

UNAUDITED RESULTS OF THE GROUP

FOR THE SIX MONTHS **ENDED 29 FEBRUARY 2012**

		Unaudited	Unaudited	Audited
	%	6 months 29 Feb	6 months 28 Feb	Year to 31 Aug
R'000	Change	2012	2011	2011
Revenue		215 801	186 074	388 516
– earned on contractual basis	17,3	216 967	184 939	384 345
– straight-line lease adjustment		(1 166)	1 135	4 171
Operating costs	Ì	(105 372)	(88 679)	(185 891
Net rental income from properties		110 429	97 395	202 625
– earned on contractual basis	15,9	111 595	96 260	198 454
– straight-line lease adjustment		(1 166)	1 135	4 171
Administrative costs		(8 694)	(8 504)	(17 594
Depreciation		(1 720)	(1 896)	(3 670
Operating profit	15,0	100 015	86 995	181 361
Fair value adjustments of investment properties		103 614	45 863	(22 026
gross fair value adjustment		102 448	46 998	(17 855
attributable to straight-line lease adjustment		1 166	(1 135)	(4 171
Investment income		24 270	30 934	51 761
– interest received	[363	1 149	1 729
– listed investment		13 989	12 485	24 172
– associate				
share of after tax profit		5 631	3 604	8 796
fair value adjustment/capital reserves		1 621	10 845	13 160
interest		2 666	2 851	3 904
Finance costs	63,0	(53 619)	(32 894)	(111 346
– interest on borrowings		(61 754)	(48 454)	(103 217
– interest capitalised		1 521	593	3 213
– fair value adjustments of interest rate derivatives		6 614	14 967	(11 342
Amortisation of deemed debenture premium		5 334	5 335	10 669
Profit on sale of investment property		434		464
Profit before debenture interest	32,2	180 048	136 233	110 883
Debenture interest	9,5	(63 267)	(57 758)	(114 890
Profit/(loss) before taxation		116 781	78 475	(4 007
Taxation charge		(63 399)	(17 385)	1 130
– Deferred taxation		(63 399)	(17 350)	1 305
– Normal taxation	l	-	(35)	(175
Total comprehensive income for the period attributable to equity holders		53 382	61 090	(2 877
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)	(12,6)	59,8	68,4	(3,2
Basic and diluted earnings per linked unit (cents)	(1,8)	130,6	133,1	125,4
Distribution per linked unit (cents)				
Dividends		0,35	0,32	0,64
Interest		70,85	64,68	128,66
		71,20	65,00	129,30

R'000	Unaudited 29 Feb 2012	Audited 31 Aug 2011
ASSETS		
Non-current assets	3 364 417	3 023 244
Investment properties	2 699 766	2 375 336
Property, plant and equipment	31 356	44 793
Operating lease assets	39 670	40 837
Listed investment	333 707	310 390
Investments – equity accounted	259 918	251 888
Current assets	56 085	42 040
Total assets	3 420 502	3 065 284
EQUITY AND LIABILITIES		
Share capital and reserves	1 303 192	1 242 957
Share capital and premium	95 636	90 302
Non-distributable reserves	1 161 578	1 106 314
Retained earnings	45 978	46 341
Non-current liabilities	1 841 008	1 462 887
Debentures and premium	357 690	363 024
Interest bearing borrowings	1 274 948	962 119
Deferred taxation	208 370	137 744
Current liabilities	276 302	359 440
Interest bearing borrowings	148 523	234 696
Non-interest bearing	63 593	67 611
Linked unit holders	64 186	57 133
Total equity and liabilities	3 420 502	3 065 284
Linked units in issue ('000)	89 297	89 297
Net asset value per linked unit (cents)	1 860	1 798
Net asset value per linked unit (cents) – before providing for deferred tax	2 093	1 953
Loan to investment value ratio (%)	42,2	39,6

R'000	Unaudited 6 months 29 Feb 2012	Unaudited 6 months 28 Feb 2011	Audited Year to 31 Aug 2011
CASH FLOW FROM OPERATING ACTIVITIES Net rental income from properties Adjustment for:	101 180	85 860	177 063
depreciationworking capital changes	1 720 (8 855)	1 896 25 170	3 670 17 030
Cash generated from operations	94 045	112 926	197 763
Investment income	17 018	16 485	29 805
Finance costs	(61 754)	(48 454)	(100 004)
Taxation paid		(35)	(175)
Distribution to linked unit holders paid	(56 499)	(57 768)	(116 622)
Net cash (outflow)/inflow from operating activities	(7 190)	23 154	10 767
CASH FLOW FROM INVESTING ACTIVITIES			
Investing activities	(221 676)	(186 095)	(254 171)
Proceeds from disposal of investment properties	4 800	_	4 255
Net cash outflow used in investing activities	(216 876)	(186 095)	(249 916)
CASH FLOW FROM FINANCING ACTIVITIES			
Increase in interest bearing borrowings	256 437	187 804	237 653
Net cash generated from financing activities	256 437	187 804	237 653
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	32 371	24 863	(1 496)
Cash and cash equivalents at beginning of year	(22 795)	(21 299)	(21 299)
Cash and cash equivalents at end of year	9 576	(3 564)	(22 795)

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

Unaudited Unaudited

		Unaudited	Unaudited	Audited
	%	6 months 29 Feb	6 months 28 Feb	Year to 31 Aug
R'000	Change	2012	2011	2011
Revenue				
– earned on contractual basis	17,3	216 967	184 939	384 218
Operating costs		(105 372)	(88 679)	(185 891)
Net rental income from properties	15,9	111 595	96 260	198 327
Administrative costs		(8 694)	(8 504)	(17 594)
Depreciation		(1 720)	(1 896)	(3 670)
Operating profit	17,8	101 180	85 860	177 063
Investment income				
– interest received		363	1 149	1 729
– listed investment		13 989	12 485	24 172
– associate		8 297	6 455	12 700
Distributable profit before finance costs	16,9	123 829	105 949	215 663
Finance costs	25,9	(60 233)	(47 861)	(100 004)
Distributable income before taxation	9,5	63 596	58 088	115 659
Taxation charge		-	(35)	(175)
Unit holders distributable earnings	9,5	63 596	58 053	115 484
Linked units in issue ('000)		89 297	89 297	89 297
Distributable earnings per linked unit				
(cents)	9,5	71,2	65,0	129,3
Distribution nor linked unit (cents)	9.5	71 2	65.0	1203

RECONCILIATION – EARNINGS TO DISTRIBUTABLE EARNINGS

	Unaudited 6 months	Unaudited 6 months	Audited Year to
8'000	29 Feb 2012	28 Feb 2011	31 Aug 2011
arnings attributable to equity holders	53 382	61 090	(2 877)
Amortisation of deemed debenture premium	(5 334)	(5 335)	(10 669)
Profit on sale of investment properties	(434)	-	(464)
air value adjustments			
- associate, net of deferred tax	(1 621)	(10 845)	(13 160)
- investment properties, net of deferred tax	(41 741)	(33 021)	20 246
leadline earnings before debenture interest	4 252	11 889	6 924
Debenture interest	63 267	57 758	114 890
leadline earnings attributable to linked unit holders	67 519	69 647	107 966
Straight-line lease adjustment, net of deferred tax	839	(817)	(3 094)
air value adjustments of interest rate derivatives,			
net of deferred tax	(4 762)	(10 777)	8 167
Deferred taxation adjustments	_		2 446
Distributable earnings attributable to linked unit			
olders	63 596	58 053	115 485
leadline earnings per linked unit (cents)	75,6	78,0	120,9

Distribution up by 9,5% to

71,20 cents per linked unit

Increase in net asset value by 3,5% to

1860 cents per unit

Total investments of

R3,4 billion

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

		Non-dis-		
	Share	tributable	Retained	
R'000	capital	reserves	earnings	Total
Balances at 31 August 2010	79 633	1 143 659	45 678	1 268 970
Total comprehensive income for the year			(2 877)	(2 877)
Transfer to capital – deemed debenture				
premium	10 669		(10 669)	_
Dividends paid			(580)	(580)
Adjustment to valuation of listed investment,				
net of deferred tax		(22 556)		(22 556)
Sale of investment properties		464	(464)	_
Fair value adjustments				
– Investment properties, net of				
deferred taxation		(20 246)	20 246	_
 Interest rate derivatives, net of 				
deferred taxation		13 160	(13 160)	_
 Associate, net of deferred tax 		(8 167)	8 167	_
Balances at 31 August 2011	90 302	1 106 314	46 341	1 242 957
Total comprehensive income for the year			53 382	53 382
Transfer to capital – deemed debenture				
premium '	5 334		(5 334)	_
Dividends paid			(286)	(286)
Adjustment to valuation of listed investment,				
net of deferred tax		7 139		7 139
Fair value adjustments				
 Investment properties, net of deferred 				
taxation		41 741	(41 741)	_
 Associate, net of deferred tax 		1 621	(1 621)	-
– Interest rate derivatives, net of deferred				
taxation		4 763	(4 763)	
Balances at 29 February 2012	95 636	1 161 578	45 978	1 303 192

NOTES TO THE FINANCIAL STATEMENTS

RASIS OF PREPARATION

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

These condensed consolidated results were prepared under the supervision of Mr AK Stein CA(SA), in his capacity as group financial director.

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

The effective Capital Gains Taxation ("CGT") rate to be applied to the revaluation of investment properties has increased from 14% to 18,6%, as announced in the recent 2012 Budget of Treasury. An adjustment relating to prior years amounting to R42,6 million was made to the current year deferred tax charge to account for the increased CGT rate.

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

Subsequent events: 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 in favour of its 40% held associate company, IPS Investments (Proprietary) Limited ("IPS"). At 29 February 2012, the suretyship amounted to R224,2 million.

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 – 29 February 2012	la da estal	0.00	D. 4. 11	ć	B. d.L. dal	Corporate	T. s. l
R'000	Industrial	Office	Retail	Commercial	Residential	unallocated	Total
Revenue							
Rentals and recoveries	38 122	43 474	72 844	47 565	14 962		216 967
Straight-line lease adjustment	(48)	(342)	(910)	183	(49)		(1 166)
Total revenue	38 074	43 132	71 934	47 748	14 913	-	215 801
Net rental income from properties	22 528	22 500	30 185	27 548	7 215	(9 961)	100 015
Assets							
Investment properties and operating lease assets	495 889	543 912	859 493	626 680	211 462		2 739 436
Plant and equipment	375	7 534	18 847	3 197	1 403		31 356
Other assets						649 710	649 710
Total assets	496 264	551 446	878 340	631 877	212 865	649 710	3 420 502
Analysis by property usage – 31 August 2011							
Revenue							
Rentals and recoveries	53 972	77 987	132 228	89 436	29 124		382 747
Management fee						1 598	1 598
Straight-line lease adjustment	28	(478)	1 815	2 333	473		4 171
Total revenue	54 000	77 509	134 043	91 769	29 597	1 598	388 516
Net rental income from properties	27 680	41 950	60 565	51 285	14 011	(14 130)	181 361
Assets							
Investment properties and operating lease assets	346 419	489 850	808 170	605 332	166 402		2 416 173
Plant and equipment	702	10 450	27 433	4 737	1 471		44 793
Other assets						604 318	604 318
Total assets	347 121	500 300	835 603	610 069	167 873	604 318	3 065 284

DIRECTORS' COMMENTARY REVIEW OF RESULTS

All rental income received by the group less operating costs and interest on debt, is distributed semiannually. The group does not distribute capital profits. Economic conditions and consumer confidence continued declining during the financial period. Rental income increased following successful upgrades of properties and a proactive approach to letting despite a challenging economic environment

The total distribution per linked unit for the six months of 71,20 cents per linked unit (2011: 65,00 cents) represents an increase of 9,5% on that paid in the comparative period.

Rental income and net rental income increased by 17,3% and 15,9% respectively. The core portfolio representing those properties held for the prior comparable six months with no major development activity reflects rental income growth of 8,9%. Property expenses increased to 48,6% (31 August 2011: 48,4%) of revenue. The increase in revenue was mainly due to improved letting and an increase in utilities and assessment rate recoveries. Although leases allow for the recovery of increased utilities and assessment rates from tenants, this has a negative impact on the new rentals when leases expire. Provisions and write-offs of bad debts remained at acceptable levels of 1,1% of total revenue. Fewer tenants defaulted following improved collection processes. Distributable income was negatively affected by the increased costs of funding on the interest rate swaps entered into at a premium to the weighted average annual floating interest rates. These interest rate swap agreements were entered into to fix interest rates in a low interest rate environment.

PROPERTY AND INVESTMENT PORTFOLIO

Octodec invests in the retail, industrial and office property sectors and holds a small residential

Octodec continued to expand its property portfolio in the Johannesburg and Pretoria central business districts (CBDs) as well as continuing the redevelopment and refurbishment of properties. Various properties were upgraded during the period at a total cost of R36,2 million. This included the office block, Elephant House, and the residential development, Dan's Place. Both are situated in the Johannesburg CBD. Octodec's total investment of R45 million in Dan's Place created 143 residential units and was completed in March 2012 at a fully let yield of 9,9%. Octodec has various projects earmarked for completion in the 2012 financial year. These include the upgrade of the mixed use properties Temple Court and Kerk Street Building in the Johannesburg CBD. A 5 233 m² retail development in the Pretoria CBD is scheduled for completion in August 2012. This will be occupied by Cambridge, part of the Walmart Group, and other retailers.

Octodec's investment in IPS continued providing acceptable earnings growth with profits earned from the associate company, excluding capital profits, increasing to R8,3 million. This was an increase of 28,5% on the comparable period. The growth achieved by IPS was positively impacted by the mixeduse developments Kempton Place and Tali's Place due to the improved occupancy levels achieved

During the period, two properties were acquired and transferred for an aggregate purchase price of R178,6 million, providing an average weighted yield of 10,3%.

Details of the properties are:

Name of property	· y	Descrip- tion	Rentable m ²	Purchase price including costs R million	Initial yield	Date of transfer
The Tannery	309 Derdepoort Rd,	Industrial				
Industrial Park	Silverton, Pretoria	units	35 990	153,8	10,4	1 Nov 2011
FNB Centurion	2023 Hendrik Verwoerd Drive, Centurion	Retail	1 874	24,8	9,6	17 Nov 2011
			31 864	178,6	10,3	

 $Vacancies in the Octodec \ portfolio \ at \ 29 \ February \ 2012 \ amounted \ to \ 14,5\% \ of \ the \ total \ lettable \ area$ and details of these vacancies with reference to their sectoral spread are set out in the table below:

	29 Feb 2012 %	31 Aug 2011 %
Offices	7,0	9,3
Retail – shops	3,4	2,6
Retail – shopping centres	0,2	0,7
Industrial	2,5	2,8
Residential	1,4	0,5
Total	1/1.5	15.0

A large percentage of the vacancies in the portfolio are in respect of properties acquired with large vacancies, where little or no consideration was paid for the vacant space. As the opportunities arise to develop these properties, the potential of these vacancies will be realised.

Octodec was successful in letting a number of properties that had been vacant for a considerable period. The office vacancies reduced to 7,0% partly due to 7 776 m² of office space having been converted to residential accommodation. The residential vacancies consist of, as expected, vacant units at the recently converted Dan's Place and at Temple Court which is being upgraded.

The vacant lettable area at Gezina Shopping Centre and at Killarney Mall reduced significantly.

Borrowings increased as a result of the acquisition of properties, the purchase of 615 653 Premium shares, and development costs incurred. Octodec's gearing at the end of the period under review was 42,2% of the total value of its investment portfolio against 39,6% at 31 August 2011.

Interest rates in respect of 54,0% of borrowings at 29 February 2012 have been hedged, maturing at various dates ranging from April 2013 to October 2018. The average weighted interest rate of all

Details of borrowings are as follows:

R'000	Nominal amount	Interest rate %
Fixed rate borrowings expiry		
April 2013	40 000	13,12
May 2013	53 250	12,72
November 2013	75 000	11,92
April 2018	100 000	12,06
October 2018	75 000	11,72
	343 250	12,18
Swap maturity		
January 2014	15 000	11,99
August 2017	200 000	8,96
September 2017	50 000	9,31
January 2018	50 000	9,43
May 2018	50 000	10,13
August 2018	50 000	9,4
	415 000	9,36
Total hedged borrowings	758 250	10,64
Variable rate borrowings	645 438	7,60
Total borrowings	1 403 688	9,20

REVALUATION OF PROPERTY PORTFOLIO

It is the group's policy to perform directors' valuations of all the properties at the interim stage and at year-end. At year-end, a third of the properties are valued by external valuers on a rotational basis.

The directors' valuation of the portfolio increased by R103.6 million, giving rise to an increase in net

DIRECTORATE CHANGES

Mr Petrus (Pieter) Strydom was appointed to the board as an independent non-executive director from 6 February 2012. He is a chartered accountant and has many years' experience. He will also serve as a member of the audit and risk committees. He brings a wealth of experience to the board from an accounting and corporate governance perspective and we look forward to his valued

PROSPECTS Due to the focus on the letting of properties with vacancies and the upgrading of properties, management is optimistic Octodec will deliver growth in distributions per linked unit for the full 12-month period similar to that achieved in the first six-month period. The abovementioned forecast has not been reviewed nor reported on by the company's auditors.

DECLARATION OF DIVIDEND 44 AND INTEREST PAYMENT

("the distribution")

Notice is hereby given that dividend number 44 of 0,35 cents (28 February 2011: 0,32 cents) per ordinary share (out of income reserves) and interest of 70,85 cents per debenture (28 February 2011: 64,68 cents), has been declared for the period 1 September 2011 to 29 February 2012. This is payable to linked unit holders recorded in the register on Friday, 18 May 2012. The last date to trade cum distribution is Friday, 11 May 2012. The units will commence trading ex distribution on Monday, 14 May 2012. Perment data will be Manaday 21 May 2012. 14 May 2012. Payment date will be Monday, 21 May 2012.

No dematerialisation or rematerialisation of linked unit certificates may take place between Monday, 14 May 2012 and Friday, 18 May 2012, both days inclusive.

The dividend component of the distribution is subject to dividend withholding tax at 15%. In determining dividend withholding tax, Secondary Tax on Companies ("STC") credits must be taken into account. The STC credits utilised as part of this declaration amount to R312 541, being 0,35 cents per share, and consequently no dividend withholding tax is payable by shareholders who are normally not exempt from dividend withholding tax. Shareholders will receive the dividend of 0,35 cents

The number of linked units in issue at the date of this declaration is 89 297 472 and the company's tax reference number is 9925/033/71/5.

By order of the board

S Wapnick Chairman 19 April 2012

JP Wapnick





www.octodec.co.za

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" Wapnick' (Chairman), JP Wapnick' (Managing), AK Stein' (Financial), MJ Holmes , MZ Pollack', DP Cohen', PJ Strydom' * Executive Director * Independent Non-executive Director † Non-executive Director of Non-executive Director † Non-executive Director † Non-executive Director of Non-executive Director of