Octodec
INVESTMENTS LIMITED

reviewed interim results 2016

Octodec Investments Limited
incorporated in the Republic of South Africa
Registration number: 1956/002868/06
Share code: OCT
ISIN: ZAE000192258
REIT status approved

Registered address
CPA House, 101 Du Toit Street, Tshwane 0002
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Company Secretary
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CPA House, 101 Du Toit Street Tshwane 0002
Tel: 012 357 1564, E-mail: elizeg@octodec.co.za

Sponsor
Nedbank Corporate and Investment Banking
Box 1144, Johannesburg 2000

Transfer secretaries
Computershare Investor Services Proprietary Limited
Box 61051, Marshalltown 2107

Investor relations
Instinctif Partners
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Directors
Sharon Wapnick (Chairman)^, Jeffrey Wapnick (Managing director)°, Anthony Stein (Financial director)°, Myron Pollack^, Derek Cohen*, Pieter Strydom#, Gerard Kemp#
* Lead independent director, # Independent non-executive director, ^ Non-executive director,
° Executive director

www.octodec.co.za

contents

unlocking value in living, working and playing spaces

Octodec Investments Limited ("Octodec" or "the group" or "the company") is listed on the JSE Limited ("JSE") as a real estate investment trust ("REIT"), with a portfolio of 324 properties in Gauteng valued at R11,8 billion as well as three equity-accounted investments, with its 50% interest in these investments valued at R161,0 million.

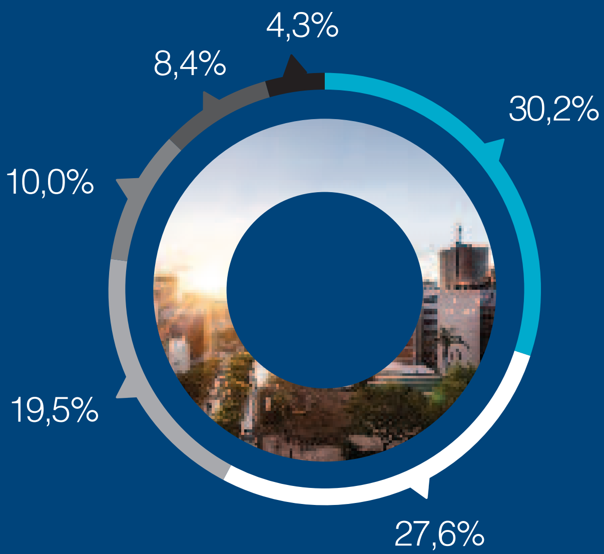
Octodec invests in the residential, retail, shopping centre, industrial and office property sectors and all of its properties are situated in Gauteng.

Octodec contracted with City Property Administration Proprietary Limited, one of South Africa's leading property asset management companies, to perform its asset management, property management and company secretarial functions.

324	**Portfolio of 324 properties in Gauteng**
R11,8bn	**324 properties valued at R11,8 billion**

The rental Octodec receives from the property portfolio, including the distributable income from its equity-accounted investments, less operating costs, interest on debt and normal taxation, is distributed to shareholders bi-annually. Octodec does not distribute capital profits.

Portfolio sectors: rental income (%)



Residential **30,2%**

Retail: non-shopping centres **27,6%**

Offices **19,5%**

Retail: shopping centres **10,0%**

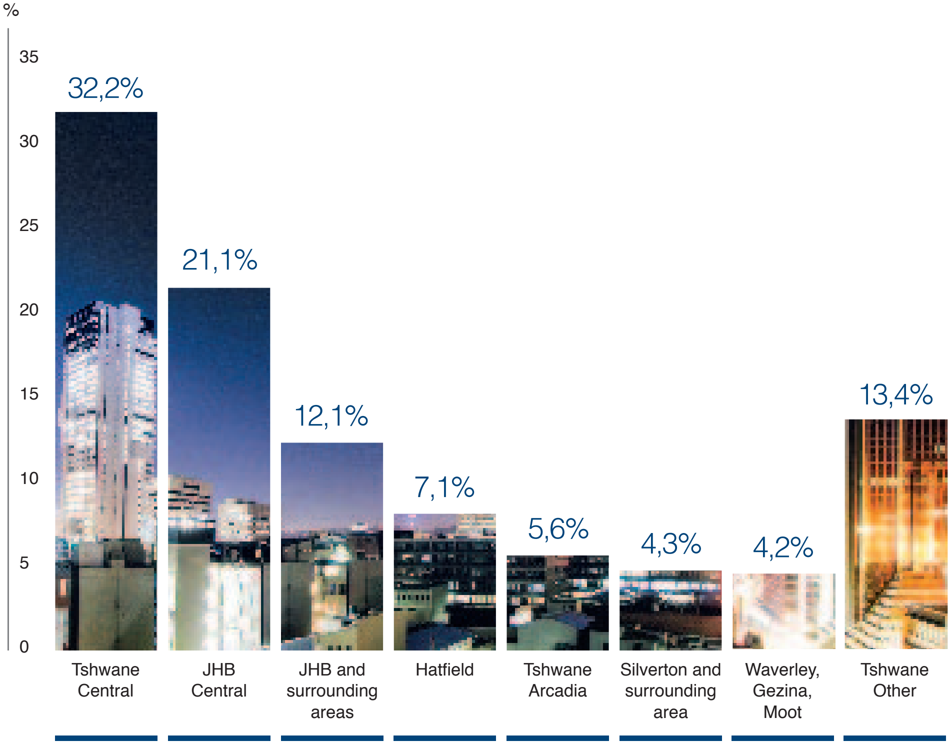
Industrial **8,4%**

Parking **4,3%**

measuring our performance

- Forecast distribution growth per share for the year to 31 August 2016 of approximately 6%
- 3,3% increase in net asset value per share ("NAV") to R28,60 for the six months to 29 February 2016 – increase in valuation of investment properties and interest rate swaps contribute to increase
- 86,6% of exposure to interest rate risk hedged
- Loan to investment value ("LTV") at 38%
- All-in weighted average cost of borrowings at 8.9%
- Like-for-like growth in rental income of 5% for the six-month period
- Distributions up by 1,7% to 98,4 cents per share for the six-month period compared to the comparative six-month period

Geographical analysis of rental income



5% Rental income growth

review of results

Octodec, which is well-positioned to continue taking advantage of opportunities in the Tshwane and Johannesburg CBDs, has delivered interim results in line with the board of directors expectations in a tough business environment with muted economic growth. One of the group's primary objectives continues to be the improvement of its existing properties in order to attract new tenants.

The successful upgrading of a number of our properties, together with a proactive approach to letting, resulted in an increase in rental income.

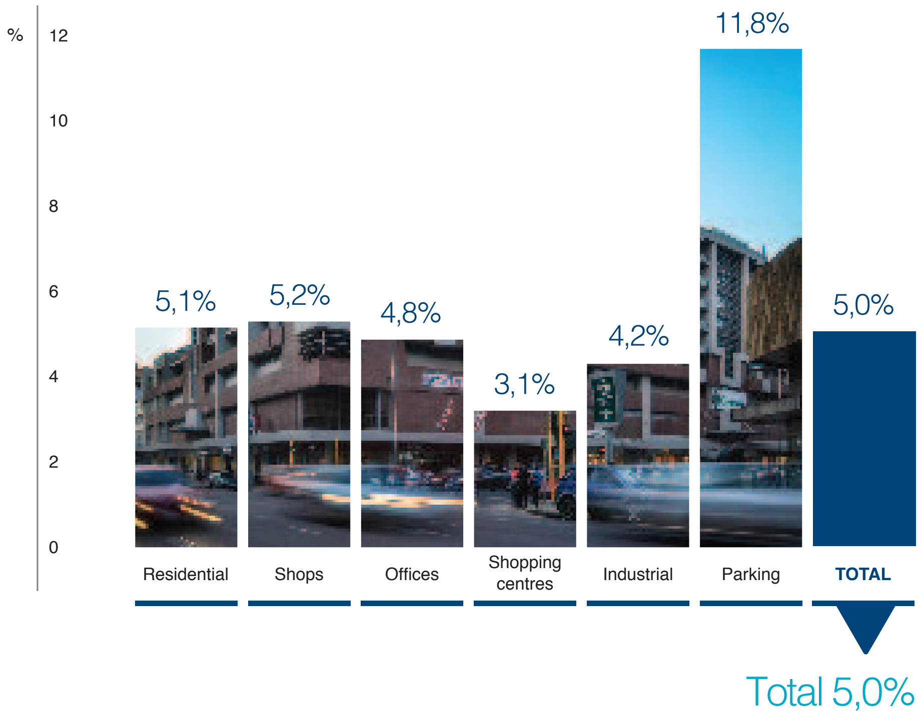
The total distribution per share for the six-month period of 98,4 cents (2015: 96,8 cents) represents an increase of 1,7% on that paid in the comparative six-month period. The anticipated phased take-up of residential units at Frank's Place commencing June 2015, as well as an environment of rising interest rates, negatively impacted distribution growth.

1.7% | **Increase in distribution per share**

98,4 cents

(2015: 96,8 cents)

The increase in revenue of 5,7% (excluding amounts attributable to straight-line rental income accrual) was mainly due to contractual escalations, improved letting and an increase in the recovery of utility and assessment rate charges. The portfolio continued to perform in line with expectations. The like-for-like growth in rental income was 5,0% from the following sectors:



The ratio of net property expenses (property expenses less recoveries excluding administration costs) to rental income (excluding amounts attributable to straight-line rental income accrual) for the group decreased to 29,7% (31 August 2015: 30,4%). The improvement of the ratio reflects the continued focus on cost control. Bad debt write-offs and provisions during the year were at 1,0% (31 August 2015: 0,8%) of total tenant income. Arrears and doubtful debt provisions remain at acceptable levels as a result of tight credit risk management and no significant deterioration is anticipated.

1% | **Bad debt write-offs and provisions during the year**

5.7% | **Increase in revenue**

investment property portfolio

Investing for growth

Developments

The group had three major projects under construction during the period under review. The total cost of these projects is approximately R708,9 million, of which an amount of R278,6 million was spent by 29 February 2016.

These projects include:

> 1 on Mutual, a mixed-use property, which is adjacent to Church Square in the Tshwane central business district ("CBD"). This project consists of 142 residential units, ground floor retail premises and parking. The total cost of the project is R152,7 million and the expected completion date is July 2016 at a fully let annual yield of 7,6%.

> The Manhattan, a 180-unit residential development in Sunninghill, Johannesburg is progressing well. The total development cost of this 50%-held joint operation amounts to R80,9 million and completion is expected by late 2016. The fully let initial annual yield is expected to be 9,5%.

> The redevelopment of Sharon's Place (previously named Centre Forum), which is adjacent to the new Tshwane House municipal development in the Tshwane CBD, is a residential development consisting of 400 units, ground floor retail and parking. The total cost of this project, the completion of which is expected to be in April 2017, is R394,3 million at a fully let initial annual yield of 7,0%.

The group has several small projects underway, in line with Octodec's strategy to upgrade and extract value from its property portfolio. These projects will not only enhance the value of the portfolio, but will also contribute to the upliftment of the Tshwane and Johannesburg CBDs.

The group's three major projects as well as the other smaller projects, will be funded out of existing banking facilities totaling R716,4 million.

Acquisitions and disposals

Octodec acquired the Van Riebeeck Medical building in the Tshwane CBD during the period under review for a total consideration of R29,0 million. The property will be converted into 195 residential units at a cost of approximately R110 million. The fully let initial annual yield is expected to be 8,0%. The group disposed of three non-core properties during the period under review for a total consideration of R14,6 million.

Vacancies

Vacancies in the Octodec portfolio at 29 February 2016, including properties held for redevelopment, amounted to 16,1% (31 August 2015: 15,0%) of gross lettable area. The core vacancies, which exclude the gross lettable area relating to properties held for development and those currently being redeveloped, amount to 10,1% (31 August 2015: 8,9%).

	Total lettable area m^2	Total vacancies %	Properties held for redevelopment %	Core vacancies %
29 February 2016				
Offices	481 377	35,9	(19,7)	16,2
Retail – shops	443 136	11,2	(1,0)	10,2
Retail – shopping centres	98 895	4,5	–	4,5
Industrial	305 257	12,0	–	12,0
Residential	367 121	2,9	(0,5)	2,4
Total	**1 695 786**	**16,1**	**(6,0)**	**10,1**
31 August 2015*				
Offices	474 563	34,1	(18,4)	15,7
Retail – shops	440 066	9,6	(1,8)	7,8
Retail – shopping centres	98 830	1,4	–	1,4
Industrial	315 192	9,3	(0,6)	8,7
Residential	367 198	5,3	(1,8)	3,5
Total	**1 695 849**	**15,0**	**(6,1)**	**8,9**

*Some properties were remeasured and some reclassifications were made to the 31 August 2015 values to ensure comparability to the current period.

Most properties in the Octodec portfolio remained fully let.

As expected, a number of properties under development, or those which were recently upgraded, had vacancies. In recent years, certain properties, such as Centre Walk, Fedsure, Re-insurance and Van Riebeeck Medical building, were acquired with high vacancy levels. These properties offer significant redevelopment opportunities, the value of which will be realised over time.

As opportunities arise, the value of these vacancies is being realised. Centre Walk was recently upgraded at a cost of R28,9 million and 9 365 m^2 of office space was let to a government tenant. The lease is effective from 1 March 2016 at a total monthly rental of R870 800.

Lease expiry profile

Octodec's portfolio features a mix of short- to long-term leases with the majority of short-term leases providing for a monthly agreement at expiry which is typical of the residential market.

	Gross lettable area m²	%	Monthly contractual rent R	%
Residential	367 121	21,6	35 916 175	32,0
Monthly commercial	176 349	10,4	11 320 575	10,1
to 28 February 2017	286 644	16,9	18 616 836	16,6
to 28 February 2018	252 376	14,9	19 650 157	17,5
to 28 February 2019	133 040	7,9	10 404 301	9,3
to 29 February 2020	65 050	3,8	5 346 810	4,7
thereafter	141 356	8,4	11 052 418	9,8
Vacancies	273 850	16,1	–	–
Total	**1 695 786**	**100,0**	**112 307 272**	**100,0**

borrowings and working capital

Amount R'million		Weighted average interest rate per annum %
Bank loans	3 917,1	8,9
DCM Corporate paper	658,8	7,4
Total borrowings	4 575,9	8,7
Cost of swaps	–	0,2
Total borrowings	**4 575,9**	**8,9**

Interest rate swap expiry for financial periods ending:	Amount R'million	Weighted average interest rate per annum above/below JIBAR %
August 2017	1 250	0,65
August 2018	1 050	0,15
August 2019	1 250	(0,24)
Total	**3 550**	**0,24**

The group's loan to value ratio ("LTV"), measured by dividing the value of interest-bearing borrowings (net of cash) by the fair value of its investment portfolio at 29 February 2016, was 38,0% (31 August 2015: 37,3%).

Octodec's exposure to interest rate risk in respect of 86,6% (31 August 2015: 94,2%) of borrowings at 29 February 2016 is hedged by entering into interest rate swap contracts. The hedges in place are for a weighted average period of 2,1 years. The all-in average weighted interest rate of all borrowings is 8,9% per annum (28 February 2015: 8,7%). Details of borrowings are set out in the adjacent table.

Octodec participates in the Debt Capital Market ("DCM") through its subsidiary, Premium Properties Limited. As at the date of this report the total issuance was at R658,8 million, or 12,4% of the group's borrowings. Global Credit Rating's long- and short-term national scale ratings of Premium were maintained at A(ZA) and A1(ZA) respectively.

Octodec had unutilised banking facilities amounting to R716,4 million at 29 February 2016.

changes in fair value

It is the group's policy to perform directors' valuations of all the properties at the interim stage and at year-end. The valuations are based on the income capitalisation method, which is consistent with the basis used in prior years. The internal valuation of the property portfolio of R11,8 billion represents an increase in the valuation amounting to R158,8 million or 1,4% for the six-month period ended 29 February 2016.

The mark-to-market value of interest rate swap contracts, which protects the group against adverse interest rate movements, increased by R51,2 million.

The increase in the valuation of investment properties and interest rate swaps contributed to the 3,3% increase in the net asset value ("NAV") to R28,60 per share.

prospects

While the current challenging trading conditions are expected to continue, and possibly deteriorate even further, indications are that the dividend per share for the twelve-month period ending 31 August 2016 should increase by approximately 6% compared to the previous year.

This guidance is based on the following key assumptions:

- Forecast investment property income is based on contractual rental escalations and market related renewals;
- Appropriate allowance for vacancies has been incorporated into the forecast; and
- No major corporate and tenant failures will occur.

This forecast has been neither reviewed nor reported on by the group's auditors.

declaration of cash dividend with the option to elect to reinvest the cash dividend in return for Octodec shares

The Board of Directors of Octodec declared an interim cash dividend of 98,4 cents per share, for the six months ended 29 February 2016, out of the company's distributable income ("the cash dividend").

Shareholders will be entitled, in respect of all or part of their shareholdings, to elect to reinvest the cash dividend in return for Octodec shares ("the dividend reinvestment alternative"). Those shareholders who elect not to reinvest will receive the cash dividend of 98,4 cents per share. The entitlement for shareholders to receive the dividend reinvestment alternative is subject to the Board agreeing on the pricing and terms of the dividend reinvestment alternative. The Board in its discretion may withdraw the dividend reinvestment alternative and such withdrawal will be communicated to shareholders prior to the finalisation announcement to be published by 11:00 on Friday, 13 May 2016.

A circular providing further information in respect of the cash dividend and dividend reinvestment alternative will be posted to shareholders on 3 May 2016.

Shareholders who have dematerialised their shares through a Central Securities Depository Participant ("CSDP") or broker should instruct their CSDP or broker with regard to their election in terms of the custody agreement entered into between them and their CSDP or broker.

Salient dates and times

The salient dates and times for the cash dividend and dividend reinvestment alternative are as set out below:

Salient dates and times	2016
Circular and form of election posted to shareholders	Tuesday, 3 May
Announcement of dividend reinvestment alternative issue price and finalisation information by	Friday, 13 May
Last day to trade ("LDT") cum dividend	Friday, 20 May
Shares trade ex-dividend	Monday, 23 May
Listing of maximum possible number of dividend reinvestment alternative shares commences on the JSE	Wednesday, 25 May
Last day to elect to receive the dividend reinvestment alternative (no late forms of election will be accepted) by 12:00 (SA time)	Friday, 27 May
Record date for the election to receive shares in terms of the dividend reinvestment alternative or to receive a cash dividend (record date)	Friday, 27 May
Announcement of results of cash dividend and dividend reinvestment alternative released on SENS	Monday, 30 May
For shareholders not electing the dividend reinvestment alternative Cash dividend cheques posted to certificated shareholders	Monday, 30 May
Accounts credited for cash dividend by CSDP or broker to dematerialised shareholders	Monday, 30 May
Announcement of results of cash dividend and dividend reinvestment alternative in the press	Tuesday, 31 May
For shareholders electing the dividend reinvestment alternative Share certificates posted to certificated shareholders	Wednesday, 1 June
Accounts credited with shares by CSDP or broker to dematerialised shareholders	Wednesday, 1 June
Adjustment to shares listed on or about	Friday, 3 June

Notes:

Shareholders electing the dividend reinvestment alternative are alerted to the fact that the new shares will be listed on LDT + 3 and that these new shares can only be traded on LDT + 3, due to the fact that settlement of the shares will be three days after the record date, which differs from the conventional one day after record date settlement process.

Shares may not be dematerialised or rematerialised between Monday, 23 May 2016 and Friday, 27 May 2016, both days inclusive.

The above dates and times are subject to change. Any changes will be announced on SENS.

Tax implications for non-resident shareholders

Dividends received by non-resident shareholders from a REIT will not be taxable as income and will be exempt from income tax in terms of the exemption in section 10(1)(k)(i) of the Income Tax Act. With effect from 1 January 2014, any dividend received by a non-resident from a REIT is subject to dividend tax at 15%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation agreements ("DTA") between South Africa and the country of residence of the non-resident shareholders. Assuming dividend tax will be withheld at a current rate of 15%, the net dividend amount due to non-resident shareholders is 83,64 cents per share. A reduced dividend tax in terms of the applicable DTA may only be relied on if the non-resident shareholder has submitted the following forms to his/her CSDP or broker, as the case may be, in respect of uncertificated shares, or the transfer secretaries, in respect of certificated shares:

- A declaration that the dividend is subject to a reduced rate as a result of the application of the DTA; and
- A written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner.
- Both in the form prescribed by the Commissioner for the South African Revenue Services ("SARS").

If applicable, non-resident shareholders are advised to contact the CSDP, broker or the transfer secretaries, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Tax implications for South African resident shareholders

Dividends received by or accrued to South African tax residents must be included in the gross income of such shareholders. They are not exempt from income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i)(aa) of the Income Tax Act because they are dividends distributed by a REIT. These dividends are, however, exempt from dividend withholding tax (dividend tax) in the hands of South African resident shareholders, provided that the South African resident shareholders have made submissions to the CSDP or broker, as the case may be, in respect of uncertificated shares, or the transfer secretaries in respect of certificated shares, a DTD (EX) (Dividend Tax: declaration and undertaking to be made by the beneficial owner of a share) form to prove their status as a South African resident and indicating the exemption upon which they are relying.

If resident shareholders have not submitted the abovementioned documentation to confirm their status as a South African resident, they are advised to contact their CSDP or broker, as the case maybe, to arrange for the documents to be submitted prior to payment of the cash dividend.

Shareholders are encouraged to consult with their professional advisors should they be in any doubt as to the appropriate action to take.

The number of shares in issue at the date of this declaration is 252 321 784 and Octodec's tax reference number is 9925/033/71/5.

By order of the Board

S Wapnick Chairman	**JP Wapnick** Managing Director

28 April 2016

notes to the condensed consolidated financial statements

Basis of preparation

The reviewed condensed consolidated interim financial statements are prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. The interim report has been prepared in accordance with the conceptual framework, the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") IAS 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and financial pronouncements as issued by the Financial Reporting Standards Council. The accounting policies applied in the preparation of the reviewed condensed consolidated interim financial statements are consistent with those applied in the previous consolidated financial statements.

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.

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

Fair value measurement

The fair value of investment properties is arrived at on the basis of a valuation technique using the net income capitalisation method, carried out at 29 February 2016 by taking into account prevailing market rentals, occupation levels and capitalisation rates. The other key input used in the valuation calculation is the expected long-term net operating income margin, of which the expense ratio and long range vacancy factor is the significant unobservable input. There have been no changes in judgements or estimates of amounts or valuation techniques as reported in previous reporting periods. The directors value the entire property portfolio on a bi-annual basis. The effect of the fair value measurement on investment properties resulted in an increase in profit of R158,8 million in the statement of profit and loss and other comprehensive income. Independent valuations are obtained annually on a rotational basis to determine the reasonableness of the directors' valuations, ensuring that every property is valued every three years. This is a JSE Listings Requirement.

Financial instruments measured at fair value include derivatives. The fair values of the interest rate swaps are determined on a mark-to-market valuation calculated by the various financial institutions with whom the swaps are held, 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 SA swap curve.

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.

R158,8m | Fair value change in investment property

R51,2m | Fair value change in interest rate derivatives

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 are 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)

Investment properties and derivative financial instruments have been categorised as Level 3 and Level 2 respectively and there have been no significant transfers made between Levels 1, 2 and 3 during the year under review. There have been no material changes in judgements or estimates of amounts or valuation techniques as reported in previous reporting periods.

Fair value measurements using significant unobservable inputs (Level 3)

	Reviewed investment property R'000
Balance as at 31 August 2015	11 449 157
Total gains for the period included in profit and loss	158 817
Transfers into/(out of) Level 3	–
Acquisitions, disposals and other movements:	
Acquisitions and subsequent expenditure	215 728
Disposals	(14 102)
Closing balance	**11 809 600**
Included in profit and loss for the period:	
Changes in fair value of investment property	158 817

Relationship of unobservable inputs to fair value

The significant unobservable inputs used in the fair value measurement of the group's investment properties are the capitalisation rates, the expense to income ratios as well as the long range vacancy factor. Significant increases/(decreases) in any of these inputs in isolation would result in a significantly lower/(higher) fair value measurement.

An increase of 1% in the capitalisation rate, while all other variables remain constant, would result in a decrease in the carrying amount of investment property by R1,2 billion. A decrease of 1% in the capitalisation rate, while all other variables remain constant, would result in an increase in the carrying amount of investment property of R1,5 billion.

An increase of 1% in the weighted average expense ratio used to calculate the long-term net operating income margin, while all other variables remain constant, would result in a decrease in the carrying amount of investment property by R158,2 million. A decrease of 1% in the weighted average expense ratio used to calculate the long-term net operating income margin, while all other variables remain constant, would result in an increase in the carrying amount of investment property by R158,2 million.

The third key input used in the valuation calculation is the long range vacancy factor. The expected long range vacancy factor takes into account historic and future expected vacancy trends. The long range vacancy factor indicates the expected vacancy to be applied over the long term that best approximates the actual experience. The range of long range vacancy factors used was from 0,0% to 55,0%.

Events after the reporting date

There have been no subsequent events that require reporting.

Commitments

The group has capital commitments in an amount of R603,2 million, relating to various redevelopments and upgrades of properties. These would be funded out of existing unused banking facilities.

Related party transactions

Total payments made to City Property Administration Proprietary Limited amount to R94,4 million. This included fees for collections, asset management, leasing, property management, acquisitions and disposals as well as upgrades and developments.

Independent auditor's report

Deloitte & Touche have issued their unmodified review report on the reviewed condensed consolidated interim financial statements for the period ended 29 February 2016. The review was concluded in accordance with *ISRE 2410 Review of Interim Financial Information performed by the independent auditor of the entity.* A copy of their unmodified review report is available for inspection at Octodec's registered office.

The auditor's review 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 report together with the accompanying financial information from Octodec's registered office.

financial statements

Condensed consolidated statement of financial position

R'000	Reviewed 29 February 2016	Audited 31 August 2015
ASSETS		
Non-current assets	**12 055 953**	11 644 922
Investment property	**11 809 600**	11 449 157
Other financial assets	**20 290**	-
Derivative financial instruments	**65 056**	34 451
Investment in joint ventures	**161 007**	161 314
Current assets	**124 808**	158 091
Receivables	**100 546**	102 822
Bank and cash	**24 262**	55 269
	12 180 761	**11 803 013**
EQUITY AND LIABILITIES		
Equity	**7 216 023**	6 987 679
Stated capital	**3 907 819**	3 907 819
Non-distributable reserve	**3 008 826**	2 799 231
Distributable reserve	**299 378**	280 629
Non-current liabilities	**3 913 451**	3 012 937
Interest-bearing borrowings	**3 838 902**	2 917 174
Derivative financial instruments	**1 564**	22 778
Deferred taxation	**72 985**	72 985
Current liabilities	**1 051 287**	1 802 397
Interest-bearing borrowings	**737 001**	1 463 699
Derivative financial instruments	**602**	-
Non-interest-bearing borrowings	**311 073**	335 216
Dividends payable	**2 611**	3 482
	12 180 761	**11 803 013**

Shares in issue ('000)	**252 322**	252 322
Net asset value ("NAV") per share (cents)	**2 860**	2 769
Loan to investment value ("LTV") ratio (%)	**38,0**	37,3

Condensed consolidated statement of comprehensive income

R'000	% Change	Reviewed six months 29 February 2016	Reviewed six months 28 February 2015	Audited 12 months 31 August 2015
Revenue		**856 032**	808 204	1 639 089
earned on contractual basis	5,7	**852 417**	806 296	1 634 159
straight-line rental income accrual		**3 615**	1 908	4 930
Property operating costs	5,6	**(384 930)**	(364 528)	(742 212)
Net rental income from properties	6,2	**471 102**	443 676	896 877
Administrative costs	(0,2)	**(37 465)**	(37 543)	(72 915)
Operating profit	6,8	**433 637**	406 133	823 962
Fair value changes		**210 033**	209 935	535 309
investment property		**158 817**	208 531	486 054
interest rate derivatives		**51 216**	1 404	49 255
Profit/(loss) on sale of investment property		**483**	(61)	(61)
Gain on bargain purchase		**–**	319 647	319 647
Interest Income		**3 294**	3 058	5 953
Finance costs	4,2	**(192 745)**	(185 016)	(376 491)
interest on borrowings		**(202 589)**	(192 996)	(396 050)
interest capitalised		**9 844**	7 980	19 559
Share of income from joint ventures		**6 787**	11 172	32 575
Profit before taxation	(39,7)	**461 489**	764 868	1 340 894
Taxation charge		**–**	(2 451)	(3 166)
deferred taxation		**–**	(2 466)	(3 181)
normal taxation		**–**	15	15
Profit for the period	(39,5)	**461 489**	762 417	1 337 728
Other comprehensive income for the period - Items that will not be reclassified to profit and loss		**–**	–	–
Total comprehensive income for the period attributable to equity holders	(39,5)	**461 489**	762 417	1 337 728

Weighted shares in issue - ('000)		**252 322**	236 403	238 148
Shares in issue ('000)		**252 322**	236 403	252 322
Basic earnings per share (cents)	(43,3)	**182,9**	322,5	561,7
Diluted earnings per share (cents)	(43,3)	**182,9**	322,5	530,2
Distribution per share (cents)				
Interim		**98,40**	96,80	96,80
Final				92,40
Total	1,7	**98,40**	96,80	189,20

Condensed consolidated statement of changes in equity

R'000	Stated capital	Non distributable reserve	Retained earnings	Total
Balance at 31 August 2014 (Audited)	918 478	1 928 522	42 449	2 889 449
Total comprehensive income for the period	–	–	1 337 728	1 337 728
Issue of new shares	2 989 341	–	–	2 989 341
Dividends paid	–	–	(228 839)	(228 839)
Loss on sale of investment property	–	(61)	61	–
Transfer to non-distributable reserve				
Gain on bargain purchase	–	319 647	(319 647)	–
Fair value changes				
investment property	–	486 054	(486 054)	–
investment property–joint ventures	–	19 082	(19 082)	–
interest rate derivatives	–	45 987	(45 987)	–
Balance at 31 August 2015 (Audited)	**3 907 819**	**2 799 231**	**280 629**	**6 987 679**
Total comprehensive income for the period	–	–	461 489	461 489
Dividends paid	–	–	(233 145)	(233 145)
Transfer to non-distributable reserve				
Profit on sale of investment property	–	483	(483)	–
Fair value changes				
investment property	–	158 817	(158 817)	–
investment property–joint ventures	–	(921)	921	–
interest rate derivatives	–	51 216	(51 216)	–
Balances at 29 February 2016 (Reviewed)	**3 907 819**	**3 008 826**	**299 378**	**7 216 023**

Reconciliation – earnings to distributable earnings

R'000	Reviewed six months 29 February 2016	Reviewed six months 28 February 2015	Audited 12 months 31 August 2015
Total comprehensive income attributable to equity holders	**461 489**	762 417	1 337 728
(Profit)/loss on sale of investment property	**(483)**	61	61
Gain on bargain purchase	**–**	(319 647)	(319 647)
Fair value changes			
joint ventures	**921**	(4 421)	(19 082)
investment properties	**(158 817)**	(208 531)	(486 054)
Headline earnings attributable to equity holders	**303 110**	229 879	513 006
Straight-line rental income accrual	**(3 615)**	(1 908)	(4 930)
Fair value changes of interest rate derivatives, net of deferred tax	**(51 216)**	(1 404)	(45 987)
Deferred taxation	**–**	2 466	(87)
Distributable earnings attributable to equity holders	**248 279**	229 033	462 002
Headline earnings per share (cents)	**120.1**	97.2	215.4

Condensed consolidated statement of cash flows

R'000	Reviewed six months 29 February 2016	Reviewed six months 28 February 2015	Audited 12 months 31 August 2015
CASH FLOW FROM OPERATING ACTIVITIES			
Net rental income from properties	**430 022**	404 225	819 032
Adjustment for :	**–**	–	–
depreciation and amortisation	**11 041**	12 674	24 954
working capital changes	**(21 870)**	133 663	37 514
Cash generated from operations	**419 193**	550 562	881 500
Interest income	**8 619**	3 058	5 953
Finance costs	**(192 745)**	(185 016)	(376 491)
Taxation paid/(received)	**–**	15	(34)
Distribution to equity holders paid	**(234 016)**	(226 300)	(454 710)
Net cash inflow from operating activities	**1 051**	142 319	56 218
CASH FLOW FROM INVESTING ACTIVITIES			
Investing activities	**(241 674)**	(172 723)	(481 149)
Net cash inflow from business combination	**–**	–	135 904
Proceeds from disposal of investment property	**14 586**	15 950	16 046
Net cash outflow used in investing activities	**(227 088)**	(156 773)	(329 199)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of new shares	**–**	–	387 806
Increase/(decrease) in interest–bearing borrowings	**195 030**	86 959	(64 424)
Net cash generated from financing activities	**195 030**	86 959	323 382
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	**(31 007)**	72 505	50 401
Cash and cash equivalents at beginning of period	**55 269**	4 868	4 868
Cash and cash equivalents at end of period	**24 262**	77 373	55 269

Condensed segmental information

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

Rental income by sector	Reviewed six months 29 February 2016 R'000	%	Reviewed six months 28 February 2015 R'000	%
Residential	**199 851**	**30,2**	181 260	28,8
Retail	**182 782**	**27,6**	173 848	27,6
Offices	**129 227**	**19,5**	133 836	21,2
Shopping centres	**65 910**	**10,0**	63 930	10,1
Industrial	**55 359**	**8,4**	51 709	8,2
Parking	**28 751**	**4,3**	25 849	4,1
Total rental income	**661 880**	**100,0**	630 432	100,0
Recoveries and other income	**194 152**		177 772	
Revenue	**856 032**		**808 204**	

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 predominantly in properties situated in the Gauteng area, therefore the company has not reported on a geographical basis.

In the current year the group included a new sector, Parking, as it has become a significant revenue component. Parking was previously included in the other sectors. The comparative amounts were restated to reflect the new sector separately.

Distributable earnings

The following additional information is provided and is aimed at disclosing to the users the basis of which the distribution is calculated:

R'000	Reviewed six months 29 February 2016	Reviewed six months 28 February 2015	Audited 31 August 2015
Revenue earned on contractual basis	**852 417**	806 296	1 634 159
Property operating costs	**(384 930)**	(364 528)	(742 212)
Net rental income from properties	**467 487**	441 768	891 947
Administrative costs	**(37 465)**	(37 543)	(72 915)
Operating profit	**430 022**	404 225	819 032
Interest income	**3 294**	3 058	5 953
Share of income from joint ventures	**7 708**	6 751	13 493
Distributable profit before finance costs	**441 024**	414 034	838 478
Finance costs	**(192 745)**	(185 016)	(376 491)
Distributable income before taxation	**248 279**	229 018	461 987
Taxation	**–**	15	15
Equity holders distributable earnings	**248 279**	229 033	462 002

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