Octodec
INVESTMENTS LIMITED

Unaudited interim results for the six months ended 28 February 2021

PERFORMANCE **HIGHLIGHTS**

R0.75
Funds from Operations (SA REIT FFO) (Rand per share) (29 February 2020: R0.98)*

R23.6
Net asset value (NAV) per share (SA REIT NAV) (Rand per share) (31 August 2020: R24.8)

R184.3 million
Cash generated from operating activities before dividend payment (29 February 2020: R287.0 million)*

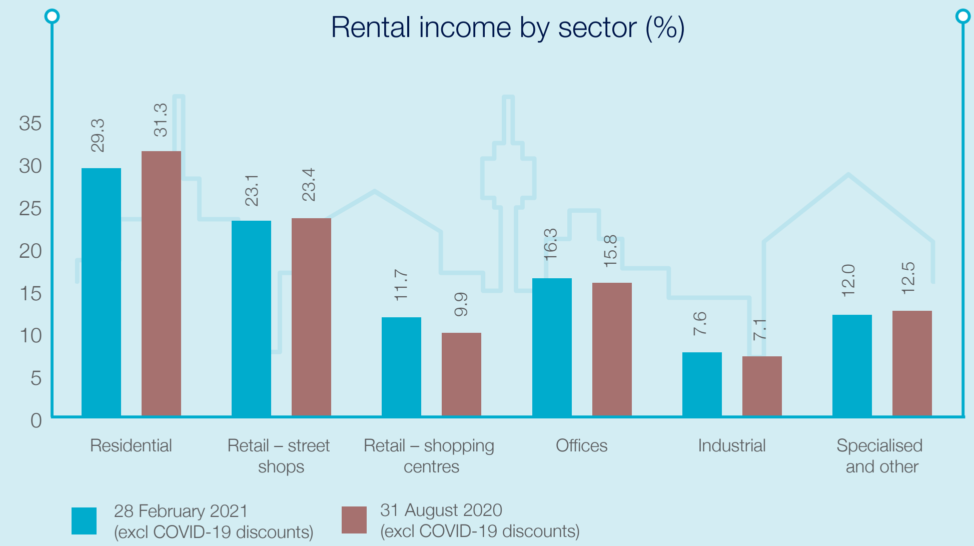
(8.5%)
Like-for-like rental growth before COVID-19 rental discounts (29 February 2020: 2.2%)*

44.2%
Loan to value (LTV) (SA REIT calculation) (31 August 2020: 42.5%)

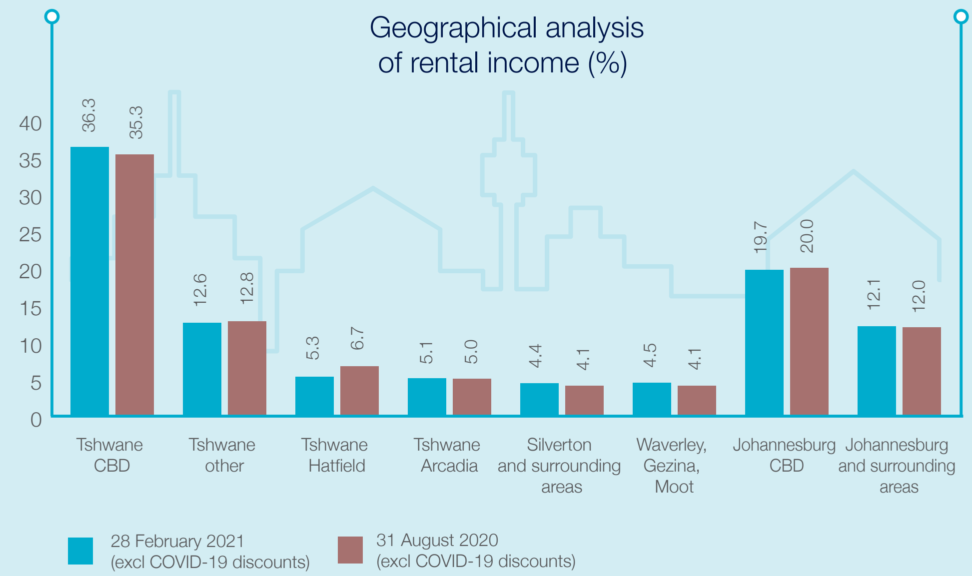
8.6%
All-in annual weighted average cost of borrowings (SA REIT calculation) (31 August 2020: 8.7%)

* *Pre-COVID-19 period*

Rental income by sector (%)



Geographical analysis of rental income (%)



CONTENTS

COMMENTARY

Introduction

Octodec Investments Limited (Octodec or the company), its subsidiaries and associated company (the group) is a real estate investment trust (REIT) listed on the JSE Ltd (JSE). Octodec has a diversified portfolio of 274 residential, retail, office, industrial and specialised properties situated in the major metropolitan areas of Tshwane and Johannesburg. The portfolio, including a joint venture, has a lettable area of 1 632 836m^2 and is valued at R11.3 billion.

Octodec has contracted City Property Administration (Pty) Ltd (City Property) to perform its asset and property management functions.

We manage our portfolio by maintaining sound property fundamentals, which are designed to deliver long-term sustainable value for our shareholders and other stakeholders and to provide affordable and attractive accommodation for our tenants. Our long-term strategic objectives remain unchanged: to create value for stakeholders, optimise the value of our portfolio and our balance sheet, and to manage our funding requirements.

COVID-19

COVID-19 has had a significant impact on the real estate sector and in particular on our tenants and stakeholders. Initially, the majority of commercial tenants were afforded discounts rather than deferrals or payment plans, especially small, medium, and micro enterprises (SMMEs) which continue to be the most affected. However, with each lease renewal, tenants are looking for reduced rentals rather than a once-off discount. Tenant retention remains a high priority for Octodec and we continue to engage with tenants to ensure that they survive the adverse effects of the pandemic. Rental discounts are expected to continue for a limited number of tenants for the second half of the year.

Review of results

This period has been dominated by the impact of COVID-19 and lockdowns on an already weak economy which have negatively impacted economic activity and have contributed to many business closures and increased unemployment, which in turn have impacted our business. Certain sectors which form part of our tenant base have been more severely impacted by the lockdown than others due to their level of social interaction, such as hospitality, places of worship, and universities and colleges which have moved their tuition online.

This has led to a decrease of 22.9% in Octodec's Funds from Operations, as defined by the SA REIT Association (SA REIT FFO), largely attributable to a reduction in rental income, a result of negative rental reversions and an increase in vacancies mainly in the residential sector. The relief granted by way of rental discounts, totalling 2.8% of rental income for the six-month period to 28 February 2021, contributed to a decrease in rental income of 10.8%.

	% movement from 29 February 2020	**Unaudited six months 28 February 2021 R'000**	Unaudited six months 29 February 2020 R'000	Audited 12 months 31 August 2020 R'000
Revenue earned on contractual basis	**(8.2)**	**924 776**	1 007 166	1 989 630
COVID-19 rental discount		**(26 060)**	–	(103 578)
Revenue earned after COVID-19 rental discount	**(10.8)**	**898 716**	1 007 166	1 886 052
Property operating expenses and impairments	**(0.6)**	**(473 032)**	(475 782)	(940 655)
Net property income	**(19.9)**	**425 684**	531 384	945 397
Administrative and corporate expenses	**(21.1)**	**(36 626)**	(46 402)	(91 030)
Net operating profit	**(19.8)**	**389 058**	484 982	854 367
Rent reduction to Edcon		**–**	(3 046)	(3 046)
Share of income from joint ventures		**1 509**	1 776	2 262
Distributable profit before finance costs		**390 567**	483 712	853 583
Net finance costs	**(15.0)**	**(191 492)**	(225 368)	(436 198)
Distributable earnings attributable to shareholders (SA REIT FFO)	**(22.9)**	**199 075**	258 344	417 385

Dividends

In light of the ongoing uncertainty related to COVID-19 and Octodec's strategic objectives to strengthen its balance sheet and ensure prudent financial management in the challenging South African economic environment, the board considers it prudent to defer the decision on the declaration of a dividend to shareholders until the publication of Octodec's annual results for the financial year ending 31 August 2021. In considering the dividend, a number of factors will be taken into account including the group's profitability, solvency and available liquidity.

Net asset value

Octodec's NAV decreased from R24.8 per share at 31 August 2020 to R23.6 per share at 28 February 2021 (SA REIT NAV), mainly attributable to a 4.1% decrease in the valuation of the property portfolio due to weaker property fundamentals. This was slightly offset by a positive fair value adjustment in the revaluation of interest rate derivatives.

Revenue

Revenue earned on a contractual basis decreased by R82.4 million or 8.2% before COVID-19 rental discounts were granted to tenants most affected by the pandemic. This decrease was due to rental reversions and an increase in vacancies, mainly in the residential sector.

On a like-for-like basis, before the COVID-19 rental relief granted, overall rental income decreased by 8.5%. Rental income from the residential sector and specialised sectors decreased by 14.1% and 15.4% respectively, largely attributable to the impact that COVID-19 and the lockdown had on these sectors. The economic hardship felt by the tenants in Octodec's properties resulted in many residential tenants having to vacate due to affordability concerns as they were retrenched, or students returned to their family homes due to colleges and universities remaining closed for in-class lectures. The sectors within our specialised sector, which include places of worship, education facilities and hotels have been more severely impacted by the lockdown. Despite the easing of the lockdown regulations, the impacts are still being felt. On the retail front, the decrease in rental growth has been contained at 2.8% as Octodec's shopping centres and street shops are well located, with many offering affordable and neighbourhood shopping conveniences which have been well supported by consumers.

Collections

It is pleasing to see that collections have remained at acceptable levels. The decrease in collections noted in January and February 2021 was due to typically slower collections in these months, and an administrative problem with government payments, which has subsequently been resolved.

The table below illustrates the collections as a percentage of total billings for the six-month period to 28 February 2021:

	Total %	Commercial %	Residential %
September 2020	95.7	95.4	96.7
October 2020	104.6	105.6	101.3
November 2020	96.1	97.5	91.4
December 2020	99.2	99.7	97.2
January 2021	84.5	81.2	96.7
February 2021	91.5	89.3	101.5

In March 2021, the collections improved significantly to 125.5% and 97.1% for residential and commercial respectively.

Arrears

COVID-19 has required landlords to endure increased arrears in rentals. Tenant arrears were at R108.3 million (FY2020: R88.8 million) with an expected credit loss (ECL) allowance of R39.2 million (FY2020: R42.6 million). The current economic climate has weighed heavily on our tenants with tenant arrears increasing from 4.2% of rental income at 31 August 2020 to 5.4% at 28 February 2021. The arrears have subsequently decreased due to the improved collections in March 2021.

Vacancies

Vacancies as a percentage of gross lettable area (GLA) in the Octodec portfolio, including properties held for redevelopment, have increased from 21.7% at 31 August 2020 to 24.7% at 28 February 2021. The group's core vacancies, which exclude the GLA relating to properties held for redevelopment or disposal, increased from 15.8% at 31 August 2020 to 18.2% at 28 February 2021.

The increase in unemployment as well as some students returning to their family homes due to the closure of colleges and universities have impacted the residential sector, with vacancies increasing from 17.0% at 31 August 2020 to 24.3% at 28 February 2021. Students represent approximately 35% of our residential tenants, of which a large number are based at The Fields. Excluding the vacancies at The Fields in Hatfield, the total vacancies are at 20.6%. Historically, Octodec has experienced increased vacancies in December, but the usual recovery in January and February has shifted to March and April with the delay in the start of the tertiary academic year. There has been a marked improvement in the residential occupancy in both Johannesburg and Pretoria as well as The Fields during March 2021. The commercial sector has also not been spared, with COVID-19 impacting trading which resulted in certain tenant failures. The retail shopping centres comprising mainly convenience and neighbourhood centres, which are well let with low vacancies, proved to be relatively defensive in this environment. Octodec also experienced improved interest from the SMME market which balanced out the number of office vacates. The decrease in vacancy of the auto dealership sector was as a result of Killarney Toyota having vacated the premises at the end of June 2020. The premises were subsequently repurposed, and a substantial portion of this space has been let to a hardware store and the area is now included under the retail shopping centres sector.

Octodec owns office properties with 104 801m^2 of mothballed space. The group is pursuing the disposal of most of these properties.

	GLA m²	Total vacancies %	Properties held for redevelopment or disposal %	Core vacancies %
28 February 2021				
Residential	**420 624**	**24.3**	**–**	**24.3**
Commercial				
Retail – street shops	**316 598**	**19.7**	**–**	**19.7**
Retail – shopping centres	**97 530**	**3.9**	**–**	**3.9**
Offices	**414 639**	**48.5**	**(25.3)**	**23.2**
Industrial	**236 321**	**11.8**	**(0.3)**	**11.5**
Specialised and other				
Educational facilities	**71 102**	**–**	**–**	**–**
Healthcare facilities	**37 258**	**16.3**	**(1.2)**	**15.1**
Places of worship	**13 680**	**–**	**–**	**–**
Auto dealerships	**11 626**	**–**	**–**	**–**
Hotels	**13 458**	**–**	**–**	**–**
Total	**1 632 836**	**24.7**	**(6.5)**	**18.2**
31 August 2020				
Residential	420 909	17.0	–	17.0
Commercial				
Retail – street shops	323 297	14.8	–	14.8
Retail – shopping centres	93 796	3.7	–	3.7
Offices	411 608	46.3	(23.3)	23.0
Industrial	234 600	13.2	(0.4)	12.8
Specialised and other				
Educational facilities	68 118	–	–	–
Healthcare facilities	36 715	15.6	(1.2)	14.4
Places of worship	15 851	–	–	–
Auto dealerships	15 722	26.1	–	26.1
Hotels	13 458	–	–	–
Total	1 634 074	21.7	(5.9)	15.8

Lease expiry profile

The majority of the leases provide for a monthly agreement at expiry of the lease. Prior to expiry of the leases an effort is made to conclude longer term leases. This is especially typical of the residential market and leases with small to medium-sized enterprises. The lease expiry profile remains in line with historical trends and expectations.

	By rental income (%)					By GLA m² (%)					
	Feb 2022	Feb 2023	Feb 2024	Feb 2025	Feb 2026 and beyond	Feb 2022	Feb 2023	Feb 2024	Feb 2025	Feb 2026 and beyond	Vacancies at Feb 2021
Sector											
Residential	99.9	–	–	–	0.01	75.5	–	–	–	0.2	24.3
Commercial											
Retail – street shops	39.4	30.3	14.3	7.2	8.8	36.8	21.4	10.7	4.1	7.3	19.7
Retail – shopping centres	28.1	18.0	16.8	10.0	27.1	25.7	14.0	14.5	10.5	31.4	3.9
Offices	49.1	33.7	9.1	1.9	6.2	25.6	16.3	5.0	1.0	3.6	48.5
Industrial	58.8	20.1	11.7	8.4	1.0	51.8	18.0	11.9	4.5	2.0	11.8
Specialised and other											
Educational facilities	37.8	30.8	9.8	13.5	8.1	37.6	34.7	10.0	7.2	10.5	–
Healthcare facilities	21.1	19.6	9.9	41.0	8.4	15.6	12.3	6.2	44.9	4.7	16.3
Places of worship	75.7	16.9	5.2	2.2	–	73.5	20.1	3.4	3.0	–	–
Auto dealerships	23.4	–	76.6	–	–	31.8	–	68.2	–	–	–
Hotels	92.5	–	–	–	7.5	72.8	–	–	–	27.2	–
Total commercial	42.5	26.4	13.4	7.9	9.8	35.3	18.4	9.5	5.0	7.1	24.7
Total residential and commercial	59.1	18.8	9.5	5.6	7.0	45.6	13.7	7.0	3.7	5.3	24.7

Cost-to-income ratios

The cost-to-income ratios are as follows:

	Unaudited six months 28 February 2021 %	Unaudited six months 29 February 2020 %	Audited 12 months 31 August 2020 %
Property costs			
Gross basis	**52.6**	47.2	49.9
Net basis (net of recoveries)	**37.7**	31.7	34.1
Total property and administration costs			
Gross basis	**56.7**	51.8	54.7
Net basis (net of recoveries)	**43.1**	37.7	40.4

Property costs, both on a gross and net basis, have increased relative to rental income when compared to the prior period, largely due to reduced rental income. While Octodec has managed to contain most property costs, utility costs and assessment rates remain a concern with above-inflation increases not being passed on to tenants due to affordability concerns and increased vacancies.

The current difficult economic conditions have impacted our tenants' ability to service their rental payments. Octodec has taken this into account in calculating the ECL, increasing bad debts and ECL provisions as a percentage of rental income from 1.7% to 2.4%, compared to the same period last year. This increase was felt mainly in the residential sector.

Administration expenses decreased by R9.7 million mainly due to the once-off provision for VAT of R4.3 million in the prior year. The SA REIT Association class ruling application for an alternative apportionment method of VAT input was successfully objected to in the current period and this assisted Octodec in containing its administration costs.

Net finance costs for the period amounted to R191.5 million, a decrease of 15.0% on the prior period, which is attributable to a lower interest rate environment.

Investment property

In line with the decision taken in March 2020 to curtail most upgrades and projects in response to COVID-19, Octodec has not undertaken any significant new developments but rather focused on maintaining and carrying out smaller upgrades of properties.

During the current period, Octodec completed the refurbishment of Leo's Place, a residential property in Tshwane Arcadia, at a total cost of R11.7 million, which included a recreational area and the refurbishment of the common areas with a more contemporary look that appeals to the younger occupants. Octodec also continued to roll out Wi-Fi to several of its residential buildings, ensuring that the buildings remain relevant and attractive to tenants.

Commitments

At 28 February 2021, the group had commitments of R41.1 million (FY2020: R45.5 million) in respect of approved and committed capital expenditure relating to smaller refurbishment of properties, committed tenant installations and property contracts. These developments will be financed by way of existing unutilised banking facilities.

Disposals

Disposal of property at a fair price is challenging in the current economic environment, but Octodec remains committed to disposing of the remaining properties that were approved for sale by the board in prior years and is actively marketing these for sale. During the period under review, the group disposed of seven properties for a total consideration of R26.3 million. At the date of this report, three of these properties have been transferred for a total consideration of R6.5 million and transfer of the remaining four properties is expected to take place during the second half of the 2021 financial year. A number of other disposals have been contracted, but these are subject to the conditions precedent still being fulfilled.

Investment property valuations

The property portfolio was valued at R11.3 billion (FY2020: R11.8 billion). The decrease in valuation was largely driven by lower rentals and increased vacancies. In light of the deteriorating macroeconomic conditions and poor outlook, Octodec has adjusted the valuation inputs such as market rentals, vacancy factor and capitalisation rates, which resulted in a decrease of R502.0 million or 4.3% in the value of the portfolio. The average weighted capitalisation rates have widened by 10bps during the period under review. Further detail relating to the assumptions and inputs used in the valuations are included under the investment property note on pages 10 to 13.

Given the volatility in markets and the lack of certainty around economic recovery, it is anticipated that there will be further movements in these key inputs at 31 August 2021. The uncertainty exists largely due to the potential for increased vacancies and the difficultly for SMMEs to continue to trade in the current environment.

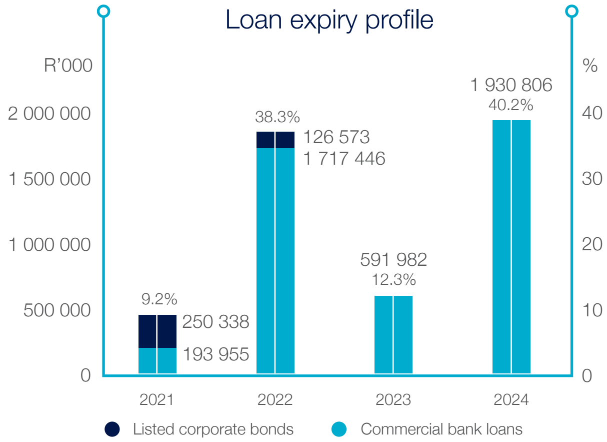
Borrowings and cash flow management

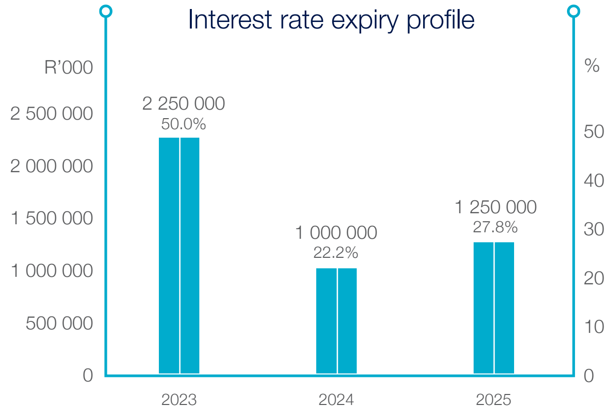
	Unaudited 28 February 2021 R'000	**Weighted average interest rate per annum %**	Audited 31 August 2020 R'000	Weighted average interest rate per annum %
Bank loans	**4 067.0**	**5.7**	3 946.4	5.6
Domestic Medium Term Note (DMTN) Programme				
Unsecured	**376.9**	**5.3**	376.9	5.1
Secured (unlisted HQLA)	**367.2**	**5.6**	367.4	5.4
Total borrowings	**4 811.1**	**5.7**	4 690.7	5.3
Cost of swaps	**–**	**2.9**	–	3.4
Total borrowings	**4 811.1**	**8.6**	4 690.7	8.7

Octodec has continued to manage its cash position, ensuring prudent financial management in this challenging South African economic climate. Octodec had unutilised available banking facilities amounting to R315.4 million at 28 February 2021 (FY2020: R413.5 million).

The weighted average term to expiry of the loans is 1.9 years (FY2020: 2.4 years) and the group's LTV (SA REIT LTV) as at 28 February 2021 was 44.2% (FY2020: 42.5%), well within our guided range and our covenant levels of 50%, despite the decrease in the value of our property portfolio.

As at 28 February 2021, 93.5% of Octodec's borrowings were hedged (FY2020: 95.9%) with a weighted average term of 2.8 years (FY2020: 2.7 years). The all-in average weighted interest cost of borrowings is 8.6% per annum (FY2020: 8.7%).





Octodec participates in a DMTN Programme through its subsidiary, Premium Properties Ltd. As at 28 February 2021, the total unsecured issuance was at R376.9 million or 7.8% (FY2020: R376.9 million or 8.0%) of the group's borrowings. Global Credit Rating's long and short-term national scale ratings have remained unchanged from the prior year at A-(ZA) and A2(ZA) respectively, with a negative outlook.

Loan covenants

No covenants were breached during the period. The table below reflects the covenants in place by the respective lenders.

		Actual		
	Required	Funder 1	Funder 2	Funder 3
Minimum group ICR – group (times)*	1.75	2,07	2.07	2.07
Minimum ICR by secured property (times)	1.8	2.4 times	3.9 times	3.2 times
Maximum LTV ratio – group (%)	50%	44.2%	44.2%	44.2%
Maximum LTV ratio by secured property (%)	Funder 1 and 2 – 55%; funder 3 – 50%	51.6%	44.2%	47.4%

* *The interest cover ratio (ICR) has been reduced by the respective lenders from 2.0 to 1.75 in respect of the 28 February 2021 measurement period, due to the negative impact of COVID-19 on our profitability for the current financial period*

Events after the reporting date

There have been no material subsequent events that require reporting.

Prospects

While the lockdown restrictions have eased and a large section of the economy has resumed trading, the possibility of a third wave and further lockdown restrictions as well as the long-term impact on an already weak economy remain a real risk. The cost of vacancies, rent reductions and rent relief are the variables that may have the most influence on our financial performance in the second half of FY2021.

While it is difficult to predict the outcome of FY2021 with certainty, in the coming months we are committed to the continuation of our strategy and positioning the business for the future. We have confidence in the management team that we have in place to respond to the current challenges and balance our response with the long-term interests of our stakeholders.

The group's diversified portfolio, large tenant base, sound operating fundamentals and prudent capital management provide Octodec with the resilience and flexibility necessary to continue operating during these challenging and very difficult times.

Retaining existing tenants, attracting new tenants and reducing vacancies as well as portfolio consolidation remain priorities. Octodec will continue to strengthen its balance sheet, ensuring that it provides a foundation for future sustainable performance.

Due to uncertainty arising from COVID-19 and the continued impact on operating conditions, Octodec will not be providing SA REIT FFO guidance at this point.

Sharon Wapnick
Chairman

Jeffrey Wapnick
Managing director

19 April 2021

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Basis of preparation

The condensed consolidated interim financial statements are prepared in accordance with the JSE Listings Requirements and the requirements of the Companies Act, No 71 of 2008. The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim* Financial *Reporting*, the South African Institute of Chartered Accountants 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 condensed consolidated interim financial statements are in accordance with International Financial Reporting Standards (IFRS) and are consistent with those applied in the preparation of the previous consolidated audited financial statements for the year ended 31 August 2020.

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.

The directors have considered the cash flow projections to 31 August 2022 and in light thereof, the directors believe that the company and its subsidiaries have adequate resources to continue in operation for the ensuing 12-month period.

These condensed consolidated interim financial statements were prepared under the supervision of AK Stein CA(SA) in his capacity as group financial director, and have not been reviewed or reported on by Octodec's auditors.

Fair value measurement

The group measures investment properties as well as interest rate swaps at fair value at each reporting date. The fair values of financial instruments measured at amortised cost are disclosed when the carrying value of these instruments does not reasonably approximate their fair value at the reporting date.

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.

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 is 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)

	Unaudited 28 February 2021		Unaudited 29 February 2020		Audited 31 August 2020	
	Level 2 R'000	**Level 3 R'000**	Level 2 R'000	Level 3 R'000	Level 2 R'000	Level 3 R'000
Derivative financial instruments						
Assets	**–**		850		–	
Liabilities	**214 325**		111 217		325 718	
Non-financial instruments						
Investment property		**11 146 800**		12 467 501		11 642 600
Investment property held for sale		**135 500**		133 250		121 410

Transfers between levels

There have been no transfers made between Levels 1, 2 or 3 during the period under review. The judgements regarding the valuations and the inputs into the calculations have changed, but the methodology used has remained unchanged from the previous reporting period.

Financial instruments

Financial instruments include interest rate swaps which are measured at fair value through profit and loss.

The fair values of the interest rate swaps are determined on a mark-to-market valuation 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 South African swap curve.

Classification of financial instruments	**Fair value through profit or loss R'000**	**Financial assets at amortised cost R'000**	**Outside scope of IFRS 9 R'000**	**Total R'000**
ASSETS				
28 February 2021(unaudited)				
Loan receivable	**–**	**62 400**	**–**	**62 400**
Accounts receivable and prepayments	**–**	**116 750**	**17 836**	**134 586**
Cash and bank balances	**–**	**25 340**	**–**	**25 340**
29 February 2020 (unaudited)				
Loan receivable	–	74 751	–	74 751
Derivative financial instruments	850	–	–	850
Accounts receivable and prepayments	–	102 022	12 989	115 011
Cash and bank balances	–	69 221	–	69 221
31 August 2020 (audited)				
Loan receivable	–	63 900	–	63 900
Accounts receivable and prepayments	–	105 622	22 472	128 094
Cash and bank balances	–	30 982	–	30 982
LIABILITIES				
28 February 2021 (unaudited)				
Borrowings	**–**	**4 811 101**	**–**	**4 811 101**
Derivative financial instruments	**214 325**	**–**	**–**	**214 325**
Trade and other payables	**–**	**325 683**	**93 320**	**419 003**
Bank overdraft	**–**	**3 169**	**–**	**3 169**
29 February 2020 (unaudited)				
Borrowings	–	4 905 935	–	4 905 935
Derivative financial instruments	111 217	–	–	111 217
Trade and other payables	–	312 731	98 589	411 320
31 August 2020 (audited)				
Borrowings	–	4 690 740	–	4 690 740
Derivative financial instruments	325 718		–	325 718
Trade and other payables	–	328 770	99 520	428 290
Bank overdraft	–	22 026	–	22 026

Investment property

Investment properties are valued biannually by a dedicated valuations team at City Property and the portfolio valuation is reviewed and approved by the board. In terms of the JSE Listings Requirements, all the properties are valued at least once over a rolling three-year period by external independent valuers. In the current period 39 properties, representing 25.1% of the portfolio, with a carrying amount of R2.8 billion were externally valued.

The portfolio was valued by the following valuers who are all registered valuers in terms of section 19 of the Property Valuers Profession Act, No 47 of 2000 and have extensive experience in property valuations.

Entity	Valuator	Qualifications
Jones Lang LaSalle	Shawn Crous	MRICS, Professional Valuer
Mills Fitchet Global	William Hewitt	NDPV, MIEA, FIVSA, RICS Registered Valuer
Gert van Zyl Valuations	Gerhardus Jacobus van Zyl	Professional Associate Valuer

Jones Lang LaSalle and Mills Fitchet Global valued the properties using the discounted cash flow model and Gert van Zyl Valuations valued the properties using the capitalisation of income method. The entire property portfolio was also internally valued using the capitalisation of income method.

Valuation of investment property is subject to a significant amount of judgement and estimation and any change in assumptions and estimations will result in different property values. The inputs in the calculation which are subject to a significant degree of estimation are the capitalisation rates, the long-range vacancy factor and the expense ratio. The following unobservable inputs were used by the group:

28 February 2021 (unaudited)	Number of properties	Fair value R'000	Weighted average capitalisation rate %	Weighted average long-range vacancy factor %	Weighted average expense ratio %
Capitalisation rate					
8.50% – 8.75%	6	2 038 700	8.7	9.9	31.2
9.00% – 10.00%	82	5 432 000	9.7	7.6	29.3
10.25% –11.50%	156	3 214 300	10.6	8.5	25.9
Greater than 11.50%	9	201 000	12.0	21.9	27.5
Held for sale	2	47 100	12.2	10.0	20.3
Total	255	10 933 100	9.8	8.7	28.5
Long-range vacancy factor					
1.00% – 5.00%	100	3 677 100	9.8	3.2	25.3
6.00% – 10.00%	105	4 947 900	9.8	8.2	30.7
11.00% – 15.00%	30	1 038 600	10.3	14.0	27.6
Greater than 15.00%	18	1 222 400	9.6	19.2	29.9
Held for sale	2	47 100	12.2	10.0	20.3
Total	255	10 933 100	9.8	8.7	28.5
Expense ratio					
6.00% – 15.00%	17	403 500	10.3	5.0	12.6
15.01% – 25.00%	79	2 146 400	10.2	6.3	20.7
25.01% – 35.00%	120	6 910 700	9.8	9.3	29.8
Greater than 35.00%	37	1 425 400	9.6	9.5	36.6
Held for sale	2	47 100	12.2	10.0	20.3
Total	255	10 933 100	9.8	8.7	28.5

29 February 2020 (unaudited)	Number of properties	Fair value R'000	Weighted average capitalisation rate %	Weighted average long-range vacancy factor %	Weighted average expense ratio %
Capitalisation rate					
8.50% – 8.75%	7	2 387 100	8.3	6.9	29.3
9.00% – 10.00%	145	8 144 400	9.6	6.0	27.5
10.25% –11.50%	101	1 405 300	10.7	8.2	24.3
Greater than 11.50%	7	209 900	12.0	24.5	26.3
Held for sale	1	2 900	12.0	0.0	23.7
Total	261	12 149 600	9.5	7.0	27.4
Long-range vacancy factor					
1.00% – 5.00%	151	7 056 900	9.4	3.4	26.7
6.00% – 10.00%	66	2 768 800	9.7	7.7	28.6
11.00% –15.00%	27	1 921 600	9.2	12.8	28.1
Greater than 15.00%	16	399 400	11.0	24.0	26.7
Held for sale	1	2 900	12.0	0.0	23.7
Total	261	12 149 600	9.5	7.0	27.4
Expense ratio					
6.00% – 15.00%	28	701 300	9.9	2.9	12.4
15.01% – 25.00%	95	3 266 000	9.8	7.3	21.2
25.01% – 35.00%	106	7 423 100	9.3	7.1	30.0
Greater than 35.00%	31	756 300	9.7	7.3	37.2
Held for sale	1	2 900	12.0	0.0	23.7
Total	261	12 149 600	9.5	7.0	27.4

31 August 2020 (audited)	Number of properties	Fair value R'000	Weighted average capitalisation rate %	Weighted average long-range vacancy factor %	Weighted average expense ratio %
Capitalisation rate					
8.50% – 8.75%	7	2 199 500	8.5	8.6	31.0
9.00% – 10.00%	104	6 624 400	9.7	6.6	28.5
10.25% – 11.50%	136	2 328 200	10.6	8.0	26.6
Greater than 11.50%	11	216 700	12.0	20.9	27.1
Held for sale	1	2 900	12.0	10.0	15.8
Total	259	11 371 700	9.7	7.7	28.5
Long-range vacancy factor					
1.00% – 5.00%	120	4 981 200	9.7	3.5	26.0
6.00% – 10.00%	95	4 276 500	9.6	8.0	30.9
11.00% – 15.00%	26	1 720 100	9.4	13.2	29.8
Greater than 15.00%	17	391 000	11.0	23.2	28.1
Held for sale	1	2 900	12.0	10.0	15.8
Total	259	11 371 700	9.7	7.7	28.5
Expense ratio					
6.00% – 15.00%	20	383 700	10.0	2.8	12.1
15.01% – 25.00%	86	2 496 900	10.1	7.4	20.9
25.01% – 35.00%	115	7 627 000	9.5	7.8	30.5
Greater than 35.00%	37	861 200	10.0	9.0	37.1
Held for sale	1	2 900	12.0	10.0	15.8
Total	259	11 371 700	9.7	7.7	28.5

The balance of the portfolio with a carrying value of R349.2 million (29 February 2020: R451.2 million and 31 August 2020: R392.3 million) represents properties held for sale, land or mothballed properties. Where a firm offer has been received, the properties were valued at the offer consideration less costs to sell. Land and mothballed buildings have been valued using bulk rates determined from sales of similar properties and adjusted downwards for the impact of the current economic climate.

Sensitivity to changes in valuation inputs

Significant increases/decreases in any of the above inputs in isolation will result in a lower/higher fair value measurement. The effect of changes in these inputs is set out below:

	Unaudited 28 February 2021 R'000	Unaudited 29 February 2020 R'000	Audited 31 August 2020 R'000
1% increase in capitalisation rates, while all other inputs remain constant	**(1 007 255)**	(1 155 511)	(1 071 635)
1% decrease in capitalisation rates, while all other inputs remain constant	**1 235 028**	1 427 387	1 318 385
2% increase in long-range vacancy factor, while all other inputs remain constant	**(239 210)**	(260 803)	(248 099)
2% decrease in long-range vacancy factor, while all other inputs remain constant	**239 210**	260 803	248 099
2% increase in expense ratio, while all other inputs remain constant	**(305 744)**	(334 120)	(320 438)
2% decrease in expense ratio, while all other inputs remain constant	**305 744**	334 120	320 438

Carrying value and movement in investment property

	Unaudited Six months 28 February 2021 R'000	Unaudited Six months 29 February 2020 R'000	Audited 12 months 31 August 2020 R'000
Opening balance	**11 764 010**	12 846 540	12 846 540
Fair value changes	**(502 031)**	(213 926)	(1 054 865)
Straight-line rental income accrual	**(3 203)**	(2 605)	(5 556)
Depreciation and amortisation	**(6 777)**	(7 932)	(14 757)
Acquisitions, disposals and other movements			
Developments and subsequent expenditure (including impact of adoption of IFRS 16)	**36 901**	55 473	89 103
Disposals (carrying value)	**(6 600)**	(76 800)	(96 455)
	11 282 300	12 600 750	11 764 010

Related-party transactions

Octodec and City Property are related parties in that Jeffrey Wapnick and Sharon Wapnick are directors of Octodec and City Property and members of the Wapnick family are shareholders of both companies.

Total payments made to City Property in terms of the asset and property management agreement, amounted to R92.6 million (29 February 2020: R97.8 million)*. This included fees for collections, leasing, property and asset management, commission on acquisitions and disposals, upgrades and developments as well as repairs. Octodec received R4.8 million (29 February 2020: R4.6 million) from City Property in respect of rent and operating costs recovered.

The following amounts were owing from/(to) City Property:

	Unaudited 28 February 2021 R'000	Audited 31 August 2020 R'000
Due to City Property	**(2 020)**	(4 866)
Due by City Property	**–**	775

* *The amounts paid to City Property include VAT to the extent that VAT has not been claimed as input, so as to agree to the amounts disclosed in the statement of profit and loss and statement of financial position*

Changes to the composition of the risk committee

Gerard Hendrik Kemp (Gerard) has resigned from the risk committee of the company, and Nyimpini Cuthbert Mabunda (Nyimpini) has been appointed to the risk committee, both with effect from 9 March 2021.

Gerard remains a director of the company and a member of the audit, social, ethics, remuneration and transformation, and nominations committees.

The board thanks Gerard for his services to the risk committee over the years.

CONDENSED CONSOLIDATED STATEMENT OF **FINANCIAL POSITION**

	Unaudited 28 February 2021 R'000	Unaudited 29 February 2020 R'000	Audited 31 August 2020 R'000
ASSETS			
Non-current assets	**11 170 835**	12 565 863	11 664 307
Investment property	**11 028 513**	12 337 631	11 519 990
Plant and equipment	**797**	742	756
Straight-line rental income accrual	**95 088**	101 052	98 354
Unamortised tenant installations and lease costs	**22 402**	28 076	23 500
Fair value of investment property	**11 146 800**	12 467 501	11 642 600
Interest in and loan to joint venture	**24 035**	22 761	21 707
Loan receivable	**–**	74 751	–
Derivative financial instruments	**–**	850	–
Current assets	**222 326**	184 232	222 976
Accounts receivable and prepayments	**134 586**	115 011	128 094
Loan receivable	**62 400**	–	63 900
Cash and bank balances	**25 340**	69 221	30 982
Non-current assets held for sale	**135 500**	133 250	121 410
	11 528 661	12 883 345	12 008 693
EQUITY AND LIABILITIES			
Equity	**5 963 081**	7 350 209	6 423 928
Stated capital	**4 210 134**	4 210 134	4 210 134
Non-distributable reserve	**1 333 060**	2 805 952	1 723 581
Retained income	**419 887**	334 123	490 213
Non-current liabilities	**4 699 092**	4 633 603	4 541 652
Long-term borrowings	**4 366 808**	4 417 722	4 097 965
Derivative financial instruments	**214 325**	111 217	325 718
Lease liabilities	**10 969**	11 014	10 981
Deferred taxation	**106 990**	93 650	106 988
Current liabilities	**866 488**	899 533	1 043 113
Short-term borrowings	**444 293**	488 213	592 775
Trade and other payables	**419 003**	411 320	428 290
Bank overdraft	**3 169**	–	22 026
Lease liabilities	**23**	–	22
	11 528 661	12 883 345	12 008 693

CONDENSED CONSOLIDATED STATEMENT OF **PROFIT** AND **LOSS** AND **OTHER COMPREHENSIVE INCOME**

	% Change	Unaudited six months 28 February 2021 R'000	Unaudited six months 29 February 2020 R'000	Audited 12 months 31 August 2020 R'000
Revenue	(10.9%)	895 513	1 004 561	1 880 496
earned on contractual basis	(8.2%)	924 776	1 007 166	1 989 630
straight-line rental income accrual		(3 203)	(2 605)	(5 556)
COVID-19 rental discount		(26 060)	–	(103 578)
Property expenses	(1.7%)	(450 211)	(457 940)	(891 844)
Expected credit loss – accounts receivable	27.9%	(22 821)	(17 842)	(48 811)
Property income	(20.1%)	422 481	528 779	939 841
Administrative and corporate expenses	(21.1%)	(36 626)	(46 402)	(91 030)
Operating profit	(20.0%)	385 855	482 377	848 811
Fair value changes		(390 638)	(227 645)	(1 283 935)
investment property		(502 031)	(213 926)	(1 054 865)
unlisted equity shares		–	(3 046)	(3 046)
interest rate derivatives		111 393	(10 673)	(226 024)
(Loss)/profit on sale of investment property		(109)	1 758	1 739
Impairment of loans receivable		(1 187)	–	(12 795)
Share of income from joint venture		2 924	3 379	3 936
share of after tax profit		1 509	1 776	1 325
share of fair value gains		1 415	1 603	1 674
interest received		–	–	937
(Loss)/profit before finance costs	(101.2%)	(3 155)	259 869	(442 244)
Net finance costs	(15.0%)	(191 492)	(225 368)	(436 198)
finance income		6 409	7 728	15 344
finance costs	(15.1%)	(197 901)	(233 096)	(451 542)
(Loss)/profit before taxation		(194 647)	34 501	(878 442)
Taxation		(2)	–	(13 338)
current		–	–	–
deferred		(2)	–	(13 338)
(Loss)/profit for the period and total comprehensive income attributable to shareholders	(664.2%)	(194 649)	34 501	(891 780)
Weighted shares in issue – ('000)		266 198	266 198	266 198
Shares in issue ('000)		266 198	266 198	266 198
Basic and diluted (loss)/earnings per share (cents)	(664.2%)	(73.1)	13.0	(335.0)

CONDENSED CONSOLIDATED STATEMENT OF **CHANGES IN EQUITY**

	Stated capital R'000	Non-distributable reserve R'000	Retained earnings R'000	Total R'000
Balance at 31 August 2019 (audited)	4 210 134	3 030 236	339 406	7 579 776
Total comprehensive income for the period	–	–	34 501	34 501
Dividends paid	–	–	(264 068)	(264 068)
Transfer to non-distributable reserve				
Profit on sale of investment property	–	1 758	(1 758)	–
Fair value changes				
investment property	–	(213 926)	213 926	–
investment property – joint ventures	–	1 603	(1 603)	–
unlisted equity shares	–	(3 046)	3 046	–
interest rate derivatives (net of deferred tax)	–	(10 673)	10 673	–
Balance at 29 February 2020 (unaudited)	4 210 134	2 805 952	334 123	7 350 209
Total comprehensive loss for the period	–	–	(926 281)	(926 281)
Transfer to non-distributable reserve				
Loss on sale of investment property	–	(19)	19	–
Deferred tax	–	(13 338)	13 338	–
Impairment of loans receivable	–	(12 795)	12 795	–
Fair value changes				
investment property	–	(840 939)	840 939	–
investment property – joint ventures	–	71	(71)	–
interest rate derivatives (net of deferred tax)	–	(215 351)	215 351	–
Balance at 31 August 2020 (audited)	4 210 134	1 723 581	490 213	6 423 928
Total comprehensive loss for the period	**–**	**–**	**(194 649)**	**(194 649)**
Dividends paid	**–**	**–**	**(266 198)**	**(266 198)**
Transfer to non-distributable reserve				
Loss on sale of investment property	**–**	**(109)**	**109**	**–**
Deferred tax	**–**	**(2)**	**2**	**–**
Impairment of loans receivable	**–**	**(1 187)**	**1 187**	**–**
Fair value changes				
investment property	**–**	**(502 031)**	**502 031**	**–**
investment property – joint ventures	**–**	**1 415**	**(1 415)**	**–**
interest rate derivatives (net of deferred tax)	**–**	**111 393**	**(111 393)**	**–**
Balance at 28 February 2021 (unaudited)	**4 210 134**	**1 333 060**	**419 887**	**5 963 081**

CONDENSED CONSOLIDATED STATEMENT OF **CASH FLOWS**

	Unaudited six months 28 February 2021 R'000	Unaudited six months 29 February 2020 R'000	Audited 12 months 31 August 2020 R'000
Cash flows from operating activities			
Net rental income from properties	385 855	482 377	848 811
Adjusted for :			
straight-line rental income accrual	3 203	2 605	5 556
depreciation and amortisation	6 777	7 932	14 757
impairment provision – accounts receivables	22 821	17 842	48 811
tax received	–	675	675
working capital changes	(31 007)	7 885	(8 977)
Cash generated from operations	387 649	519 316	909 633
Interest income	6 409	7 728	15 344
Finance costs	(209 774)	(240 052)	(476 454)
Dividends paid	(266 198)	(264 068)	(264 068)
Net cash flows from operating activities	(81 914)	22 924	184 455
Cash flows from investing activities			
Acquisition of investment property	(33 799)	(42 893)	(76 876)
Acquisition of plant and equipment	(479)	–	(27)
Repayment of loan receivable	–	13	614
Payment received from joint venture	2 096	2 000	3 500
Payment made to joint venture	–	(338)	(227)
Proceeds from disposal of investment property	6 491	78 177	98 194
Net cash flows from investing activities	(25 691)	36 959	25 178
Cash flows from financing activities			
Repayment of lease liabilities	(11)	(9)	(20)
Proceeds from borrowings	400 733	607 799	1 217 532
Repayment of borrowings	(279 902)	(680 136)	(1 499 873)
Net cash flows from financing activities	120 820	(72 346)	(282 361)
Net increase/(decrease) in cash and bank balances	13 215	(12 463)	(72 728)
Cash and bank balance at beginning of the period	8 956	81 684	81 684
Cash and bank balance at end of the period	22 171	69 221	8 956

RECONCILIATION OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME TO **HEADLINE EARNINGS**

	Unaudited six months 28 February 2021 R'000	Unaudited six months 29 February 2020 R'000	Audited 12 months 31 August 2020 R'000
Total comprehensive (loss)/income attributable to shareholders	(194 649)	34 501	(891 780)
Headline earnings adjustments			
Loss/(profit) on sale of investment properties	109	(1 758)	(1 739)
Fair value changes			
investment property	502 031	213 926	1 054 865
investment property – joint ventures	(1 415)	(1 603)	(1 674)
Headline earnings attributable to shareholders	306 076	245 066	159 672
Headline and diluted headline earnings per share (cents)	115.0	92.1	60.0

SEGMENTAL **INFORMATION**

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

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

Rental income by sector	Unaudited six months 28 February 2021 R'000	%	Unaudited six months 29 February 2020 R'000	%	Audited 12 months 31 August 2020 R'000	%
Retail	**231 648**	**33.9**	255 348	32.8	448 238	31.2
Offices	**114 663**	**16.8**	126 899	16.3	232 055	16.2
Residential	**206 809**	**30.2**	244 188	31.4	482 820	33.7
Industrial	**53 035**	**7.8**	56 620	7.3	97 308	6.8
Specialised and other:						
Parking	**31 144**	**4.6**	36 150	4.6	30 707	2.1
Healthcare facilities	**15 966**	**2.3**	18 617	2.4	33 338	2.3
Auto dealerships	**7 143**	**1.0**	8 378	1.1	5 550	0.4
Hotels	**5 851**	**0.9**	9 916	1.3	15 290	1.1
Places of worship	**1 835**	**0.3**	3 717	0.5	18 342	1.3
Educational facilities	**15 604**	**2.3**	18 690	2.4	71 009	4.9
Total rental income	**683 698**	**100.0**	778 523	100.0	1 434 657	100.0
Straight-line rental income accrual	**(3 203)**		(2 605)		(5 556)	
Recoveries	**215 018**		228 643		451 395	
Revenue	**895 513**		1 004 561		1 880 496	

RECONCILIATION OF **EARNINGS** TO **DISTRIBUTABLE EARNINGS**

	%	Unaudited six months 28 February 2021 R'000	Unaudited six months 29 February 2020 R'000	Audited 12 months 31 August 2020 R'000
Total comprehensive (loss)/income attributable to shareholders		**(194 649)**	34 501	(891 780)
Loss/(profit) on sale of investment properties		**109**	(1 758)	(1 739)
Fair value changes				
investment property		**502 031**	213 926	1 054 865
investment property – joint ventures		**(1 415)**	(1 603)	(1 674)
unlisted equity shares		**–**	3 046	3 046
interest rate derivatives		**(111 393)**	10 673	226 024
Straight-line rental income accrual		**3 203**	2 605	5 556
Impairment of loans receivable		**1 187**	–	12 795
Taxation – deferred		**2**	–	13 338
		199 075	261 390	420 431
Amount not distributed				
– Amount attributable to Edcon rent reduction		**–**	(3 046)	(3 046)
Distributable earnings attributable to shareholders		**199 075**	258 344	417 385
Represented by:				
Revenue				
earned on contractual basis	(10.8)	**898 716**	1 007 166	1 886 052
Property operating expenses and impairment provision	(0.6)	**(473 032)**	(475 782)	(940 655)
Property income	(19.9)	**425 684**	531 384	945 397
Administrative and corporate expenses	(21.1)	**(36 626)**	(46 402)	(91 030)
Operating profit	(19.8)	**389 058**	484 982	854 367
Share of income from joint venture		**1 509**	1 776	2 262
Profit before finance costs		**390 567**	486 758	856 629
Net finance costs	(15.0)	**(191 492)**	(225 368)	(436 198)
Net income after finance costs	(23.8)	**199 075**	261 390	420 431
– Amount attributable to Edcon rent reduction		**–**	(3 046)	(3 046)
Distributable earnings attributable to shareholders	(22.9)	**199 075**	258 344	417 385

SA REIT RATIOS

	Six months 28 February 2021 R'000	Six months 29 February 2020 R'000	12 months 31 August 2020 R'000
SA REIT Funds from Operations (SA REIT FFO) per share			
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	**(194 649)**	34 501	(891 780)
Adjusted for:-			
Accounting/specific adjustments:-	**395 030**	230 250	1 315 624
Fair value adjustments to:			
Investment property	**502 031**	213 926	1 054 865
Debt instruments held at fair value through profit or loss	**(111 393)**	10 673	226 024
Equity instruments held at fair value through profit or loss	**–**	3 046	3 046
Asset impairments (excluding goodwill) and reversals of impairment	**1 187**	–	12 795
Deferred tax movement recognised in profit or loss	**2**	–	13 338
Straight-lining operating lease adjustment	**3 203**	2 605	5 556
Adjustments arising from investing activities:-			
Gains or losses on disposal of:			
Investment property and property, plant and equipment	**109**	(1 758)	(1 739)
Other adjustments:-			
Adjustments made for equity-accounted entities	**(1 415)**	(1 603)	(1 674)
SA REIT FFO	**199 075**	261 390	420 431
Number of shares outstanding at end of period (net of treasury shares)	**266 198**	266 198	266 198
SA REIT FFO per share (Rand)	**0.75**	0.98	1.58
Company-specific adjustments (per share)			
Edcon share adjustment	**–**	(0.01)	(0.01)
SA REIT FFO after company-specific adjustments per share (Rand)	**0.75**	0.97	1.57
SA REIT Net Asset Value (SA REIT NAV)			
Reported NAV attributable to the parent	**5 963 081**	7 350 209	6 423 928
Adjustments:			
Dividend to be declared	**–**	–	(266 197)
Fair value of certain derivative financial instruments	**214 325**	110 367	325 718
Deferred tax	**106 990**	93 650	106 988
SA REIT NAV	**6 284 396**	7 554 226	6 590 437
Shares outstanding			
Number of shares in issue at period end (net of treasury shares)	**266 198**	266 198	266 198
SA REIT NAV per share (Rand)	**23.6**	28.4	24.8

	Six months 28 February 2021 R'000	Six months 29 February 2020 R'000	12 months 31 August 2020 R'000
SA REIT cost-to-income ratio			
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)	**450 211**	457 940	891 844
Administrative expenses per IFRS income statement	**36 626**	46 402	91 030
Other expenses, if directly related to property operations			
Impairment of accounts receivable	**22 821**	17 842	48 811
Operating costs	**509 658**	522 184	1 031 685
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	**683 698**	778 523	1 434 657
Utility and operating recoveries per IFRS income statement	**215 018**	228 643	451 395
Gross rental income	**898 716**	1 007 166	1 886 052
SA REIT cost-to-income ratio	**56.7%**	51.8%	54.7%
SA REIT administrative cost-to-income ratio			
Expenses			
Administrative expenses as per IFRS income statement	**36 626**	46 402	91 030
Administrative costs	**36 626**	46 402	91 030
Contractual rental income per IFRS income statement (excluding straight-lining)	**683 698**	778 523	1 434 657
Utility and operating recoveries per IFRS income statement	**215 018**	228 643	451 395
Gross rental income	**898 716**	1 007 166	1 886 052
SA REIT administrative cost-to-income ratio	**4.1%**	4.6%	4.8%
SA REIT GLA vacancy rate			
Gross lettable area of vacant space (m^2)	**403 858**	293 104	354 297
Gross lettable area of total property portfolio (m^2)	**1 632 836**	1 642 039	1 634 074
SA REIT GLA vacancy rate	**24.7%**	17.9%	21.7%

	28 February 2021 %	29 February 2020 %	31 August 2020 %
Cost of debt			
Variable interest rate borrowings			
Floating reference rate plus weighted average margin	**5.7**	8.5	5.3
Pre-adjusted weighted average cost of debt	**5.7**	8.5	5.3
Adjustments:			
Impact of interest rate derivatives	**2.9**	0.8	3.4
Amortised transaction costs imputed into the effective interest rate	**0.0**	0.0	0.0
All-in weighted average cost of debt	**8.6**	9.3	8.7

	28 February 2021 R'000	29 February 2020 R'000	31 August 2020 R'000
SA REIT loan-to-value			
Gross debt	**4 811 101**	4 905 935	4 690 740
Overdraft	**3 169**	–	22 026
Less:			
Cash and bank balance	**(311)**	(37 850)	(338)
Cash and bank balance per statement of financial position	**(25 340)**	(69 221)	(30 982)
Less: Bank balance held in regard to residential tenant deposits	**25 029**	31 371	30 644
Add/Less:			
Derivative financial instruments	**214 325**	112 067	325 718
Net debt	**5 028 284**	4 980 152	5 038 146
Total assets – per Statement of Financial Position	**11 528 661**	12 883 345	12 008 693
Less:			
Cash and cash equivalents	**(25 340)**	(69 221)	(30 982)
Derivative financial assets	**–**	(850)	–
Trade and other receivables	**(134 586)**	(115 011)	(128 094)
Carrying amount of property-related assets	**11 368 735**	12 698 263	11 849 617
SA REIT loan-to-value (SA REIT LTV)	**44.2%**	39.2%	42.5%

COMPANY INFORMATION

Octodec Investments Limited
Incorporated in the Republic of South Africa
Registration number: 1956/002868/06
JSE share code: OCT
ISIN: ZAE000192258 (Approved as a REIT by the JSE)

Registered address
CPA House, 101 Du Toit Street, Tshwane 0002
Tel: 012 319 8781, Fax: 012 319 8812, E-mail: info@octodec.co.za

Directors
S Wapnick (Chairman)[1], JP Wapnick (managing director)[2], AK Stein (financial director)[2], DP Cohen[3], GH Kemp[4], NC Mabunda[4], EMS Mojapelo[4], MZ Pollack[1], PJ Strydom[4], LP van Breda[4]

[1] *Non-executive director*
[2] *Executive director*
[3] *Lead independent director*
[4] *Independent non-executive director*

Group company secretary
Elize Greeff
CPA House, 101 Du Toit Street, Tshwane 0002
Tel: 012 357 1564, E-mail: elizeg@octodec.co.za

Sponsor
Java Capital
Contact person: Jean Tyndale-Biscoe
6th Floor, 1 Park Lane, Wierda Valley, Sandton 2196
PO Box 522606, Saxonwold 2132
Tel: 011 722 3059, E-mail: sponsor@javacapital.co.za

Transfer secretaries
Computershare Investor Services (Pty) Ltd
Contact person: Leon Naidoo
Rosebank Towers, 15 Biermann Avenue, Rosebank 2196
Private Bag X9000, Saxonwold 2132
Tel: 011 370 5000, E-mail: leon.naidoo@computershare.co.za

Investor relations
Instinctif Partners
Contact person: Louise Fortuin
The Firs, 302 3rd Floor, Cnr Cradock and Biermann Avenue, Rosebank 2196
Tel: 011 447 3030, E-mail: octodec@instinctif.com

Auditors
Deloitte & Touche
Contact person: Leon Taljaard
5 Magwa Crescent, Waterfall City 2090
Tel: 011 806 5000, E-mail: ltaljaard@deloitte.co.za

Date of publication
21 April 2021

www.octodec.co.za

GREYMATTERFINCH # 15260

www.octodec.co.za