our tenants who were detrimentally affected by the COVID-19 lockdown restrictions, negative rental reversions and an increase in residential vacancies for a significant portion of the year. The rental relief granted by way of rental discounts, totalling 1.6% of rental income (FY2020: 5.3%), contributed to a decrease in rental income of 2.5% compared to a 6.0% decrease before the rent relief.

Distributable income

	% change	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Revenue earned on contractual basis	(6.0)	1 869 511	1 989 630
COVID-19 rental discount		(30 845)	(103 578)
Revenue earned after COVID-19 rental discount	(2.5)	1 838 666	1 886 052
Property operating expenses and expected credit loss	3.7	(975 663)	(940 655)
Net property income	(8.7)	863 003	945 397
Administrative and corporate expenses	(17.1)	(75 420)	(91 030)
Net operating profit	(7.8)	787 583	854 367
Share of income from joint ventures		2 477	2 262
Distributable profit before finance costs	(7.8)	790 060	856 629
Net finance costs	(10.8)	(388 914)	(436 198)
Distributable profit before tax	(4.6)	401 146	420 431
Current tax		(42 737)	–
Distributable profit after tax (SA REIT FFO)	(14.8)	358 409	420 431
Amount attributable to Edcon rent reduction*		–	(3 046)
Distributable income attributable to shareholders	(14.1)	358 409	417 385
Weighted average number of shares		266 197 535	266 197 535
Distributable income per share (cents)	(14.1)	134.6	156.8

* *This relates to the 40.9% rent reduction granted to Edcon in terms of the rent reduction agreement between Edcon and its landlords*

Dividends

For the interim period ended 28 February 2021, the board of directors (board) considered it prudent to defer the decision on the declaration of a dividend to shareholders until the publication of Octodec's annual results for the financial year ended 31 August 2021. Due to the uncertainty and risks of the continuing impact of COVID-19 and the underperforming local economy, the board of Octodec has resolved to declare a dividend of 50 cents per share for the year ended 31 August 2021 (31 August 2020: 100 cents). The decision to reduce the dividend is in line with Octodec's decision to pay out the minimum distribution requirement of 75% of taxable income in order to retain its REIT status, having regard to the available assessed losses in the group. The reduced dividend is aligned with our strategic objectives to reduce debt, to strengthen the balance sheet and conserve cash whilst retaining the REIT status.

Net asset value (NAV)

Octodec's NAV decreased from R24.8 per share at 31 August 2020 to R23.2 per share at 31 August 2021, mainly attributable to a decrease of R641.1 million (5.4%) in the valuation of our property portfolio due to weaker property fundamentals. This was partially offset by a positive fair value adjustment in the revaluation of our interest rate derivatives amounting to R125.6 million.

Revenue

Revenue earned on a contractual basis decreased by R120.1 million or 6.0% before COVID-19 rental discounts granted to tenants most affected by the pandemic. Concerns around rental affordability have put pressure on our tenants and rental growth was therefore impacted by both increased vacancies and a decrease in rental rates, contributing to the decline in revenue.

On a like-for-like basis, before the COVID-19 rental discounts granted, overall rental income decreased by 7.3%. Rental income from the residential sector and specialised sectors decreased by 10.6% and 15.4% respectively, largely attributable to the impact that COVID-19 and the lockdown had on these sectors. The economic hardship felt by the tenants in Octodec's properties resulted in many tenants having to vacate due to affordability issues, including retrenchments, and students returning to their family homes due to educational institutions remaining closed for in-class lectures. Despite the easing of the lockdown regulations, the impacts are still being felt within our specialised sector, which includes places of worship, educational facilities and hotels, which have been more severely impacted by the lockdown. On the retail front, the decrease in rental growth has been contained at 3.7%, as Octodec's shopping centres and street shops are well located, with many offering affordable and neighbourhood shopping conveniences which have been well supported by consumers.

Collections

It is pleasing to see that collections have remained at acceptable levels. A slower business recovery period for tenants in the education, places of worship and hotel sectors is reflected by slower collection levels. These sectors represent 3.7% of our total rental income.

The decrease in collections noted in January and February 2021 was due to typically slower collections in these months and an administrative problem with government payments, which has subsequently been resolved. Although Octodec's properties did not suffer damage during the civil unrest in July 2021, this did have a temporary impact on collections.

The table below illustrates the collections as a percentage of total billings (before rental relief) for the 12-month period to 31 August 2021:

	Total %	Commercial %	Residential %
September 2020	95.7	95.4	96.7
October 2020	104.6	105.6	101.4
November 2020	96.1	97.5	91.5
December 2020	99.2	99.7	97.3
January 2021	84.6	81.3	96.9
February 2021	92.0	89.5	101.5
March 2021	104.4	97.6	130.9
April 2021	106.2	104.4	112.4
May 2021	99.6	95.1	114.7
June 2021	114.8	118.4	103.1
July 2021	98.1	96.9	102.1
August 2021	102.8	103.5	100.5
Total	99.9	98.7	104.1

Collections for the month of September 2021 were 100.3%, with commercial at 100.8% and residential at 98.4%.

Arrears

Tenant arrears were at R112.2 million (FY2020: R88.8 million) with an expected credit loss (ECL) allowance of R39.0 million (FY2020: R42.6 million). Tenant arrears increased from 4.2% of rental income at 31 August 2020 to 5.5% at 31 August 2021. The increase in tenant arrears is largely due to Government accounts which were outstanding. An ECL has not been provided as the amount has since been received.

Vacancies

Vacancies in the Octodec portfolio as at 31 August 2021, including properties held for redevelopment, increased by 1.1% to 22.8% of the gross lettable area (GLA) (FY2020: 21.7%). The group's core vacancies, which exclude the GLA relating to properties held for development, increased by 0.4% to 16.2% (FY2020: 15.8%).

The commercial sector, with the exception of the industrial sector, experienced increased vacancies due to COVID-19, which impacted trading conditions and resulted in tenant failures. The retail shopping centres comprising mainly convenience and neighbourhood centres, which are well let with low vacancies, proved to be relatively defensive in this environment. The increase in vacancies in the retail sector is mainly at Killarney Mall, Inner Court and Shoprite in the Johannesburg CBD.

Octodec owns office properties with 105 541m^2 of mothballed space. These properties offer opportunities for residential conversion or office redevelopment. The group is actively pursuing the disposal of most of these properties.

Vacancies by sector as at 31 August 2021

	GLA m²	Total vacancies %	Properties held for redevelopment %	Core vacancies %
31 August 2021				
Residential	419 094	15.9	–	15.9
Commercial				
Retail – street shops	310 818	18.4	–	18.4
Retail – shopping centres	97 530	7.6	(0.3)	7.3
Offices	420 192	48.8	(25.2)	23.6
Industrial	235 204	12.0	(0.3)	11.7
Specialised and other				
– Educational facilities	63 937	–	–	–
– Healthcare facilities	36 885	16.6	(1.2)	15.4
– Places of worship	12 739	–	–	–
– Auto dealerships	11 707	–	–	–
– Hotels	13 458	–	–	–
Total	1 621 564	22.8	(6.6)	16.2
31 August 2020				
Residential	420 909	17.0	–	17.0
Commercial				
Retail – street shops	323 297	14.8	–	14.8
Retail – shopping centres	93 796	3.7	–	3.7
Offices	411 608	46.3	(23.3)	23.0
Industrial	234 600	13.2	(0.4)	12.8
Specialised and other				
– Educational facilities	68 118	–	–	–
– Healthcare facilities	36 715	15.6	(1.2)	14.4
– Places of worship	15 851	–	–	–
– Auto dealerships	15 722	26.1	–	26.1
– Hotels	13 458	–	–	–
Total	1 634 074	21.7	(5.9)	15.8

Lease expiry profile

The majority of the leases provide for a monthly agreement at expiry of the lease. On expiry, an effort is made to conclude longer-term leases. This is especially typical of the residential market and leases with small to medium-sized enterprises. The lease expiry profile remains in line with historical trends and expectations.

	By rental income (%)					By GLA m² (%)					
	2022	2023	2024	2025	2026 and beyond	2022	2023	2024	2025	2026 and beyond	Vacant %
Sector											
Residential	100.0	0.0	0.0	–	0.0	83.9	0.0	0.0	–	0.2	15.9
Commercial											
Retail											
Retail – street shops	43.7	25.9	16.9	5.8	7.7	37.2	20.5	12.8	4.5	6.6	18.4
Retail – shopping centres	28.1	15.4	20.1	19.9	16.5	22.5	12.8	14.8	23.8	18.5	7.6
Offices	49.2	36.8	5.7	6.1	2.2	25.5	18.0	3.3	2.9	1.5	48.8
Industrial	57.3	24.3	9.9	6.2	2.3	50.8	21.8	9.5	2.9	3.0	12.0
Specialised and other											
Educational facilities	38.9	31.9	1.8	22.4	5.0	39.6	37.5	1.8	16.3	4.8	–
Healthcare facilities	22.2	17.9	7.1	45.7	7.1	16.8	12.1	5.0	45.1	4.4	16.6
Places of worship	67.2	27.5	5.3	–	–	71.0	26.2	2.8	–	–	–
Auto dealerships	23.4	50.2	26.4	–	–	31.5	44.2	24.3	–	–	–
Hotels	92.1	–	–	–	7.9	72.8	–	–	–	27.2	–
Total commercial	44.0	26.6	12.3	10.4	6.7	34.8	20.0	8.0	6.9	5.0	25.3
Total commercial and residential	61.7	18.2	8.4	7.1	4.6	47.5	14.8	6.0	5.1	3.8	22.8

Cost-to-income ratios

The cost-to-income ratios are as follows:

	Reviewed 31 August 2021 %	Audited 31 August 2020 %
Property costs		
Gross basis	**53.1**	49.9
Net basis (net of recoveries)	**37.9**	34.1
Total property and administration costs		
Gross basis	**57.2**	54.7
Net basis (net of recoveries)	**43.4**	40.4

Property costs, both on a gross and net basis, have increased relative to rental income when compared to the prior period, largely due to reduced rental income and increased assessment rates and repairs and maintenance costs. These costs increased mainly due to inflationary cost pressures and defensive spend that was required to ensure that we retain and attract new tenants. At certain of our residential properties, we focused on the maintenance of the common areas, some of which included the recreational areas and the creation of a more contemporary look that appeals to the younger occupants. While Octodec has managed to contain most property costs, utility costs and assessment rates remain a concern with above-inflation increases not being passed on to tenants due to affordability concerns and increased vacancies.

Administration expenses decreased by R15.6 million mainly due to the reversal of a once-off provision for VAT and other administrative expenses amounting to R9.3 million, as well as a focused drive to decrease costs. The SA REIT Association class ruling application for an alternative apportionment method of VAT input was successfully objected to in the current period and this assisted Octodec in containing its administration costs.

Net finance costs for the period amounted to R388.9 million, a decrease of 10.8% on the prior period, which is attributable to a lower interest rate environment and a small reduction in debt.

Investment property

Developments

In line with the decision taken in March 2020 to curtail most upgrades and projects in response to COVID-19, Octodec has not undertaken any significant new developments but rather focused on maintaining and carrying out smaller upgrades of properties.

During the current period Octodec completed the refurbishment of Leo's Place, a residential property in Tshwane Arcadia, at a total cost of R11.7 million, as well as the rollout of Wi-Fi to several of its residential buildings, ensuring that the buildings remain relevant and attractive to our tenants.

Details of capital expenditure in excess of R5 million are as follows:

Property	Location	Details	Total development cost R'000	Incurred in 2021 R'000	Completion date
Erand Gardens	Midrand	Refurbishment of property for new CATHSSETA tenant	5 519	5 519	June 2021
Inner Court	Johannesburg CBD	Refurbishment of retail space previously occupied by Jet Stores to house Mr Price and OK Furniture	13 203	6 375	August 2021
Leo's Place	Tshwane CBD	Refurbishment and provision of green space with an entertainment and play area for children. An outside gym and soccer field was added to the roof	11 700	6 364	May 2021
Waverley Plaza	Gezina in Tshwane	Installation of solar panels	5 187	5 187	August 2021
			35 609	23 445	
Less: written off to repairs and maintenance			(4 156)	(3 777)	
Total capitalised to investment property			31 453	19 668	

Commitments

At 31 August 2021, the group had commitments of R23.7 million (FY2020: R45.5 million) in respect of approved and committed capital expenditure relating to smaller refurbishment of properties, committed tenant installations and property contracts. These developments will be financed by way of existing unutilised banking facilities.

Disposals

Disposal of property at a fair price is challenging in the current economic environment, but Octodec remains committed to disposing of the remaining properties that were approved for sale by the board and is actively marketing these for sale. However, banks and funders are reluctant to finance purchasers of properties in the current uncertain environment. In line with Octodec's strategy to sell non-core properties, the group disposed of nine properties during the year at an average historic exit yield of 3.1% and at a loss of R7.9 million compared to carrying value. The disposal of these underperforming properties with large vacancies and low rental income will contribute to an increase in distributable income. Sales contracts for the disposal of a further 11 properties have been signed for a total consideration of R147 million at an average exit yield of 9.1% and at a loss of R3.3 million compared to carrying value. As at the date of this report, four of these properties have been transferred for a consideration of R21.4 million. The proceeds from the disposals will be utilised to repay bank borrowings.

Valuation of property portfolio

The property portfolio was valued at R11.1 billion (FY2020: R11.8 billion) based on the capitalisation of income method. The uncertainty and volatility in financial markets as a result of COVID-19, coupled with the weak South African economy, have put property valuations under pressure. In light of the deteriorating macroeconomic conditions and poor outlook, Octodec adjusted the valuation inputs such as market rentals, vacancy factor and capitalisation rates, which resulted in a decrease of R641.1 million or 5.4% in the value of the portfolio.

Given the volatility in markets and the lack of certainty around economic recovery, it is anticipated that there will be further movements in these key inputs after 31 August 2021, although to a lesser extent. The uncertainty exists largely due to the potential for increased vacancies and the difficulty for SMMEs to maintain turnover in the current environment.

Borrowings and cash flow management

Borrowings at 31 August 2021

	Reviewed 31 August 2021 R'million	Weighted average interest rate per annum %	Audited 31 August 2020 R'million	Weighted average interest rate per annum %
Bank loans	4 007.4	5.7	3 946.4	5.6
Domestic Medium Term Note (DMTN) Programme				
Unsecured	306.7	5.5	376.9	5.1
Secured (unlisted HQLA)	367.4	5.6	367.4	5.4
Total borrowings	4 681.5	5.7	4 690.7	5.3
Cost of swaps	–	2.8	–	3.4
Total borrowings	4 681.5	8.5	4 690.7	8.7

Octodec has continued to focus on strengthening its balance sheet ensuring prudent financial management in this challenging South African economic climate, and finished the year on a relatively sound financial footing benefiting from similar actions undertaken over the past few years.

The combination of our liquidity position and ongoing discipline around cash flow management positions us well to navigate the current market disruption into the recovery phase. Octodec has continued to apply the proceeds from the disposal of properties to the repayment of borrowings and had unutilised available banking facilities amounting to R359.1 million at 31 August 2021 (FY2020: R413.5 million).

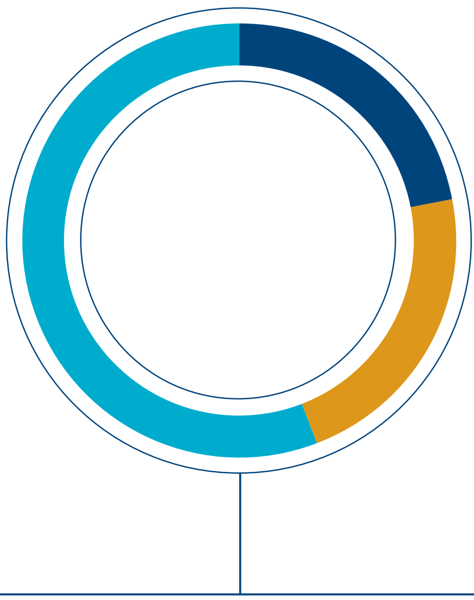
The weighted average term to expiry of the loans is 1.6 years (FY2020: 2.4 years) and the group's LTV (SA REIT LTV) at 31 August 2021 was 43.2% (FY2020: 42.5%), well within our lowest covenant level of 50% despite the revaluation of our properties.

At 31 August 2021, 96.1% of Octodec's borrowings were hedged (FY2020: 95.9%) with a weighted average term of 2.7 years (FY2020: 2.7 years).

Subsequent to year end, interest rate swaps with a notional value of R1 billion were unwound, reducing the borrowings hedged to 74.8%.

Our expiry profile which is at 1.6 years at 31 August 2021 has been increased to 2.0 years subsequent to the reporting date as a result of the refinancing of a loan from Standard Bank amounting to R495 million and an additional loan of R250 million raised from ABSA, the proceeds of which were used to repay a Nedbank loan expiring in May 2022.

Interest rate derivatives expiry profile (R'000 and %)



Loan expiry profile (R'000 and %)

DMTN Programme

Octodec participates in a DMTN Programme through its subsidiary, Premium Properties Ltd. At 31 August 2021 the total unsecured issuance was at R306.7 million or 6.6% (FY2020: R376.9 million or 8.0%) of the group's borrowings. Subsequent to year end, a DMTN note for an amount of R81 million that matured in October 2021 has been repaid and a new note issued for R50 million for a period of two years. GCR's long and short-term national scale ratings of the group have remained unchanged from the prior year at A-(ZA) and A2(ZA) respectively, with a negative outlook.

Loan covenants

No covenants were breached during the year. The table below reflects the covenants in place.

		31 August 2021			31 August 2020		
Covenants	**Requirements**	**Nedbank**	**Standard Bank**	**Absa**	**Nedbank**	**Standard Bank**	**Absa**
Group interest cover ratio – total portfolio	Minimum – 2.0 times	2.07			1.99*		
Interest cover ratio – by secured property to lender	Minimum – 1.8 – 2.0 times	2.4 times	3.9 times	3.0 times	1.9 times	2.9 times	2.9 times
LTV ratio – total portfolio	Maximum – 50%	43.2%			42.6%		
LTV ratio – by secured property to lender	Maximum – 50% – 55%	50.6%	44.3%	48.2%	51.2%	36.0%	45.7%

* *The ICR covenants were relaxed to 1.75 times for the 31 August 2020 reporting period.*

Events after the reporting date

The following non-adjusting events took place subsequent to the reporting date:

- The board declared a dividend of 50 cents per share payable to shareholders in November 2021
- A loan from Standard Bank amounting to R495 million was refinanced for a further period of 3 years
- A loan of R250 million was raised from ABSA, the proceeds of which were used to repay a loan from Nedbank maturing in May 2022

Changes to the board

During the year it was announced that Anthony Stein (Anthony) resigned from his position as the executive financial director due to his plans to emigrate with his family to Australia. In line with the board's succession plan, Anthony's successor, Anabel Vieira (Anabel), who has been an integral part of the Octodec finance team over the past five years, took up the role of executive financial director of Octodec on 31 August 2021.

In order to ensure a smooth transition of the finance function and in order to facilitate a successful completion of the company's financial year end and hand over process, Anthony remains employed by City Property until 31 December 2021.

The board and management team thank Anthony for his invaluable contribution and exceptional dedication to Octodec over the past 12 years and wish him well in his future endeavours.

The board welcomes Anabel to her new role and is confident she will excel therein.

Richard Buchholz CA(SA) (Richard) was appointed as an independent non-executive director of Octodec with effect from 1 October 2021. Richard will serve on the Group's audit and risk committees. The reasons for the appointment are to bolster the finance and risk management skills and further enhance the independence of the board.

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

The board takes great pleasure in welcoming Richard and looks forward to working with him and his contribution to the success of the group.

Prospects

Octodec expects the constrained environment to continue as a result of the longer-term impact of COVID-19 on the South African economy, further exacerbated by the negative GDP growth outlook and an uncertain political environment.

The recent decisions by a number of universities to make vaccinations mandatory to access their campuses in the 2022 academic year is encouraging. The prevailing view of academics and academic administrators alike is that either full-time (or at the very least, majority) physical attendance of lectures is necessary to integrate into a post-high school learning environment and we are expecting the learning institutions in Tshwane and Johannesburg to implement similar requirements. Octodec will certainly benefit from the continuation of this trend as many of our high quality, well-located residential properties cater specifically to student accommodation and offer value adding amenities such as high-speed Wi-Fi and laundry facilities.

Post the year-end we have already seen an upturn in demand for space in these student buildings and we are confident that our retail tenants in the vicinity of these properties will see an increase in trade. The residential sector in which Octodec operates has been a major contributor to the fall in portfolio revenue. We believe that the return of the residential sector to previous occupancy levels will have a positive impact on Octodec.

Although there has been a downward resetting of rentals in the retail and residential sectors over the last financial year, it is pleasing to note that we are currently concluding substantial leases with several large retailers in both the Johannesburg and Tshwane CBDs. This is a strong indication that our properties are still relevant, and rentals appear to have bottomed out.

Initiatives to fast-track portfolio growth in FY2022

The decision by the Board to declare a reduced dividend of 50 cents per share for the year is aligned to Octodec's strategic objective to reduce debt, strengthen its balance sheet and conserve cash whilst retaining its REIT status. We believe that a more robust balance sheet provides greater flexibility in identifying opportunities to increase the long-term value of the portfolio, and at the same time, protect the properties against further external shocks.

Initiatives such as the investments made into the roll-out of Wi-Fi to residential buildings and the embedding of online application forms to our recently upgraded digital platform are examples of this. These enhanced digital capabilities as well as the broadening of our offering, including newly furnished apartments and shared accommodation, forms part of our forward-looking strategy as we position the group for growth.

While we remain cautious on the outlook, the Board believes that Octodec is well-positioned to navigate the market challenges into the recovery phase. We have already seen green shoots across the various sectors, and remain optimistic that the group's diversified portfolio, large, granular tenant base, sound operating fundamentals and prudent capital management practices, backed by an experienced management team with a proven track record of delivering returns through various cycles, will stand the business in good stead.

Given the current weak local environment and the uncertainty arising from the continuing impact of COVID-19 on our business, the Board will, at this stage, not be providing guidance on distributable income and dividends for FY2022.

Sharon Wapnick
Chairman

Jeffrey Wapnick
Managing director

29 October 2021

Notes to the condensed consolidated financial statements

Basis of preparation

The reviewed condensed consolidated provisional financial statements are prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act, No 71 of 2008 (Companies Act). The condensed consolidated provisional financial statements have been prepared in accordance with the conceptual framework and the measurement and recognition requirements of International Financial Reporting Standards (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 and, as a minimum contains the information required by IAS 34 Interim Financial Reporting. The accounting policies applied in the preparation of the condensed consolidated provisional financial statements are consistent with those applied in the preparation of the previous consolidated audited financial statements for the year ended 31 August 2020. The group hedges its interest rate risk through interest rate swaps. The group has previously erroneously classified interest rate swaps as long and short-term based on the maturity of the derivative instrument and not based on the payments to be made within the next 12 months. Based on the guidance provided in IAS 1 Presentation of Financial Statements, an asset and liability should be classified between current and non-current assets, if a financial instrument is not held primarily for trading. The group has restated the prior year's statement of financial position to correctly present the long and short-term portion of the derivative financial instruments. The impact of the restatement is as follows:

	31 August 2020 R'000	31 August 2019 R'000
As stated previously		
Non-current liabilities		
Derivative financial instruments	325 718	99 694
Restated*		
Non-current liabilities		
Derivative financial instruments	188 762	36 835
Current liabilities		
Derivative financial instruments	136 956	62 859
	325 718	99 694

* *The above restatement had no impact on profit or loss and other comprehensive income.*

These results have been prepared under the historical cost convention, except for investment properties, which are measured at fair value, and certain financial instruments, which are measured at either fair value or amortised cost.

After due consideration, the directors have concluded that the group has adequate resources to continue operating in the foreseeable future. The reviewed condensed consolidated provisional results for the year ended 31 August 2021 have accordingly been prepared on the going concern basis.

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

The condensed consolidated provisional financial statements were reviewed by Deloitte & Touche and their unmodified report is available for inspection at the company's registered address. The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

Fair value measurement

The group measures investment properties as well as certain financial instruments at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed when the carrying value of these instruments does 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.

Fair value hierarchy *continued*

`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)

The following table reflects the levels within the fair value hierarchy of financial and non-financial assets measured at fair value at 31 August 2021:

	Reviewed 31 August 2021		Audited 31 August 2020	
	Level 2 R'000	Level 3 R'000	Level 2 R'000	Level 3 R'000
Financial instruments				
Liabilities				
Derivative financial instruments	200 078		325 718	
Non-financial instruments				
Assets				
Investment property		10 985 400		11 642 600
Investment property held for sale		147 700		121 410

Transfers between levels

There have been no significant transfers made between levels 1, 2 and 3 during the year. 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.

Financial instruments

Financial instruments include interest rate swaps which are measured at fair value through profit and loss.

The fair values of the interest rate swaps are determined on a mark-to-market valuation, 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 South African swap curve.

Classification of financial assets and liabilities	Fair value through profit or loss R'000	Financial assets at amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
Assets				
31 August 2021 (Reviewed)				
Loan receivable	–	73 429	–	73 429
Accounts receivable and prepayments	–	139 815	26 294	166 109
Cash and bank balances	–	58 358	–	58 358
31 August 2020 (Audited)				
Loan receivable	–	63 900	–	63 900
Accounts receivable and prepayments	–	105 622	22 472	128 094
Cash and bank balances	–	30 982	–	30 982
Liabilities				
31 August 2021 (Reviewed)				
Borrowings	–	4 681 553	–	4 681 553
Derivative financial instruments	200 078	–	–	200 078
Trade and other payables	–	343 572	87 683	431 255
31 August 2020 (Audited)				
Borrowings	–	4 690 740	–	4 690 740
Derivative financial instruments	325 718	–	–	325 718
Trade and other payables	–	328 770	99 520	428 290
Bank overdraft	–	22 026	–	22 026

Investment property

Investment properties are valued biannually by a dedicated valuations 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 at least once over a rolling three-year period by external independent valuers. In the current year 73 properties, representing 48.0% of the portfolio, with a carrying amount of 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	Professional qualifications
Jones Lang LaSalle	Shawn Crous	MRICS, Professional valuer
Mills Fitchet Global	William Hewitt	NDPV, MIEA, FIVSA, RICS Registered Valuer
Gert van Zyl Valuations	Gerhardus Jacobus Van Zyl	Professional Associate Valuer

Jones Lang LaSalle and Mills Fitchet Global valued the properties using the discounted cash flow model and Gert van Zyl Valuations valued the properties using the capitalisation of income method. The property portfolio was also internally valued using the capitalisation of income method.

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, we have set out below the ranges and number of buildings and values within the ranges. The following unobservable inputs were used by the group at 31 August 2021:

Unobservable inputs

	Reviewed 31 August 2021					Audited 31 August 2020				
	Number of proper-ties	Fair value R'000	Weighted average capitali-sation rate %	Weighted average long range vacancy factor %	Weighted average expense ratio %	Number of proper-ties	Fair value R'000	Weighted average capitali-sation rate %	Weighted average long range vacancy factor %	Weighted average expense ratio %
Capitalisation rates										
8.25%	1	64 800	8.3	2.0	29.7	–	–	–	–	–
8.5% – 8.75%	3	1 342 400	8.7	10.1	30.2	7	2 199 500	8.5	8.6	31.0
9.00% – 10.00%	82	6 004 800	9.6	7.1	30.6	104	6 624 400	9.7	6.6	28.5
10.25% – 11.50%	157	3 230 300	10.6	9.2	26.9	136	2 328 200	10.6	8.0	26.6
Greater than 11.50%	10	160 800	12.2	17.7	27.3	11	216 700	12.0	20.9	27.1
Held for sale	–	–	–	–	–	1	2 900	12.0	10.0	15.8
Total	253	10 803 100	9.8	8.2	29.4	259	11 371 700	9.7	7.7	28.5
Long-range vacancy factor										
1.00% – 5.00%	108	4 428 400	9.8	3.1	26.6	120	4 981 200	9.7	3.5	26.0
6.00% – 10.00%	95	4 112 500	9.8	8.3	32.1	95	4 276 500	9.6	8.0	30.9
11.00% -15.00%	27	1 599 900	9.7	13.8	28.5	26	1 720 100	9.4	13.2	29.8
Greater than 15.00%	23	662 300	10.7	21.7	31.0	17	391 000	11.0	23.2	28.1
Held for sale	–	–	–	–	–	1	2 900	12.0	10.0	15.8
Total	253	10 803 100	9.8	8.2	29.4	259	11 371 700	9.7	7.7	28.5
Expense ratio										
6.00% – 15.00%	14	247 900	10.2	2.9	12.3	20	383 700	10.0	2.8	12.1
15.01% – 25.00%	72	2 048 400	10.2	6.3	20.7	86	2 496 900	10.1	7.4	20.9
25.01% – 35.00%	120	6 888 000	9.7	8.7	30.2	115	7 627 000	9.5	7.8	30.5
Greater than 35.00%	47	1 618 800	9.7	9.4	37.2	37	861 200	10.0	9.0	37.1
Held for sale	–	–	–	–	–	1	2 900	12.0	10.0	15.8
Total	253	10 803 100	9.8	8.2	29.4	259	11 371 700	9.7	7.7	28.5

The balance of the portfolio of 13 properties with a carrying value of R330 000 000 (FY2020: 17 properties at R392 310 000) 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.

Sensitivity to changes in valuation inputs

A significant increase/decrease in any of the above inputs in isolation will result in a lower/higher fair value measurement. The effect of changes in these inputs is set out below:

	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
1% increase in capitalisation rates, while all other inputs remain constant	(999 170)	(1 071 635)
1% decrease in capitalisation rates, while all other inputs remain constant	1 225 405	1 318 385
2% increase in long-range vacancy factor, while all other inputs remain constant	(235 956)	(248 099)
2% decrease in long-range vacancy factor, while all other inputs remain constant	(235 956)	248 099
2% increase in expense ratio, while all other inputs remain constant	(306 405)	(320 438)
2% decrease in expense ratio, while all other inputs remain constant	306 405	320 438

Carrying value and movement in investment property

	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Opening balance	11 764 010	12 846 540
Fair value changes	(641 050)	(1 054 865)
Straight-line rental income accrual	(4 353)	(5 556)
Depreciation and amortisation	(12 698)	(14 757)
Acquisitions, disposals and other movements		
Developments and subsequent expenditure	71 198	89 103
Disposals (carrying value)	(44 007)	(96 455)
	11 133 100	11 764 010

Revenue

Revenue comprises the following elements:

	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Rental income	1 391 438	1 510 605
Recoveries	449 992	453 497
Other revenue	28 081	25 528
Contractual revenue	1 869 511	1 989 630
COVID-19 rental discount	(30 845)	(103 578)
Straight-line rental income accrual	(4 353)	(5 556)
	1 834 313	1 880 496

Related party transactions

Octodec and City Property are related parties in that Jeffrey Wapnick and Sharon Wapnick are directors of Octodec and City Property and members of the Wapnick family are shareholders of both companies.

Total payments made to City Property amounted to R193.5 million (FY2020: R190.5 million)*. This included fees for collections, leasing, property and asset management, commission on acquisitions and disposals, upgrades and developments as well as repairs. Octodec received R9.7 million (FY2020: R9.2 million) from City Property in respect of rent and operating costs recovered.

As at 31 August 2021, the following amounts were owing from/(to) City Property:

	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Due to City Property	(3 364)	(4 866)
Due by City Property	–	775

* *The amounts paid to City Property 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 and loss and statement of financial position*

Consolidated statement of financial position

	Reviewed 31 August 2021 R'000	Restated 31 August 2020 R'000	Restated 31 August 2019 R'000
ASSETS			
Non-current assets	**11 009 010**	11 664 307	12 733 048
Investment property	**10 866 380**	11 519 990	12 500 173
Plant and equipment	**726**	756	1 841
Straight-line rental income accrual	**93 626**	98 354	104 099
Unamortised tenant installations and lease costs	**24 668**	23 500	31 127
Fair value of investment property	**10 985 400**	11 642 600	12 637 240
Interest in and loan to joint venture	**23 610**	21 707	21 044
Loan receivable	**–**	–	74 764
Current assets	**297 896**	222 976	201 633
Accounts receivable and prepayments	**166 109**	128 094	119 274
Taxation receivable	**–**	–	675
Loan receivable	**73 429**	63 900	–
Cash and bank balances	**58 358**	30 982	81 684
Non-current assets held for sale	**147 700**	121 410	209 300
	11 454 606	12 008 693	13 143 981
EQUITY AND LIABILITIES			
Equity	**5 982 911**	6 423 928	7 578 599
Stated capital	**4 210 134**	4 210 134	4 210 134
Non-distributable reserve	**1 194 706**	1 723 581	3 029 059
Retained income	**578 071**	490 213	339 406
Non-current liabilities	**2 884 318**	4 404 696	4 158 129
Long-term borrowings	**2 664 050**	4 097 965	4 027 644
Derivative financial instruments	**85 329**	188 762*	36 835*
Lease liabilities	**10 957**	10 981	–
Deferred taxation	**123 982**	106 988	93 650
Current liabilities	**2 587 377**	1 180 069	1 407 253
Short-term borrowings	**2 017 503**	592 775	950 435
Trade and other payables	**431 255**	428 290	393 959
Bank overdraft	**–**	22 026	–
Lease liabilities	**24**	22	–
Taxation payable	**23 846**	–	–
Derivative financial instruments	**114 749**	136 956*	62 859*
	11 454 606	12 008 693	13 143 981

* *Restated*

Consolidated statement of profit or loss and other comprehensive income

	% change	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Revenue	(2.5)	1 834 313	1 880 496
earned on contractual basis	(6.0)	1 869 511	1 989 630
straight-line rental income accrual		(4 353)	(5 556)
COVID-19 rental discount		(30 845)	(103 578)
Property expenses	4.8	(934 764)	(891 844)
Expected credit loss – accounts receivable	(16.2)	(40 899)	(48 811)
Property income	(8.6)	858 650	939 841
Administrative and corporate expenses	(17.1)	(75 420)	(91 030)
Fair value changes		(515 411)	(1 283 935)
investment property		(641 050)	(1 054 865)
unlisted equity shares		–	(3 046)
interest rate derivatives		125 639	(226 024)
(Loss)/profit on sale of investment property		(7 945)	1 739
Reversal of expected credit loss/(expected credit loss) of loan receivable		10 250	(12 795)
Share of income from joint venture		3 701	3 936
share of after tax profit		1 748	1 325
share of fair value gains		1 224	1 674
interest received		729	937
Profit/(loss) before finance costs	(161.9)	273 825	(442 244)
Net finance costs	(10.8)	(388 914)	(436 198)
finance income		14 153	15 344
finance costs	(10.7)	(403 067)	(451 542)
Loss before taxation	(86.9)	(115 089)	(878 442)
Taxation		(59 730)	(13 338)
current		(42 737)	–
deferred		(16 993)	(13 338)
Loss for the year and total comprehensive income attributable to shareholders	(80.4)	(174 819)	(891 780)
Weighted shares in issue – ('000)		266 198	266 198
Basic and diluted loss per share (cents)	(80.4)	(65.7)	(335.0)

Consolidated statement of changes in equity

	Stated capital R'000	Non–distributable reserve R'000	Retained income R'000	Total R'000
Balance at 31 August 2019 (audited)	4 210 134	3 030 236	339 406	7 579 776
Total comprehensive loss for the year	–	–	(891 780)	(891 780)
Dividends paid	–	–	(264 068)	(264 068)
Transfer to non-distributable reserve				
Profit on sale of investment property	–	1 739	(1 739)	–
Deferred tax	–	(13 338)	13 338	
Expected credit loss of loan receivable	–	(12 795)	12 795	
Fair value changes				
investment property	–	(1 054 865)	1 054 865	–
investment property – joint ventures	–	1 674	(1 674)	–
unlisted equity shares	–	(3 046)	3 046	–
interest rate derivatives (net of deferred tax)	–	(226 024)	226 024	–
Balance at 31 August 2020 (audited)	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				
Loss on sale of investment property	**–**	**(7 945)**	**7 945**	**–**
Deferred tax	**–**	**(16 993)**	**16 993**	
Reversal of expected credit loss of loan receivable	**–**	**10 250**	**(10 250)**	
Fair value changes				
investment property	**–**	**(641 050)**	**641 050**	**–**
investment property – joint ventures	**–**	**1 224**	**(1 224)**	**–**
interest rate derivatives (net of deferred tax)	**–**	**125 639**	**(125 639)**	**–**
Balance at 31 August 2021 (reviewed)	**4 210 134**	**1 194 706**	**578 071**	**5 982 911**

Consolidated statement of cash flows

	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Cash flows from operating activities		
Net rental income from properties	783 230	848 811
Adjusted for:		
straight-line rental income accrual	4 353	5 556
depreciation and amortisation	12 698	14 757
expected credit loss – accounts receivables	40 899	48 811
tax (paid)/received	(18 891)	675
working capital changes	(64 279)	(8 977)
Cash generated from operations	758 010	909 633
Interest income	14 153	15 344
Finance costs	(414 737)	(476 454)
Dividends paid	(266 198)	(264 068)
Net cash flows from operating activities	91 228	184 455
Cash flows from investing activities		
Acquisition of investment property	(71 198)	(76 903)
Repayment of loan receivable	721	614
Payment received from joint venture	3 000	3 500
Payment made to joint venture	(1 202)	(227)
Proceeds from disposal of investment property	36 061	98 194
Net cash flows from investing activities	(32 618)	25 178
Cash flows from financing activities		
Repayment of lease liabilities	(22)	(20)
Proceeds from borrowings	559 694	1 217 532
Repayment of borrowings	(568 880)	(1 499 873)
Net cash flows from financing activities	(9 208)	(282 361)
Net increase/(decrease) in cash and bank balances	49 402	(72 728)
Cash and bank balance at beginning of year	8 956	81 684
Cash and bank balance at end of year	58 358	8 956

Reconciliation of profit or loss and other comprehensive income to headline earnings

	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Total comprehensive loss attributable to shareholders	(174 819)	(891 780)
Headline earnings adjustments		
Loss/(profit) on sale of investment properties	7 945	(1 739)
Fair value changes		
investment property	641 050	1 054 865
investment property – joint ventures	(1 224)	(1 674)
Headline earnings attributable to shareholders	472 952	159 672
Headline and diluted headline earnings per share (cents)	177.7	60.0

Consolidated segmental information

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

Further segment results cannot be allocated on a reasonable basis due to the "mixed use" of certain of the properties. It is the company's philosophy to invest in properties situated in the Gauteng area, and therefore the company has not reported on a geographical basis.

Rental income by sector	Reviewed 31 August 2021 R'000	%	Audited 31 August 2020 R'000	%
Retail	468 887	33.8	448 238	31.2
Offices	230 582	16.6	232 055	16.2
Residential	430 102	31.0	482 820	33.7
Industrial	103 667	7.5	97 308	6.8
Specialised and other:				0.0
Parking	62 308	4.5	71 009	4.9
Healthcare facilities	31 790	2.3	33 338	2.3
Auto dealerships	13 989	1.0	15 290	1.1
Hotels	10 417	0.8	18 342	1.3
Places of worship	3 984	0.3	5 550	0.4
Educational facilities	32 948	2.2	30 707	2.1
Total rental income	1 388 674	100.0	1 434 657	100.0
Straight-line rental income accrual	(4 353)		(5 556)	
Recoveries	449 992		451 395	
Revenue	1 834 313		1 880 496	

Reconciliation of comprehensive loss to distributable income

	% change	Reviewed 31 August 2021 R'000	Audited 31 August 2020 R'000
Total comprehensive loss attributable to shareholders		(174 819)	(891 780)
(Loss)/profit on sale of investment properties		7 945	(1 739)
Fair value changes			
Investment property		641 050	1 054 865
Investment property – joint ventures		(1 224)	(1 674)
Unlisted equity shares		–	3 046
Interest rate derivatives		(125 639)	226 024
Straight-line rental income accrual		4 353	5 556
(Reversal of expected credit loss)/expected credit loss of loan receivable		(10 250)	12 795
Taxation – deferred		16 993	13 338
		358 409	420 431
Amount not distributed			
– Amount attributable to Edcon rent reduction		–	(3 046)
Distributable income attributable to shareholders		358 409	417 385
Represented by:			
Revenue			
earned on contractual basis net of COVID-19 rental discount	(2.5)	1 838 666	1 886 052
Property operating expenses and expected credit loss	3.7	(975 663)	(940 655)
Property income	(8.7)	863 003	945 397
Administrative and corporate expenses	(17.1)	(75 420)	(91 030)
Share of income from joint venture		2 477	2 262
Profit before finance costs	(7.8)	790 060	856 629
Net finance costs	(10.8)	(388 914)	(436 198)
Net income before tax	(4.6)	401 146	420 431
Taxation – current		(42 737)	–
Net income after tax	(14.8)	358 409	420 431
– Amount attributable to Edcon rent reduction		–	(3 046)
Distributable income attributable to shareholders	(14.1)	358 409	417 385
Weighted average number of shares		266 197 535	266 197 535
Distributable income per share (cents)	(14.1)	134.64	156.80

SA REIT Ratios

	31 August 2021 R'000	31 August 2020 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	(174 819)	(891 780)
Adjusted for:		
Accounting/specific adjustments:	526 507	1 315 624
Fair value adjustments to:		
• Investment property	641 050	1 054 865
• Debt instruments held at fair value through profit or loss	(125 639)	226 024
• Equity instruments held at fair value through profit or loss	–	3 046
Asset impairments (excluding goodwill) and reversal of impairments	(10 250)	12 795
Deferred tax movement recognised in profit or loss	16 993	13 338
Straight-lining operating lease adjustment	4 353	5 556
Adjustments arising from investing activities:		
Gains or losses on disposal of:		
• Investment property and property, plant and equipment	7 945	(1 739)
Other adjustments:		
Adjustments made for equity-accounted entities	(1 224)	(1 674)
SA REIT FFO	358 409	420 431
Number of shares outstanding at end of year (net of treasury shares)	266 198	266 198
SA REIT FFO per share (Rand)	1.35	1.58
Company-specific adjustments (per share)		
Edcon share adjustment	–	(0.01)
SA REIT FFO per share (Rand)	1.35	1.57
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	5 982 911	6 423 928
Adjustments:		
Dividend to be declared	(133 098)	(266 197)
Fair value of certain derivative financial instruments	200 078	325 718
Deferred tax	123 982	106 988
SA REIT NAV:	6 173 873	6 590 437
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	266 198	266 198
SA REIT NAV per share:	23.2	24.8

SA REIT Ratios *continued*

	31 August 2021 R'000	31 August 2020 R'000
SA REIT cost-to-income ratio		
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	934 764	891 844
Administrative expenses per IFRS income statement	75 420	91 030
Other expenses, if directly related to property operations, with clear explanations of these items		
Expected credit loss of accounts receivable	40 899	48 811
Operating costs	1 051 083	1 031 685
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 388 670	1 434 657
Utility and operating recoveries per IFRS income statement	449 996	451 395
Gross rental income	1 838 666	1 886 052
SA REIT cost-to-income ratio	57.2%	54.7%
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses per IFRS income statement	75 420	91 030
Administrative costs	75 420	91 030
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	1 388 670	1 434 657
Utility and operating recoveries per IFRS income statement	449 996	451 395
Gross rental income	1 838 666	1 886 052
SA REIT administrative cost-to-income ratio	4.1%	4.8%

SA REIT Ratios *continued*

	31 August 2021 R'000	31 August 2020 R'000
SA REIT GLA vacancy rate		
Gross lettable area of vacant space	370 507	354 297
Gross lettable area of total property portfolio	1 621 564	1 634 074
SA REIT GLA vacancy rate	22.8%	21.7%
Cost of debt		
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	5.7	5.3
Pre-adjusted weighted average cost of debt	5.7	5.3
Adjustments:		
Impact of interest rate derivatives	2.8	3.4
Amortised transaction costs imputed into the effective interest rate	0.0	0.0
All-in weighted average cost of debt	8.5	8.7
SA REIT loan-to-value		
Gross debt	4 681 553	4 690 740
Overdraft	–	22 026
Less:		
Cash and bank balance	(34 079)	(338)
Cash and bank balance per statement of financial position	(58 358)	(30 982)
Less: Bank balance held in regard to residential tenant deposits	24 279	30 644
Add/Less:		
Derivative financial instruments	200 078	325 718
Net debt	4 847 552	5 038 146
Total assets – per Statement of Financial Position	11 454 606	12 008 693
Less:		
Cash and cash equivalents	(58 358)	(30 982)
Trade and other receivables	(166 109)	(128 094)
Carrying amount of property-related assets	11 230 139	11 849 617
SA REIT loan-to-value (SA REIT LTV)	43.2	42.5

Company information

Octodec Investments Limited

Incorporated in the Republic of South Africa
Registration number: 1956/002868/06
JSE share code: OCT
ISIN: ZAE000192258 (Approved as a REIT by the JSE)

Registered address

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Tel: 012 319 8781, fax: 012 319 8812, e-mail: info@octodec.co.za

Directors

S Wapnick (Chairman)[1], JP Wapnick (managing director)[2], A Vieira (financial director)[2*], RWR Buchholz[4*], DP Cohen[3], GH Kemp[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*
* *A Vieira was appointed on 1 September 2021 following the resignation of AK Stein on 31 August 2021 and RWR Buchholz was appointed on 1 October 2021*

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www.octodec.co.za

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"The strength of our business is underpinned by our belief in quality and the application of sound property fundamentals"