OCTODEC
INVESTMENTS LIMITED

Distribution up by 4,7% to 65,1 cents per linked unit

Net asset value of 1 637 cents per linked unit

Total investments exceed R2,6 billion

UNAUDITED RESULTS OF THE GROUP

For the six months ended 28 February 2010

Consolidated Statement of Comprehensive Income

R'000	% Change	Unaudited Six months 28 February 2010	Unaudited Six months 28 February 2009	Audited Year to 31 August 2009
Revenue		**158 490**	156 508	321 824
- earned on contractual basis	7,6	**159 432**	148 135	311 447
- straight line lease adjustment		**(942)**	8 373	10 377
Operating costs		**(67 756)**	(59 226)	(130 275)
Net rental income from properties		**90 734**	97 282	191 549
- earned on contractual basis	3,1	**91 676**	88 909	181 172
- straight line lease adjustment		**(942)**	8 373	10 377
Administrative expenses		**(7 621)**	(6 182)	(11 536)
Depreciation		**(1 273)**	(323)	(1 307)
Operating profit	(9,8)	**81 840**	90 777	178 706
Fair value adjustments of investment properties		**59 858**	(7 637)	(98 324)
Investment income		**29 507**	26 798	64 493
- Interest received		**680**	632	1 446
- listed investment		**8 881**	6 386	13 262
- associate				
- share of after tax profit		**3 705**	1 585	3 635
- fair value adjustment/ capital reserves		**12 720**	13 805	36 902
- interest and dividends		**3 521**	4 390	9 248
Finance costs	4,0	**(41 196)**	(39 619)	(80 132)
Amortisation of deemed debenture premium		**5 335**	5 335	10 669
Profit on sale of investment property		**-**	-	1 534
Profit before debenture interest		**135 344**	75 654	76 946
Debenture interest	4,7	**(57 847)**	(55 266)	(114 533)
Profit/(loss) before taxation		**77 497**	20 388	(37 587)
Taxation charge		**(16 717)**	(2 726)	29 475
- Deferred taxation		**(16 498)**	(2 550)	30 142
- Normal taxation		**(221)**	(176)	(667)
Total comprehensive income for the period attributable to equity holders		**60 780**	17 662	(8 112)
Weighted linked units in issue ('000)		**89 297**	89 297	89 297
Linked units in issue ('000)		**89 297**	89 297	89 297
Basic and diluted earnings per share (cents)	244,1	**68,1**	19,8	(9,1)
Basic and diluted earnings per linked unit (cents)	62,7	**132,8**	81,7	119,2
Distribution per linked unit (cents)				
Dividends		**0,32**	0,31	0,64
Interest		**64,78**	61,89	128,26
Total	4,7	**65,10**	62,20	128,90

Consolidated Statement of Cash Flows

R'000	Unaudited Six months 28 February 2010	Unaudited Six months 28 February 2009	Audited Year to 31 August 2009
CASH FLOW FROM OPERATING ACTIVITIES			
Net rental income from properties	**82 782**	82 404	168 339
Adjustment for:			
- Depreciation	**1 273**	323	1 307
- Working capital changes	**14 917**	(4 337)	(12 336)
Cash generated from operations	**98 972**	78 390	157 310
Investment income	**13 082**	11 408	23 956
Finance costs	**(41 196)**	(39 619)	(80 132)
Taxation paid	**(221)**	(876)	(1 311)
Distribution to linked unit holders paid	**(59 561)**	(54 472)	(110 015)
Net cash inflow/(outflow) from operating activities	**11 076**	(5 169)	(10 192)
CASH FLOW FROM INVESTING ACTIVITIES			
Investing activities	**(90 898)**	(58 935)	(89 453)
Proceeds from disposal of investment properties	**-**	-	12 600
Net cash outflow used in investing activities	**(90 898)**	(58 935)	(76 853)
CASH INFLOW FROM FINANCING ACTIVITIES			
Increase in interest bearing borrowings	**116 404**	62 005	71 610
Net cash generated from financing activities	**116 404**	62 005	71 610
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**36 582**	(2 099)	(15 435)
Cash and cash equivalents at beginning of period	**(26 072)**	(10 637)	(10 637)
Cash and cash equivalents at end of period	**10 510**	(12 736)	(26 072)

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	Unaudited Six months 28 February 2010	Unaudited Six months 28 February 2009	Audited Year to 31 August 2009
Revenue				
- earned on contractual basis	7,6	**159 432**	148 135	311 447
Operating costs		**(67 756)**	(59 226)	(130 275)
Net rental income from properties	3,1	**91 676**	88 909	181 172
Administrative expenses		**(7 621)**	(6 182)	(11 536)
Depreciation		**(1 273)**	(323)	(1 307)
Operating profit	0,5	**82 782**	82 404	168 329
Investment income				
- Interest received		**680**	632	1 446
- Interest received - listed investment		**8 881**	6 386	13 262
- Investment income - associate		**7 226**	5 975	12 883
Distributable profit before finance costs	4,4	**99 569**	95 397	195 919
Finance costs	4,0	**(41 196)**	(39 619)	(80 132)
Distributable income before taxation	4,7	**58 373**	55 778	115 787
Taxation charge		**(221)**	(176)	(667)
Unit holders distributable earnings	4,6	**58 152**	55 602	115 120
Linked units in issue ('000)		**89 297**	89 297	89 297
Distributable earnings per linked unit (cents)	4,6	**65,1**	62,3	128,9
Distribution per linked unit (cents)	4,7	**65,1**	62,2	128,9

Consolidated Statement of Financial Position

R'000	Unaudited 28 February 2010	Audited 31 August 2009
ASSETS		
Non-current assets	**2 611 071**	2 428 105
Investment properties	**2 127 015**	2 003 782
Property, plant and equipment	**24 388**	14 847
Operating lease assets	**35 542**	36 484
Listed investment	**185 204**	154 039
Investment - equity accounted	**238 922**	218 953
Current assets	**37 533**	48 507
Total assets	**2 648 604**	2 476 612
EQUITY AND LIABILITIES		
Share capital and reserves	**1 082 852**	1 006 889
Share capital and premium	**74 299**	68 964
Non-distributable reserves	**965 671**	894 374
Distributable reserves	**42 882**	43 551
Non-current liabilities	**1 355 865**	1 265 777
Debentures and premium	**379 028**	384 362
Long term borrowings	**736 036**	659 632
Deferred taxation	**240 801**	221 783
Current liabilities	**209 887**	203 946
Interest bearing borrowings	**109 000**	95 260
Non-interest bearing	**43 040**	49 419
Linked unit holders	**57 847**	59 267
Total equity and liabilities	**2 648 604**	2 476 612
Linked units in issue ('000)	**89 297**	89 297
Net asset value per linked unit (cents)	**1 637**	1 558
Net asset value per linked unit (cents) - before providing for deferred tax	**1 907**	1 806
Loan to investment value ratio (%)	**32,4**	31,1

Consolidated Statement of Changes in Equity

R'000	Share capital	Capital reserve	Revaluation reserve	Distributable reserve	Total
Balance at 1 September 2008	58 295	12 050	908 653	35 851	1 014 849
Total comprehensive income for the year				(8 112)	(8 112)
Reallocation of deemed debenture premium	10 669			(10 669)	-
Dividends paid				(545)	(545)
Adjustment to valuation of listed investment, net of deferred tax			697		697
Sale of investment properties		1 534		(1 534)	-
Fair value adjustments					
- investment properties, net of deferred taxation			(65 461)	65 461	-
- associate, net of deferred tax			36 902	(36 902)	-
Balance at 31 August 2009	**68 964**	**13 584**	**880 791**	**43 550**	**1 006 889**
Total comprehensive income for the period				60 780	60 780
Reallocation of deemed debenture premium	5 335			(5 335)	-
Dividends paid				(295)	(295)
Adjustment to valuation of listed investment, net of deferred tax			15 478		15 478
Fair value adjustments					
- investment properties, net of deferred taxation			43 098	(43 098)	-
- associate, net of deferred tax			12 720	(12 720)	-
Balance at 28 February 2010	**74 299**	**13 584**	**952 087**	**42 882**	**1 082 852**

Reconciliation - Earnings to Distributable Earnings

R'000	Unaudited Six months 28 February 2010	Unaudited Six months 28 February 2009	Audited Year to 31 August 2009
Earnings/(losses) attributable to equity holders	**60 780**	17 662	(8 112)
Amortisation of deemed debenture premium	**(5 335)**	(5 335)	(10 669)
Profit on sale of investment properties	**-**	-	(1 534)
Fair value adjustments			
- associate, net of deferred tax	**(12 720)**	(13 805)	(36 902)
- investment properties, net of deferred tax	**(43 098)**	7 843	65 461
Headline earnings before debenture premium	**(373)**	6 365	8 244
Debenture interest	**57 847**	55 266	114 533
Headline earnings attributable to linked unit holders	**57 474**	61 631	122 777
Straight line lease adjustment net of deferred tax	**678**	(6 029)	(7 471)
Deferred taxation adjustments	**-**	-	(185)
Distributable earnings attributable to linked unit holders	**58 152**	55 602	115 121
Headline earnings per linked unit (cents)	**64,4**	69,0	137,5

Notes to the Financial Statements

The unaudited 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 Listings Requirements of the JSE Limited. The accounting policies adopted and methods of computation are consistent with those applied in the financial statements for the year ended 31 August 2009.

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

Subsequent events - There have been no subsequent events that require reporting.

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 has provided a suretyship to Nedbank Property Finance, which at 28 February 2010 amounted to R181,4 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 or audited by our auditors Deloitte & Touche.

Segmental Information

Analysis by property usage	Industrial	Office	Retail	Commercial	Residential	Corporate unallocated	Total
February 2010	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Revenue							
Rentals and recoveries	23 356	33 694	58 941	36 960	5 682		158 633
Management fee						799	799
Straight line operating lease adjustment	(55)	(1 392)	(201)	682	24		(942)
Total revenue	**23 301**	**32 302**	**58 740**	**37 642**	**5 706**	**799**	**158 490**
Operating profit	**13 867**	**19 039**	**31 286**	**21 922**	**2 734**	**(7 008)**	**81 840**
Assets							
Investment properties	311 585	411 106	853 471	519 821	66 574		2 162 557
Plant and equipment	127	7 021	11 600	4 000	1 640		24 388
Other assets						461 659	461 659
Total assets	**311 712**	**418 127**	**865 071**	**523 821**	**68 214**	**461 659**	**2 648 604**

Comments

Review of results
The total distribution per linked unit for the six months of 65,10 cents (2009: 62,2 cents) represents an increase of 4,7% on that paid in the previous corresponding period.

Rental income and net rental income increased by 7,6% and 3,1% respectively. The growth in rental income was partially offset by an increase in property expenses, including assessment rates and bad debts.

The challenging retail conditions continued during the period resulting in a slow take up of vacant space and as a result exerted further downward pressure on rentals.

The core portfolio, representing those properties held for the prior comparable six months, reflects rental income growth of 5%. Distributable income was positively impacted by the reduction in the prime lending rate during the period.

Property portfolio
Octodec continued to unlock the value of its Johannesburg and Pretoria CBD portfolios by the redevelopment and refurbishment thereof. Various properties were upgraded during the period at a total cost of R7,5 million. These included Killarney Mall, Waverley Plaza and Inner Court.

During the period under review three properties were purchased for an aggregate purchase price of R59 million. These purchases include two properties housing McCarthy motor dealerships together with a light industrial property in Eloff Street, Johannesburg.

Income from IPS increased to R7,2 million due to the strong performance of the portfolio. IPS's property portfolio is valued at an amount in excess of R1 billion. IPS has a 50% interest in various joint ventures ("JV"). These include a JV with Bidvest Property which houses a motor dealership and a JV with Old Mutual which includes four residential properties. Octodec has an effective 20% interest in these JVs. The IPS group has a total of 2 732 residential units of accommodation with a committed residential development pipeline to build in excess of a further 700 units. The majority of these units will be built at Kempton City in Kempton Park and Lara's Place situated in the Johannesburg CBD. Due to the anticipated phased take up of these new units, a decrease in income from IPS is forecast for the next 12 months.

Vacancies at 28 February 2010 amounted to 18,8% of total lettable area.

Further details are set out below:

	28 February 2010 %	31 August 2009 %
Offices	9,2	9,7
Retail	2,2	2,0
Commercial	3,4	3,8
Industrial	4,0	5,4
TOTAL	**18,8**	**20,9**

The vacant retail space is largely attributable to smaller line shops. A large percentage of the vacancies are in respect of properties acquired with large vacancies and where little or no consideration was paid for the vacant space.

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 R91 million, as a result of the acquisition of properties, the purchase of 919 819 Premium shares and development costs incurred. Octodec's gearing at the end of the period under review was 32,4% of the value of its portfolio against 31,1% at 31 August 2009. The group remains financially sound with facilities available to fund future cash flow requirements.

Interest rates in respect of 53,8% of borrowings at 28 February 2010 have been fixed at an average interest rate of 11,7% maturing at various dates ranging from April 2010 to October 2018.

Revaluation of property portfolio
At each financial year end at least one third of the property portfolio is valued on a rotational basis by an external valuer, while at the interim stage directors' valuations are performed by applying market related yields. The directors' valuation of the portfolio increased by R59,8 million, which gives rise to a net asset value of 1 637 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.

The board believes that distributable earnings for the second six month period will be on a par with the distributable earnings reported for the six months ended 28 February 2010.

DECLARATION OF DIVIDEND 40 AND INTEREST PAYMENT ("the distribution")
Notice is hereby given that dividend number 40 of 0,32 cents (2009: 0,31 cents) per ordinary share together with interest of 64,78 cents per debenture (2009: 61,89 cents), has been declared for the period 1 September 2009 to 28 February 2010, payable to linked unit holders recorded in the register on Friday, 21 May 2010. The last date to trade *"cum"* distribution is Friday, 14 May 2010. The units will commence trading *"ex"* distribution on Monday, 17 May 2010. Payment date will be Monday, 24 May 2010.

No dematerialisation or rematerialisation of linked unit certificates may take place between Monday, 17 May 2010 and Friday, 21 May 2010, both days inclusive.

By order of the board.

A WAPNICK
(Chairman)

JP WAPNICK
(Managing Director)

22 April 2010

Directors
A Wapnick* (Chairman)
JP Wapnick* (Managing)
AK Stein* (Financial)
MJ Holmes•
MZ Pollack•
S Wapnick†
DP Cohen•
** 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: 2004/003647/07)
70 Marshall Street, Johannesburg, 2001
PO Box 61051, Marshalltown, 2107
Tel: (011) 370 7700
Fax: (011) 688 7712

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")

Property Asset Manager
e-mail address: propworld@cityprop.co.za
website address: www.cityprop.co.za