



OCTODEC INVESTMENTS LIMITED and its subsidiaries
Incorporated in the Republic of South Africa.
Registration number: 1956/002868/06
Share Code: OCT.
ISIN: ZAE 000005104.
("Octodec" or "the group" or "the company")

The directors report the unaudited results of the group for the six months ended 28 February 2006 set out herein, together with comparisons with the results for the corresponding period in 2005 and the year ended 31 August 2005

NOTICE TO LINKED UNITHOLDERS

UNAUDITED INTERIM RESULTS OF THE GROUP FOR THE SIX MONTHS ENDED 28 FEBRUARY 2006

Distribution up by 34.5% to 42.5 cents per linked unit

Increase in net asset value by 27.1% to 1049 cents

Assets exceed R1,4 billion

ABRIDGED CONSOLIDATED INCOME STATEMENT				
	Changes	Unaudited six months 28 Feb 2006	Unaudited six months 28 Feb 2005	Audited year to 31 Aug 2005
	%	R'000	R'000	R'000
Revenue				
– earned on contractual basis	24.7%	84,450	67,718	139,694
– straight line lease adjustment		89	1,667	1,022
Net property income				
– earned on contractual basis	34.3%	53,599	39,903	84,515
– staight line lease adjustment		89	1,667	1,022
Administrative expenses		(3,142)	(2,141)	(4,724)
Interest received		366	312	683
Investment income – listed investments	38.1%	2,025	1,467	3,374
Investment income – associate		28,301	17,327	19,630
– equity earnings		654	0	1,654
– fair value adjustment / capital reserves		25,564	14,282	14,282
– other		2,083	3,045	3,694
Capital profit /(loss) on disposals of investment properties		8	(119)	(15)
Depreciation		(275)	(250)	(550)
Fair value adjustment of investment properties				
– net revaluation		195,081	(1,667)	283,492
– gross revaluation		195,170	0	284,514
– less: straight line lease adjustment		(89)	(1,667)	(1,022)
Profit before interest		276,052	56,499	387,427
Interest paid	27%	(21,136)	(16,688)	(34,303)
Profit before debenture interest	540.3%	254,916	39,811	353,124
Debenture interest	34.4%	(33,132)	(24,647)	(52,789)
Profit before taxation		221,784	15,164	300,335
Taxation charge		(57,240)	(803)	(78,266)
Net income after taxation		164,544	14,361	222,069
Linked units in issue – ('000)		78,345	78,345	78,345
Earnings per share – (cents)	1045.8%	210.0	18.3	283.5
Earnings per linked unit – (cents)	406.8%	252.3	49.8	350.8
Headline earnings per linked unit – (cents)	26.7%	42.9	33.8	69.1
Distribution per linked unit – (cents)				
Dividends		0.21	0.14	0.32
Interest		42.29	31.46	67.38
Total	34.5%	42.50	31.60	67.70

ABRIDGED CONSOLIDATED CASH FLOW STATEMENT				
		Unaudited six months 28 Feb 2006	Unaudited six months 28 Feb 2005	Audited year to 31 Aug 2005
		R'000	R'000	R'000
Cash flow from operating activities				
Net rental income from properties		50,922	40,558	81,701
Adjustment for :				
- Depreciation		275	250	550
- Working capital changes		5,631	11,244	2,235
Cash generated from operations		56,828	52,052	84,486
Investment income and interest received		4,474	1,779	5,291
Finance costs		(21,136)	(16,688)	(34,303)
Taxation paid		(242)	(782)	(2,835)
Distribution to linked unit holders paid		(28,282)	(24,169)	(49,042)
Net cash inflow from operating activities		11,642	12,192	3,597
Cash flow from investing activities				
Investing activities		(20,097)	(68,523)	(135,034)
Proceeds from disposal of investment properties		0	1,500	3,500
Net cash outflow used in investing activities		(20,097)	(67,023)	(131,534)
Cash flow from financing activities		15,658	54,992	123,460
Net decrease in cash and cash equivalents		7,203	161	(4,477)
Cash and cash equivalents at beginning of period		(4,653)	(176)	(176)
Cash and cash equivalents at end of period		2,550	(15)	(4,653)

DISTRIBUTABLE EARNINGS				
The following additional information is provided and is aimed at disclosing to the users the basis on which the distributions are calculated.				
	Changes	Unaudited six months 28 Feb 2006	Unaudited six months 28 Feb 2005	Audited year to 31 Aug 2005
	%	R'000	R'000	R'000
Revenue				
- earned on contractual basis	24.7%	84,450	67,718	139,694
Net property income	34.3%	53,599	39,903	84,515
Administrative expenses		(3,142)	(2,141)	(4,724)
Interest received		366	312	683
Investment income - associate	-10.1%	2,737	3,045	5,348
Investment income - listed investments	38.1%	2,025	1,467	3,374
Depreciation		(275)	(250)	(550)
Distributable profit before interest		55,310	42,336	88,646
Interest paid	26.7%	(21,136)	(16,688)	(34,303)
Distributable profit before taxation		34,174	25,648	54,343
Taxation charge		(667)	(803)	(1,261)
Unit holders distributable earnings		33,507	24,845	53,082
Linked units in issue - ('000) - weighted		78,345	78,345	78,345
Distributable earnings per linked unit - (cents)	34.9%	42.8	31.7	67.8
Distribution per linked unit - (cents)	34.5%	42.5	31.6	67.7

ABRIDGED CONSOLIDATED BALANCE SHEET				
		Unaudited six months 28 Feb 2005	Audited year to 31 Aug 2005	
		R'000	R'000	
Assets				
Non-current assets				
Investment properties, plant and equipment		1,373,547	1,162,115	
Investment properties		1,371,480	1,136,338	
Plant and equipment		1,978	2,124	
Investment properties - straight line lease adjustment		89	23,653	
Investments – listed securities		55,240	43,577	
– associated company		63,031	33,990	
Current assets		15,206	17,646	
Total assets		1,507,024	1,257,328	
Equity and liabilities				
Share capital		11,200	11,200	
Non-distributable reserve		541,837	367,698	
Retained profit		25,509	25,275	
Ordinary shareholders’ interest		578,546	404,173	
Debentures		242,923	242,923	
Linked unitholders’ interest		821,469	647,096	
Interest bearing borrowings		434,843	420,726	
Deferred tax liability		180,743	122,479	
Current liabilities – interest bearing		8,533	10,777	
– non-interest bearing		28,304	28,107	
– linked unitholders		33,132	28,143	
Total equity and liabilities		1,507,024	1,257,328	
Linked units in issue - ('000)		78,345	78,345	
Net asset value per linked unit - (cents)		1,049	826	

ABRIDGED STATEMENT OF CHANGES IN EQUITY				
	Share capital	Non-Distributable reserve	Distributable reserve	Total
		R'000	R'000	R'000
Balance at 1 September 2004	11,200	129,511	24,187	164,898
Net income attributable to ordinary shareholders			222,069	222,069
Dividends paid			(227)	(227)
Adjustment to valuation of listed investment, net of deferred Capital Gains Tax		17,433		17,433
Transfer to non-distributable reserve				
Capital loss on disposal of investment property		(15)	15	0
Fair value adjustment of investment properties				
– associate, net of deferred tax		14,282	(14,282)	0
– investment properties, net of defered tax		206,487	(206,487)	0
Balances at 1 September 2005	11,200	367,698	25,275	404,173
Net income attributable to ordinary shareholders			164,544	164,544
Dividends paid			(142)	(142)
Adjustment to valuation of listed investment, net of Capital Gains Tax		9,971		9,971
Capital loss on disposal of investment property		8	(8)	0
Fair value adjustment of investment properties				
– investment properties, net of defered tax		138,596	(138,596)	0
– associate, net of deferred tax		25,564	(25,564)	0
Balances at 28 February 2006	11,200	541,837	25,509	578,546

RECONCILIATION - EARNINGS PER SHARE TO HEADLINE EARNINGS PER LINKED UNIT			
	Unaudited six months 28 Feb 2006	Unaudited six months 28 Feb 2005	Audited year to 31 Aug 2005
	Cents	Cents	Cents
Earnings per share	210.0	18.3	283.5
Add: debenture interest per linked unit	42.3	31.5	67.3
Earnings per linked unit	252.3	49.8	350.8
Loss on disposal of investment properties	0	0.2	0
Straight line lease adjustment			1.3
Fair value adjustments			
– associate, net of deferred tax	(32.5)	(18.3)	(18.1)
– investment properties, net of defered tax	(176.9)	2.1	(264.9)
Headline earnings per linked unit	42.9	33.8	69.1

Directors
A Wapnick* (*Chairman*), J P Wapnick* (*Managing director*), M J Holmes#, R J Inngs*, M Z Pollack#, S Wapnick†
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NOTES TO THE FINANCIAL STATEMENTS
The unaudited abridged interim financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act (Act 61 of 1973). The group has adopted IFRS for the year ended 31 August 2006, with a date of transition of 1 August 2004. The results have been prepared and presented in accordance with IAS 34, Interim Financial Reporting. There has been no impact on the income statement and balance sheet for prior years due to the adoption of IFRS.

In order to comply with International Accounting Standard IAS 17 rental income from leases is recognized on a straight-line basis over the period of the lease. Adjustments were made to the comparative six month period to comply with IAS 17. In order to avoid an overstatement of assets the fair value of investment properties has been reduced by the cumulative straight-line rental accrual.

Deferred taxation on the fair value adjustment of investment property has been provided at the company income taxation rate which is currently 29%.

Comments
Review of results
The directors of Octodec are pleased to report that the company has continued to produce excellent growth in distributions to linked unitholders. Distributable earnings per linked unit for the six month period ended 28 February 2006, amounted to 42.8 cents (2005: 31.7 cents), an increase of 35.0% over the previous comparative period. Rental income and net rental income increased by 24.7% and 34.3% respectively, compared with the previous six month period.

The interim distribution per linked unit for the period of 42.5 cents (2005: 31.6 cents) represents an increase of 34.5% on that paid in the previous corresponding period.

The redevelopment of Killarney Mall Shopping Centre, favourable renewals of leases, strict expense control as well as extremely favourable trading conditions have all contributed to the growth in distributable earnings.

Property portfolio
Killarney Mall
The redevelopment of Killarney Mall was successfully completed in October 2005 at a cost of R97 million. The mall is anchored by Edgars, Woolworths and Pick n Pay, with Edgars occupying 4300m² on a 10 year lease.

Waverley Plaza
The refurbishment of Waverley Plaza Shopping Centre is scheduled to commence in the third quarter of 2006.

Gezina Stad
The recent refurbishment of Gezina Stad has resulted in much improved rentals and the shopping centre is now fully tenanted with long leases in place.

The retail portfolio which comprises of five shopping centres, continued to enjoy strong growth in earnings due to favourable renewals and contractual rental escalations.

Anke Properties
Due to the strong demand for these light industrial premises, a further development of an additional 8690m² will commence shortly at a cost of R20 million.

Subsequent to the financial year end Octodec acquired 5 properties for R99 million. These purchases include Kyalami Crescent, Centre Forum situated in the Pretoria CBD and three light industrial properties situated in Selby and City Deep.

Gearing
Octodec's gearing at the end of the six months period was 29.0% as against 34.8% in the comparable period.

Interest rates in respect of 68.0% of borrowings at 28 February 2006 have been fixed at an average weighted interest rate of 10.9% maturing at various dates ranging from November 2006 to September 2008.

Revaluation of property portfolio
Previously it was the Group's policy to perform directors' valuations of the property portfolio only at the year end. The property portfolio will also be valued for purposes of the interim report. At each financial year end one-third of the properties will be valued on a rotational basis by an external valuer.

Prospects
The group is optimistic about its ability to grow earnings on par with, if not better than, the market average, due to its continued focus on its strategic priorities and expected continuation of favourable economic conditions.

DECLARATION OF DIVIDEND NO. 32 AND INTEREST PAYMENT ("the distribution")
Notice is hereby given that dividend number 32 of 0.21 cents (2005: 0.14 cents) per ordinary share together with interest of 42.29 cents per debenture (2005: 31.46 cents), for the period 1 September 2005 to 28 February 2006 has been declared, payable to linked unitholders recorded in the register on Friday, 19 May 2006. The last date to trade "CUM" distribution is Friday, 12 May 2006. The units will commence trading "EX" distribution on Monday, 15 May 2006. Payment date will be Monday, 22 May 2006.

No dematerialisation or rematerialisation of linked unit certificates may take place between Monday, 15 May 2006 and Friday, 19 May 2006, both days inclusive.

By order of the Board.

City Property Administration (Proprietary) Limited
20 April 2006

A Wapnick (*Chairman*)
J P Wapnick (*Managing director*)

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