



NOTICE TO LINKED UNITHOLDERS: Unaudited results of the group for the six months ended 28 February 2009

Distribution up by 1% to  
62,20 cents per linked unit

Net asset value of 1559 cents

Total investments exceed  
R2,4 billion

Abridged consolidated income statement

R'000	% Chang- es	Unaudited six months 28 Febru- ary 2009	Unaudited six months 29 Febru- ary 2008	Audited year to 31 Au- gust 2008
<b>Revenue</b>		156,508	143,046	272,954
- earned on contractual basis	11.4%	148,135	133,017	269,535
- straight line lease adjustment		8,373	10,029	3,419
Operating costs		(59,227)	(49,056)	(101,634)
<b>Net rental income from properties</b>		97,281	93,990	171,320
- earned on contractual basis	5.9%	88,908	83,961	167,901
- straight line lease adjustment		8,373	10,029	3,419
Administrative expenses		(6,182)	(6,753)	(12,438)
Depreciation		(323)	(327)	(721)
<b>Profit before investment income</b>	4.4%	90,776	86,910	158,161
Investment income		26,798	31,770	50,768
- Interest received		632	827	1,514
- Investment income - listed securities		6,386	4,589	10,486
- Investment income - associate				
share of after tax profit / (loss)		1,585	(480)	(1,568)
fair value adjustment / capital reserves		13,805	21,504	27,342
interest and dividends		4,390	5,330	12,994
<b>Profit before finance charges and capital profit</b>	(0.9%)	117,574	118,680	208,929
Fair value adjustments of investment properties				
- net revaluation		(7637)	94,589	78,481
- gross revaluation		736	104,618	81,900
- attributable to straight line lease adjustment		(8,373)	(10,029)	(3,419)
Amortisation of deemed debenture premium		5,335	7,523	11,074
<b>Profit before finance charges</b>		115,272	220,792	298,484
Finance charges	26.7%	(39,619)	(31,270)	(66,624)
<b>Profit before debenture interest</b>		75,653	189,522	231,860
Debenture interest	1.0%	(55,266)	(54,739)	(108,943)
<b>Profit before taxation</b>		20,387	134,783	122,917
Taxation charge		(2,726)	(21,473)	(13,072)
- Deferred taxation		(2,550)	(20,617)	(11,522)
- Normal taxation		(176)	(856)	(1,550)
<b>Profit attributable to linked unitholders</b>		17,661	113,310	109,845
<b>Linked units in issue ('000)</b>		89,297	89,297	89,297
<b>Earnings per share (cents)</b>	(84.4%)	19.8	126.9	123.0
<b>Earnings per linked unit (cents)</b>	(56.6%)	81.7	188.2	245.0
<b>Headline earnings per linked unit (cents)</b>	(3.8%)	75.0	77.9	142.3

<b>Distribution per linked unit (cents)</b>				
<b>Dividends</b>				
<b>Interest</b>		0,31	0,30	0,60
		61,89	61,30	122,00
<b>Total</b>	1.0%	62,20	61,60	122,60

Abridged consolidated cash flow statement

R'000	% Chang- es	Unaudited six months 28 Febru- ary 2009	Unaudited six months 29 Febru- ary 2008	Audited year to 31 Au- gust 2008
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Net rental income from properties</b>		82,403	76,881	154,742
Adjustment for :				
- Depreciation		323	327	721
- Working capital changes		(4,337)	3,045	8,738
<b>Cash generated from operations</b>		78,389	80,253	164,201
Investment income		11,408	10,746	24,994
Finance costs		(39,619)	(31,270)	(66,624)
Taxation paid		(876)	(1,368)	(1,657)
Distribution to linked unitholders paid		(54,472)	(46,613)	(101,620)
<b>Net cash (outflow)/inflow from operating activities</b>		(5,170)	11,748	19,294
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Investing activities		(58,935)	(98,196)	(163,001)
<b>Net cash outflow used in investing activities</b>		(58,935)	(98,196)	(163,001)
<b>CASH INFLOW FROM FINANCING ACTIVITIES</b>				
Increase in interest bearing borrowings		62,005	79,153	142,397
<b>Net cash generated from financing activities</b>		62,005	79,153	142,397
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		(2,100)	(7,295)	(1,310)
Cash and cash equivalents at beginning of period		(10,637)	(9,327)	(9,327)
<b>Cash and cash equivalents at end of period</b>		(12,737)	(16,622)	(10,637)

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	% Chang- es	Unaudited six months 28 Febru- ary 2009	Unaudited six months 29 Febru- ary 2008	Audited year to 31 Au- gust 2008
<b>Revenue</b>				
- earned on contractual basis	11.4%	148,135	133,017	269,535
Operating costs		(59,227)	(49,056)	(101,634)
<b>Net rental income from properties</b>	5.9%	88,908	83,961	167,901
Administrative expenses		(6,182)	(6,753)	(12,438)
Depreciation		(323)	(327)	(721)
<b>Profit before investment income</b>	7.2%	82,403	76,881	154,742
Investment income				
- Interest received		632	827	1,514
- Interest received - listed securities		6,386	4,589	10,486
- Investment income - associate		5,975	4,850	11,426
<b>Distributable profit before finance charges</b>	9.5%	95,396	87,147	178,168
Finance charges	26.7%	(39,619)	(31,270)	(66,624)
<b>Distributable income before taxation</b>	(0.2%)	55,777	55,877	111,544
Taxation charge		(176)	(856)	(1,550)
<b>Unitholders distributable earnings</b>	1.1%	55,601	55,021	109,994
<b>Linked units in issue - ('000)</b>		89,297	89,297	89,297
<b>Distributable earnings per linked unit - (cents)</b>	1.1%	62,3	61,6	123,2
<b>Distribution per linked unit (cents)</b>	1.0%	62,2	61,6	122,6

Directors: A Wapnick\* (Chairman), JP Wapnick\* (Managing director), MJ Holmes\*, MZ Pollack\*, S Wapnick†

\* Executive director - †Independent non-executive director ‡Non-executive director

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Octodec Investments Limited and its subsidiaries.  
(Incorporated in the Republic of South Africa)  
(Registration number 1956/002868/06) Share code: OCT ISIN: ZAE000005104  
("Octodec" or "the company")

Abridged consolidated balance sheet

	Reviewed 28 Febru- ary 2009	Audited 29 Febru- ary 2008
<b>ASSETS</b>		
<b>Non - current assets</b>	2,461,562	2,397,634
Investment properties	2,086,636	2,058,559
Property, plant and equipment	6,692	4,782
Investment properties - straight line lease adjustment	34,480	26,107
Investment - Listed securities	135,853	146,663
Investment - associated company	197,901	161,523
<b>Current assets</b>	23,268	20,023
<b>Total assets</b>	2,484,830	2,417,657
<b>EQUITY AND LIABILITIES</b>		
<b>Share capital and reserves</b>	1,002,177	994,081
Share capital and premium	63,630	58,295
Non-distributable reserve	896,600	899,935
Retained profit	41,947	35,851
<b>Non - current liabilities</b>	1,377,739	1,307,715
Debentures capital and premium	389,696	395,031
Interest bearing borrowings	714,427	640,105
Deferred taxation	273,616	272,579
<b>Current liabilities</b>	104,914	115,861
Interest bearing	17,714	27,944
Non - interest bearing	31,934	33,069
Taxation liability	-	644
Linked unitholders	55,266	54,204
<b>Total equity and liabilities</b>	2,484,830	2,417,657
Linked units in issue ('000)	89,297	89,297
Net asset value per linked unit (cents)	1,559	1,556
Net asset value per linked unit (cents) - before deferred tax	1,865	1,861

Statement of changes in equity

R'000	Share capital and premium	Capital reserve	Revalua- tion	Distribut- able	Total
<b>Balance at 1 September 2007</b>	47,221	12,050	817,888	29,341	906,500
Profit attributable to ordinary shareholders				109,845	109,845
Reallocation of deemed debenture premium	11,074			(11,074)	-
Dividends paid				(500)	(500)
Adjustment to valuation of listed investment, net of deferred tax at Capital Gains Tax rate			(21,764)	-	(21,764)
Fair value adjustments					
- Investment properties, net of deferred taxation			64,419	(64,419)	-
- associate, net of deferred tax			27,342	(27,342)	-
<b>Balances at 31 August 2008</b>	58,295	12,050	887,885	35,851	994,081
Profit attributable to ordinary shareholders				17,661	17,761
Reallocation of deemed debenture premium	5,335			(5,335)	-
Dividends paid				(268)	(268)
Adjustment to valuation of listed investment, net of deferred tax			(9,297)		(9,297)
Fair value adjustments					
- Investment properties, net of deferred taxation			(7,843)	7,843	-
- associate, net of deferred tax			13,805	(13,805)	-
<b>Balances at 28 February 2009</b>	63,630	12,050	884,550	41,947	1,002,177

Reconciliation - earnings to distributable earnings

R'000	Unaudited six months 28 February 2009	Unaudited six months 29 February 2008	Audited Year to 31 August 2008
<b>Earnings per share</b>	17,661	113,310	109,845
Add: debenture interest per linked unit	55,266	54,739	108,943
<b>Earnings per linked unit</b>	72,927	168,049	218,788
Fair value adjustments			
- associate, net of deferred tax	(13,805)	(21,504)	(27,342)
- investment properties, net of deferred tax	7,843	(76,942)	(64,420)
<b>Headline earnings per linked unit</b>	66,965	69,603	127,026
Straightline lease adjustment net of deferred tax	(6,029)	(7,221)	(2,463)
Deferred taxation adjustments	-	162	(3,495)
Amortisation of deemed debenture premium	(5,335)	(7,523)	(11,074)
<b>Distributable earnings</b>	55,601	55,021	109,994

Notes to Financial Statements

The condensed consolidated financial statements have been prepared in accordance with requirements of the Companies Act 61 of 1973, as amended. The results have been prepared and presented in accordance with International Accounting Standards IAS34, Interim Financial Reporting and the JSE requirements. The accounting policies adopted and methods of computation are consistent with those applied in the financial statements for the year ended 31 August 2008.

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

**Contingent liability:** The Company has issued guarantees of R1 690 000 and R582 000 to the Tshwane Metropolitan Municipality and City Power – Johannesburg respectively for the provision of services to its subsidiaries. The Company provided a suretyship to Nedbank Property Finance, which at 28 February 2009 amounted to R77,8 million in favour of its associate company, IPS Investments (Pty) Limited.

**Independent review by external auditors:** These condensed consolidated financial statements have not been reviewed by our auditors Deloitte and Touche.

COMMENTS

Review of results

Trading conditions in the retail property market deteriorated further during the period as a result of a slowing economy.

Rental income and net rental income increased by 11.4% and 5.9% respectively.

The core portfolio, representing those properties held for 12 comparable months, reflects rental income growth of 4.4%. The growth of the rental income of the retail portfolio which makes up more than 50% of the total rental income was at 1%.

Octodec continued to unlock the value of its Johannesburg and Pretoria CBD portfolios by the redevelopment and refurbishment thereof. An amount of R28 million will be spent on the upgrade of the Inner Court property located in the Johannesburg CBD. A lease with a government tenant was concluded for 10 000m² of office space. Various other properties were upgraded during the period at a total cost of R17 million. These included Woodmead Value Mart, Waverley Plaza and the residential property, Tiny Town.

Income from IPS increased to R5,9 million due to the strong performance of the portfolio as well as the advance of additional funds to IPS to fund IPS's growth. IPS's property portfolio is valued in an amount of in excess of R790 million. IPS has a 50% interest in various joint ventures (JV). These include a JV with Bidvest which houses a motor dealership developed at a total cost of R38 million and at an effective yield of 11% and a JV with Old Mutual which includes four residential properties. The average yield of these properties is in excess of 14%. Octodec has an effective 20% interest in these JVs. IPS has a committed residential development pipeline to build 1085 units of residential accommodation at a total cost in excess of R400 million. The majority of these units will be built at Kempton City in Kempton Park, Tayob Towers and Corporation Place in the Johannesburg CBD.

The total distribution per linked unit for the six months of 62,20 cents (2008: 61,6 cents) represents an increase of 1% on that paid in the previous corresponding period.

Vacancies at 28 February 2009 amounted to 22.7% of total lettable area. Further details are set out below:

	28 February 2009	31 August 2008
<b>Offices</b>	10.5%	9.4%
<b>Retail</b>	1.8%	1.5%
<b>Commercial</b>	4.5%	4.9%
<b>Industrial</b>	6.0%	3.6%
<b>TOTAL</b>	22.7%	19.4%

The vacant retail space is largely attributable to smaller line shops. A large percentage of the vacancies are in respect of properties recently acquired or undergoing redevelopment or refurbishment. A number of these properties were acquired with large vacancies and where little or no consideration was paid for the vacant space. A slow down in economic activity during the period is affecting the letting of vacant space. It is taking longer than anticipated to let vacant space and more difficult to increase rentals on renewal of leases.

Octodec continues to pursue investment and redevelopment opportunities that will enhance the overall quality of the portfolio.

Borrowings

During the period the borrowings increased by R62 million as a result of the advance of further funds to IPS and development costs incurred. Octodec's gearing at the end of the period under review was 29.7% as against 27.9% at 31 August 2008. The group remains financially sound with facilities in excess of R180 million available to fund future cash flow requirements.

Interest rates in respect of 73.7% of borrowings at 28 February 2009 have been fixed at an average interest rate of 11.6% maturing at various dates ranging from November 2009 to October 2018.

Revaluation of property portfolio

The directors have valued the property portfolio by applying market related yields. At each financial year end at least one-third of the property portfolio is valued on a rotational basis by an external valuer. The directors' valuation of the portfolio increased by R0,76 million, which gives rise to a net asset value of 1559 cents per unit.

Prospects

Challenging market conditions have influenced the demand for space, causing a slower take up of vacancies and slowing of rental growth. The Company does not expect trading conditions to improve significantly during the next six months.

Despite this, the Company will benefit from the much improved performance of its Johannesburg CBD property, Inner Court, as well as the recent reductions in interest rates. The board believes that distributable earnings for the second six month period will be on a par with, if not better than the distributable earnings reported for the six months ended 28 February 2009.

DECLARATION OF DIVIDEND 38 AND INTEREST PAYMENT

("the distribution")

Notice is hereby given that dividend number 38 of 0,31 cents (2008: 0,30 cents) per ordinary share together with interest of 61,89 cents per debenture (2008: 61.30 cents), has been declared for the period 1 September 2008 to 28 February 2009, payable to linked unitholders recorded in the register on Friday, 22 May 2009. The last date to trade "CUM" distribution is Friday, 15 May 2009. The units will commence trading "EX" distribution on Monday, 18 May 2009. Payment date will be Monday, 25 May 2009.

No dematerialisation or rematerialisation of linked unit certificates may take place between Monday, 18 May 2009 and Friday, 22 May 2009, both days inclusive.

By order of the Board.

A WAPNICK

(Chairman)

21 April 2009

JP WAPNICK

(Managing Director)



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PROPERTY LOAN STOCK  
ASSOCIATION

Member of the  
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