Octodec
INVESTMENTS LIMITED

Unaudited interim results
for the six months ended 28 February

2025

Contents

HY2025 performance highlights

Revenue (R'million)
R1 056.2
(HY2024: R1 004.4)

Profit for the period (R'million)
R227.8
(HY2024: R99.0)

Distributable income after tax (R'million)
R221.7
(HY2024: R219.5)

Distributable income per share (cents)
83.30
(HY2024: 82.47)

Distribution per share (cents)
62.00
(HY2024: 60.00)

Net asset value (NAV) per share (Rands)
R24.26
(HY2024: R24.11)

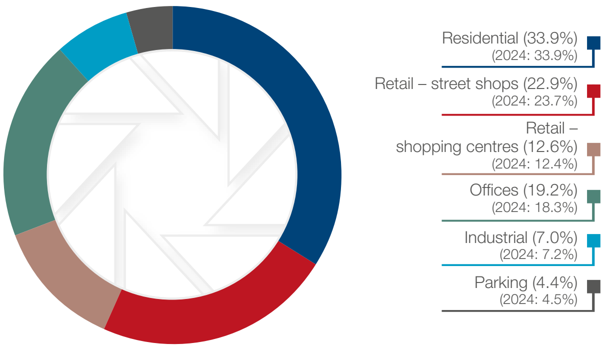
Cash generated from operating activities before dividend payment (R'million)
R269.4
(HY2024: R214.7)

Loan to value (LTV) (REIT)
38.5%
(FY2024: 39.2%)

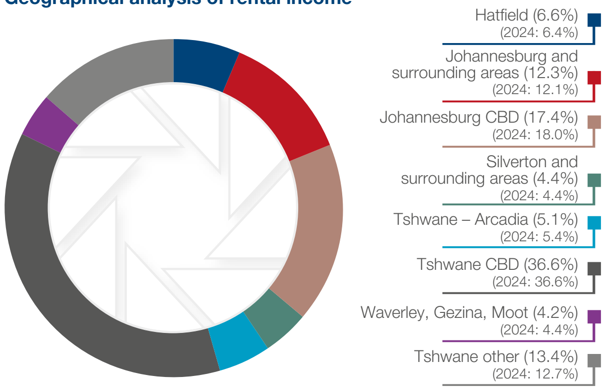
All-in annual weighted average cost of funding
9.4%
(HY2024: 9.2%)

Improvement *Deterioration*

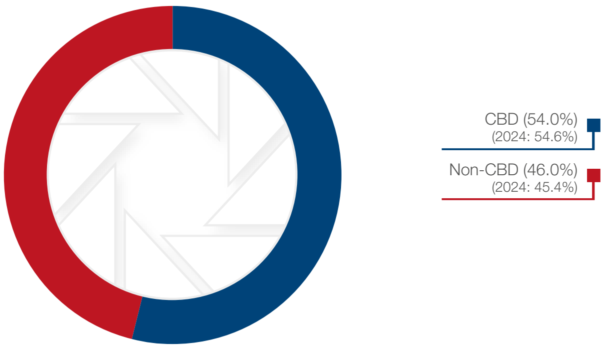
Rental income by sector



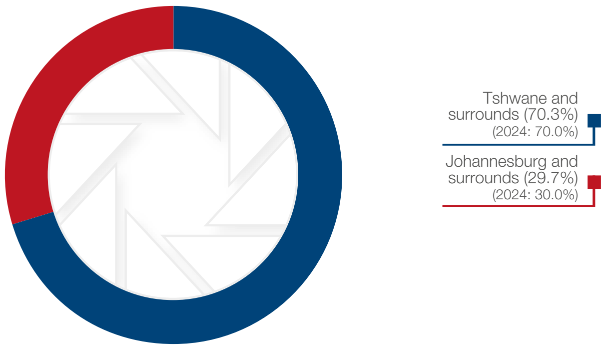
Geographical analysis of rental income



CBD versus non-CBD rental income



Tshwane versus Johannesburg rental income



All information on rental income and GLA contained on pages 1 to 14 includes that of our 50% held joint venture.

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 Limited (JSE) and A2X, with a diversified portfolio of 226 residential, retail, office and industrial properties situated in the major metropolitan areas of Tshwane and Johannesburg. The portfolio, including an equity-accounted joint venture, has a lettable area of 1 504 601m^2 and is valued at R11.3 billion.

City Property Administration (Pty) Ltd (City Property) has been contracted to perform the asset and property management functions on behalf of Octodec, in terms of an asset and property management agreement, which expires on 31 August 2028. City Property is controlled by the Wapnick family, who are also major shareholders in Octodec. Management has an acute understanding of the metropolitan areas in which Octodec operates, taking pride in having maintained close proximities to, and a hands-on approach in managing, Octodec's assets.

Distributable income

	% change to 29 February 2024	**Unaudited 28 February 2025 R'000**	Unaudited 29 February 2024 R'000	Audited 31 August 2024 R'000
Revenue	5.2%	**1 056 204**	1 004 370	2 075 848
– current portfolio	5.0%	**1 054 236**	1 003 921	2 074 833
– disposed portfolio	100.0%	**1 968**	449	1 015
Sundry income	(69.0%)	**66**	213	570
Property expenses and expected credit loss	7.1%	**(582 639)**	(544 054)	(1 149 092)
Net property income	2.8%	**473 631**	460 529	927 326
Administrative and corporate expenses	5.4%	**(55 445)**	(52 581)	(111 339)
Share of income from joint venture	75.3%	**4 399**	2 509	4 630
Profit before finance costs	3.0%	**422 585**	410 457	820 617
Net finance costs	5.6%	**(200 893)**	(190 194)	(395 392)
Profit before tax	0.6%	**221 692**	220 263	425 225
Current tax	100.0%	**39**	(724)	(3 362)
Distributable profit attributable to shareholders	1.0%	**221 731**	219 539	421 863
Weighted average number of shares		**266 197 535**	266 197 535	266 197 535
Distributable income per share	1.0%	**83.30**	82.47	158.48

Dividend

	Unaudited 28 February 2025 Cents per share	Unaudited 29 February 2024 Cents per share
Distributable income per share	**83.30**	82.47
Distribution per share	**62.00**	60.00
Growth in distribution HY2025	**3.3%**	0.0%

The board has considered the solvency and liquidity of the group and its capital requirements. It is satisfied that the group has adequate cash resources and funding facilities available, and has resolved to declare an interim dividend of 62.0 cents per share for the six months ended 28 February 2025 (29 February 2024: 60.0 cents).

Performance overview

The period under review saw renewed optimism following the 2024 national elections and the formation of the Government of National Unity (GNU), as well as the 75 basis points in interest rate cuts from September 2024, which were positively received. The benefits of these developments were not yet visibly felt in Octodec's performance, which continued to be negatively impacted by South Africa's ailing economy, amid particularly challenging trading conditions in our areas of operations, persistent poor municipal service delivery and the ongoing council repair work to Lilian Ngoyi Street in the Johannesburg Central Business District (CBD). Against this backdrop, management remained focused on successfully navigating these difficulties by proactively addressing the uptick experienced in tenant activity and demand, reducing vacancies and disposing of non-core assets. These focused actions led to an improvement in letting and a reduction in vacancies towards the end of the first half-year reporting period, with the benefit thereof yet to translate into meaningful year-on-year rental growth for Octodec.

Group revenue

Notwithstanding the challenging economic and operating environment, Octodec is pleased to present an increase in revenue of 5.2%, from R1 004.4 million to R1 056.2 million, largely attributable to an improved performance from the shopping centre and office portfolios.

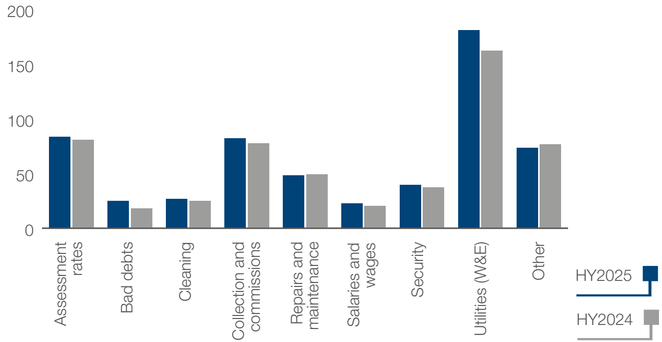
Share of income from joint venture

Supported by tenant restructuring, our 50% interest in Blaauw Village, a neighbourhood shopping centre in Pretoria North, continues to perform exceptionally well, and management is pleased with the contribution this property makes to the Octodec group.

Expenditure

Property expenditure, unfortunately, continued to increase above the prevailing inflation rates at 7.1% to R582.6 million (HY2024: R544.1 million), with increases in administered costs proving difficult to control. Utility costs increased by 11.8% when compared to the prior year to R181.2 million (HY2024: R162.1 million) and, although a large portion can be passed on to tenants as part of recoveries, it places pressure on them, affecting their sustainability. The bad debts expense increased by R6.9 million to R24.9 million (HY2024: R18.0 million) due to tenant failures, exposure to the under repair Lilian Ngoyi Street (Lilian Ngoyi Street), and one tenant that is currently under business rescue. Although Octodec continues to receive its rental and recoveries from that tenant, it is our policy to provide for all arrears when a tenant has entered into business rescue proceedings. Consequently, bad debts to income increased from 1.8% in the prior year to 2.3%. Salaries and wages at building level increased by 10.2%; however, excluding certain once-off charges and the appointment of an additional resource, the increase would have been at a more acceptable level of 5.6%. Repairs and maintenance, one of the few significant expenditures that management can influence, reduced by 1.2% to R48.5 million (HY2024: R49.1 million).

Property expenses spread (R'm)



The cost-to-income ratios are as follows:	**Unaudited 28 February 2025 %**	Unaudited 29 February 2024 %	Audited 31 August 2024 %
Property costs			
Gross basis	**55.2**	54.2	55.3
Net basis (net of recoveries)	**39.0**	38.0	38.9
Total property and administration costs			
Gross basis	**60.4**	59.4	60.7
Net basis (net of recoveries)	**46.1**	45.1	46.2

Administration costs increased by 5.4% to R55.4 million (HY2024: R52.6 million), with the largest increase being in corporate salaries due to the employment of the Deputy Chief Executive Officer and Chief Financial Officer, offset by the reduction in the asset management fees paid to City Property as announced on 29 January 2025.

The current year asset management fee includes a top-up fee of R0.8 million (HY2024: R0.1 million), which is calculated based on the enterprise value less the minimum fee payable per the asset and property management agreement. Excluding the top-up fees, administration costs would have increased by 4.2%.

Net finance costs increased by R10.7 million to R200.9 million from R190.2 million, mainly as a result of the maturing interest rate swaps from which Octodec benefited in the prior period.

Distributable income before tax increased by 0.6% from R220.3 million to R221.7 million, and after tax by 1.0% from R219.5 million to R221.7 million.

Sector review

At a group level, rental income excluding recoveries and straight-lining increased by 4.6% and, on a like-for-like basis, excluding the impact of the disposal of properties, rental income increased by 5.0%.

Residential sector

Octodec's well-located, secure and well-maintained residential portfolio remains in high demand. However, low economic growth, persistently high unemployment rates and higher-for-longer interest rates continued to place a significant financial burden on tenants, making it difficult to extract rental growth during the period.

Vacancies improved from 9.2% reported at 31 August 2024, to 8.4% at 28 February 2025. However, this is still 0.4 percentage points higher than the comparative period (HY2024: 8.0%), with Tshwane (excluding Hatfield) and Kempton Place reflecting small increases.

Vacancies in the Johannesburg CBD remained stable, despite the damage to Lilian Ngoyi Street limiting access to Octodec's properties located on this street. It is pleasing to see that repairs have finally commenced in earnest on that street, with the first phase expected to be completed in August 2025. It is expected that the number of vacancies should improve once the repairs have been completed.

During the period under review, vacancies at the Hatfield properties decreased by 3.1 percentage points to 12.0%, and the 4.0% increase in the National Student Financial Aid Scheme (NSFAS) allowance, from R50 000 to R52 000 per annum, is welcome. The Hatfield properties are the only properties in which we let accommodation to tenants relying on the NSFAS allowance.

We continually invest in our residential buildings to ensure they remain attractive and relevant to our tenants. The Yethu City redevelopment project is an example of our efforts to respond to market needs, introducing quality, accessible co-living accommodation to the Pretoria CBD. Construction was completed on 14 February 2025 and the new offering was launched to the market on 15 February 2025. The letting rate exceeded expectations with the occupancy reaching 40.7% by 28 February 2025 and 84.0% at the end of March 2025. Management is excited by the prospects of this pilot project and the opportunities it can create.

Retail shops and retail shopping centres

Octodec's retail portfolio is unique, comprising of street shops within mixed-use buildings, concentrated in the CBDs of Johannesburg and Tshwane. These CBDs remain an attractive ecosystem for retail trading, where foot traffic is high, supported primarily by the informal economy. However, as previously indicated, the challenging economic environment continues to reduce consumers' real disposable income, directly impacting tenant sustainability. Lilian Ngoyi Street in the Johannesburg CBD is still under repair, resulting in excessively difficult trading conditions for retailers due to low foot traffic and consequently, fewer shoppers. Core vacancies in the properties affected by the unrepaired road were 21.9% at 28 February 2025. National retailers remain interested in the area and discussions are ongoing to relet the vacant spaces; however, retailers will only commit to lease agreements once there are clear indications when the road repairs will be completed. Overall, rental income from retail street shops increased slightly by 0.6% to R179.7 million (HY2024: R178.7 million) and by 1.4% on a like-for-like basis. Although vacancies improved significantly from 14.0% at 31 August 2024 to 12.6%, a large contribution to this reduction came from the disposal of properties that included vacant retail spaces.

Octodec's portfolio of retail shopping centres, largely comprising of convenience shopping centres, continues to perform well, with core vacancies at 6.6%. Excluding Killarney Mall, core vacancies were 0.8% at 28 February 2025.

Retail vacancies at Killarney Mall remain high at 16.4%, albeit an improvement on the 17.6% reported at 31 August 2024. Total vacancies at Killarney, which include 11 245m^2 of office space (of which 23.4% was vacant), was 18.1%.

Retail shopping centres delivered pleasing rental income growth of 6.2% to R90.5 million (HY2024: R85.2 million), reflecting management's yield-enhancing actions, and the strong demand for convenience neighbourhood shopping centres.

Offices

Octodec's office portfolio performance showed some improvement with rental income growing by 9.8% to R150.7 million (HY2024: R137.2 million). The increase in rental income is distorted by a R5.0 million net lease adjustment processed in the comparative period relating to certain government leases; excluding this, rental income from offices would have increased by 6.4%. However, with core vacancies at 23.4%, the oversupply of office space remains a concern for Octodec, and management is actively working to dispose of, or repurpose, these buildings. Management is continually exploring alternative uses for large vacant spaces, especially those that are strategically well located.

Industrial

Octodec's industrial portfolio consists of smaller warehouses and light industry. This sector continues to perform well and, although rental income increased by 2.7% to R55.1 million (HY2024: R53.6 million), it rose by 5.1% on a like-for-like basis. Vacancies improved from 10.0% reported at 31 August 2024, to 8.7%, contributing to the performance of this sector.

Collections

The collections for HY2025 are in line with our expectations and, given the weak economy and sustained pressure experienced by our tenants, reflects the stellar work performed by our credit controllers.

	Unaudited 28 February 2025 R'000	Unaudited 29 February 2024 R'000
Billed (including VAT)	**1 183 338**	1 142 601
Collected (including VAT)	**1 155 582**	1 113 055
% collected	**97.7**	97.4

Receivables and expected credit loss

Tenant arrears increased to 4.7% of rental income (FY2024: 4.0%) or 16.9 days (FY2024: 14.6 days). Tenant arrears and the expected credit loss were as follows:

	Commercial tenants R'000	**Residential tenants R'000**	**Total R'000**
February 2025 (unaudited)			
Amount owing	**87 069**	**22 746**	**109 815**
Expected credit loss (ECL)	**48 423**	**11 776**	**60 199**
% ECL on amount owing	**55.6%**	**51.7%**	**54.8%**
August 2024 (audited)			
Amount owing	73 461	18 710	92 171
Expected credit loss (ECL)	39 250	13 889	53 139
% ECL on amount owing	53.4%	74.2%	57.7%

The increase in the amount owing from commercial tenants is largely attributable to two large tenants who are under business rescue, a tenant operating in the education sector in the Johannesburg CBD and some tenants exposed to Lilian Ngoyi Street. Octodec's ECL policy was consistently applied from year-end, with tenants in legal or business rescue being provided for in full. Although the total arrears have increased, the quality of the debtors has shown improvement in the probability of collection. 42% of the commercial ECL represents ten tenants, of which five tenants are directly affected by Lilian Ngoyi Street in Johannesburg CBD. The increase in the amount owing from residential tenants is largely due to the increased number of leases concluded in January and February 2025, coinciding with the commencement of the student academic year.

The above percentages remain well within the board's risk tolerance levels.

Investment property

Octodec has a diversified portfolio of 226 residential, retail, office, and industrial properties with a gross lettable area (GLA) of 1 504 601m^2, valued at R11.3 billion, including 100% of the joint venture.

Reconciliation of GLA

	m^2
GLA at the beginning of the period	1 524 479
Disposal of properties (10 properties)	(19 677)
Acquisition of properties	608
Conversion/redevelopment of Yethu City	(1 765)
Remeasurements	956
GLA at the end of the period	**1 504 601**

Commercial

During the period, Octodec embarked on a number of projects, most notably, the installation of solar at The Fields and The Park Shopping Centre. As experienced with previous solar projects, these capital investments yield significant returns for Octodec and enhance the value and attractiveness of properties that feature these upgrades.

Several smaller value-enhancing projects include, but are not limited to, the upgrade of Waverley Plaza, improvements at Rentmeester Park where we have a large government tenant, and Bank Towers where we welcomed The Foschini Group (Jet Store) into this historic landmark building in the Pretoria CBD.

Residential

Throughout its history, Octodec has acquired and redeveloped numerous transformative projects, pioneering the conversion of ageing and underused office buildings into quality affordable residential accommodation. In 2024, we proudly undertook the Yethu City redevelopment, which successfully opened its doors on 15 February 2025. This project marks a milestone first for Octodec, as it focuses on providing well-priced and safe accommodation with an emphasis on community living. This project aligns with Octodec's objective of addressing the need for affordable housing in South Africa. While we anticipate some learnings during the implementation phase post the launch, we are excited about the prospects of this new concept. In two weeks from the launch date to 28 February 2025, tenants occupied 40.7% of the available residential space, increasing to 84.0% by 31 March 2025. The total estimated cost of this project, including the solar installation, is R50.0 million, and the expected marginal yield is between 11% and 12%.

Other notable projects include the interior floor upgrade of Kempton Place, which gives the property a refreshed new look and feel that meets the needs of our tenants, as well as the upgrade of the fire detection system at our largest property, The Fields.

Commitments

As at 28 February 2025, the group had commitments of R9.4 million (FY2024: R72.8 million) for approved and committed capital expenditure related to property refurbishments, committed tenant installations and property contracts. R79.4 million in capital spend has been incurred for the period to 28 February 2025 (29 February 2024: R98.7 million), and per the planned capital expenditure programme, a further R64.1 million is expected to be incurred for the remaining part of FY2025. Several additional properties require substantial capital upgrades to retain current tenants and, in some instances, re-let to new tenants. These capital requirements are considered on the feasibility of each individual investment case.

After period-end and excluded from the above, an agreement was reached with one of our large tenants to upgrade Gezina City at a cost of approximately R70.0 million including a solar installation, which resulted in the company securing a lease agreement in respect of the premises occupied by this tenant for a period of ten years.

Acquisitions and disposals

The Board and management of Octodec remain committed to identifying and disposing of those properties that do not yield an acceptable return or that no longer form part of the core operations or locations of the group. However, concluding the disposal of some of the smaller and ageing properties has been challenging, with the financing requirements of purchasers leading to transfer delays.

As at 28 February 2025, the group had sold ten non-core properties at a weighted average exit yield of 8.4%, and at 83.9% of the carrying value of R58.4 million. Although these properties were sold at a discount, the average carrying value of the sold properties was R5.8 million, and the Board has resolved that these properties be sold as part of Octodec's exit strategy from certain non-core properties in order to redeploy the capital more advantageously. The estimated annual net property income contribution from these disposals approximates the annual interest savings that Octodec will achieve at the current weighted average cost of debt. Although these disposals are earnings neutral, it will contribute to strengthening the covenant metrics.

During the period, a yield-accretive acquisition of R8.0 million was made, which is a complementary neighbouring property to Octodec's Rentmeester office building.

Investment property valuations

The property portfolio consisting of 226 buildings, including the joint venture, was internally valued at R11.3 billion in February 2025 (FY2024: R11.2 billion).

In line with the group's accounting policy, the entire portfolio is valued internally every six months, and approximately one third of the buildings are valued externally every year, with half thereof valued externally in February and the remaining half in August.

The internal valuation method, which is based on the capitalisation of income, has remained unchanged from the prior period. 47 properties, valued at R1.1 billion, were externally valued during the interim period, which are in line with the internal valuations determined for these properties. Further information on the valuation of the portfolio can be found on pages 26 to 30 of this report.

Borrowings and cash flow management

	Unaudited 28 February 2025 R'million	Weighted average interest rate per annum %	Audited 31 August 2024 R'million	Weighted average interest rate per annum %
Bank loans	4 062.2	9.5	4 029.4	10.3
Domestic Medium Term Note (DMTN) Programme – Unsecured	334.8	9.5	379.8	10.2
Total borrowings	4 397.0	9.5	4 409.2	10.3
Cost of swaps	–	(0.1)	–	(0.7)
Total borrowings	4 397.0	9.4	4 409.2	9.5

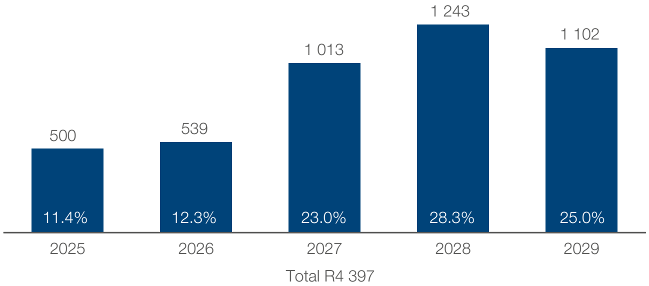
Funders	Unaudited 28 February 2025 R'million	% of total funding	Audited 31 August 2024 R'million	% of total funding
Nedbank	1 533.1	34.9%	1 548.3	35.1%
Standard Bank	1 581.4	36.0%	1 532.0	34.7%
ABSA	947.7	21.6%	949.1	21.5%
DMTN Programme	334.8	7.6%	379.8	8.6%
	4 397.0	100.0%	4 409.2	100.0%

The group had R691.8 million of unutilised banking facilities and cash on hand at 28 February 2025 (FY2024: R679.0 million).

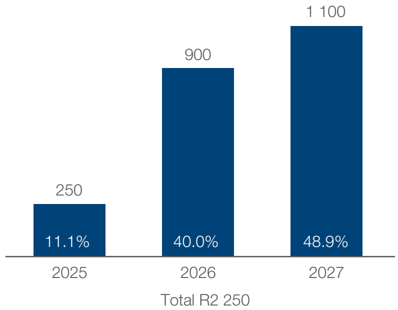
Interest rate reform

The South African Reserve Bank has announced a transition from JIBAR to ZARONIA by 2026. All borrowings are linked to JIBAR and therefore impacted by the interest rate reform. Certain loan agreements do not currently make provision for the interest rate reform and will be amended accordingly. Octodec will assess the impact of the interest rate reform by year-end.

Loan expiry profile (R'million and %)



Interest rate derivatives expiry profile (R'million and %)



Octodec's weighted average loan tenor increased to 2.6 years at 28 February 2025 (FY2024: 2.4 years). The weighted average expiry of our interest rate derivatives increased to 1.2 years (FY2024: 1.0 years), with 51.1% of Octodec's borrowings hedged (FY2024: 68.0%).

Effective 30 November 2024, bank loan facilities totalling R970 million were refinanced at improved margins, for tenors between three and four years. On 28 February 2025, Octodec issued a new corporate bond of R155.0 million for three years, to partially refinance the maturing corporate bonds of R200.0 million, with the difference settled through existing bank facilities. Octodec has a R650.0 million bank facility maturing on 31 August 2025 and the refinance thereof will be completed in due course.

Octodec participates in a DMTN Programme which, at 28 February 2025, was at R334.8 million or 7.6% of the total group borrowings (FY2024: R379.8 million or 8.6%).

Global Credit Ratings' 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.

Covenants

		Actual		
	Required	Funder 1	Funder 2	Funder 3
Minimum group ICR – group (times)*	2.0		2.14	
Minimum ICR by secured property (times)	1.8 – 2.0	2.3	2.2	2.3
Maximum LTV ratio – group (%)*	50%		39.5	
Maximum LTV ratio by secured property (%)	Funder 1 and 2 – 55%; funder 3 – 50%	37.7	40.2	42.2

* *Calculated based on bank covenant calculations*

Vacancies

Vacancies as a percentage of gross lettable area (GLA), including those properties held for redevelopment, improved from 21.1% at 31 August 2024 to 20.1% at 28 February 2025. Core vacancies, which exclude those properties held for redevelopment, improved from 14.9% at 31 August 2024 to 13.7% at 28 February 2025. All sectors reflected improvements in vacancies, with shopping centres showing the largest decrease, after the reletting of the vacant space at Woodmead Value Mart.

Geographically, vacancies improved in the Tshwane CBD and surrounding areas, as well as in Johannesburg and surrounding areas. Vacancies in the Johannesburg CBD, where Octodec has the largest concentration of mothballed spaces, increased from 21.6% at 31 August 2024 to 22.1% at 28 February 2025. The Johannesburg CBD remains a difficult environment to operate in, with the ineffective municipality and its service delivery failure exacerbating the difficult economic conditions faced by businesses. Consequently, landlords like Octodec are forced to contribute additional resources to fund supplementary services that ought to be provided by the local authority, to improve and maintain the area beyond the deficient services provided by the local authority.

Vacancies by sector

	Total GLA m^2	Total vacancies %	Properties held for redevelopment %	Core vacancies %	Core vacancies as % of lettable GLA
28 February 2025					
Residential	422 333	8.4	–	8.4	8.3
Commercial					
Retail					
– Shops	334 329	20.4	(7.9)	12.6	13.7
– Shops – shopping centres	97 240	6.6	0.0	6.6	6.6
Offices	450 417	38.4	(15.0)	23.4	27.6
Industrial	200 283	9.4	(0.8)	8.7	8.8
Total	1 504 601	20.1	(6.3)	13.7	14.7
31 August 2024					
Residential	422 558	9.2	–	9.2	9.2
Commercial					
Retail					
– Shops	339 983	21.5	(7.6)	14.0	15.1
– Shops – shopping centres	97 545	10.3	(0.3)	10.0	10.1
Offices	453 809	39.1	(14.8)	24.3	28.5
Industrial	210 581	10.8	(0.8)	10.0	10.1
Total	1 524 479	21.1	(6.2)	14.9	15.9

Vacancies by location

	GLA m²	% of total vacancies	Total GLA vacancies %	Properties held for redevelopment %	Core vacancies %
28 February 2025					
Tshwane CBD	**494 263**	**32.5**	**19.9**	**(6.9)**	**13.0**
Tshwane and surrounding areas	**494 324**	**13.2**	**8.1**	**0.0**	**8.1**
Johannesburg CBD	**378 806**	**48.0**	**38.3**	**(16.2)**	**22.1**
Johannesburg and surrounding areas	**137 209**	**6.2**	**13.7**	**(0.2)**	**13.5**
	1 504 601	**100.0**	**20.1**	**(6.3)**	**13.7**
31 August 2024					
Tshwane CBD	502 036	31.9	20.5	(6.6)	13.9
Tshwane and surrounding areas	506 430	16.7	10.6	0.0	10.6
Johannesburg CBD	378 804	44.5	37.8	(16.2)	21.6
Johannesburg and surrounding areas	137 209	6.9	16.3	(0.2)	16.1
	1 524 479	100.0	21.1	(6.2)	14.9

Mothballed space

Octodec owns office and retail properties consisting of 95 404m² (FY2024: 94 738m²) of mothballed space.

Octodec's mothballed spaces increased by 666m² due to additional spaces becoming redundant, with no access to these spaces as a result of reconfigurations of the properties. The mothballed space includes three properties that are fully mothballed with a carrying value of R61.8 million, and a further three partially mothballed properties with a carrying value of R44.8 million.

In the current economic climate, it is not feasible for Octodec to develop or convert these office properties, and the group is pursuing the disposal of some of these properties.

Lease expiry profile

The leases concluded with a large percentage of our tenants are typically of a short-term nature, where lease periods are generally for a period of 12 months. This has been a consistent characteristic of our portfolio since inception and forms part of our strategy. This is especially typical of the residential market and leases with small to medium-sized enterprises.

Lease expiry

	By rental income (%)					By GLA m² (%)						
28 February 2025	February 2026	February 2027	February 2028	February 2029	February 2030 and beyond	February 2026	February 2027	February 2028	February 2029	February 2030 and beyond	Vacant	Total
Sector												
Residential	100.0	–	–	–	–	91.6	–	–	–	–	8.4	100.0
Commercial												
Retail												
Shops	39.1	23.7	18.4	7.9	10.9	33.3	20.1	12.7	5.7	7.7	20.4	100.0
Shops – shopping centres	44.1	13.4	10.6	14.0	18.0	43.0	11.4	8.1	16.8	14.1	6.6	100.0
Offices	69.7	8.9	15.5	4.1	1.8	40.0	5.6	11.9	2.7	1.4	38.4	100.0
Industrial	68.8	15.7	6.0	7.4	2.1	60.8	15.0	6.8	6.5	1.3	9.4	100.0
Parking	79.6	4.5	4.4	10.0	1.5	–	–	–	–	–	–	–
Total commercial	54.1	15.7	14.2	7.9	8.1	42.0	12.4	10.9	5.6	4.5	24.6	100.0
Total commercial and residential	70.3	10.2	9.2	5.1	5.3	56.0	8.9	7.8	4.0	3.2	20.1	100.0

31 August 2024	By rental income (%) August 2025	August 2026	August 2027	August 2028	August 2029 and beyond	By GLA m² (%) August 2025	August 2026	August 2027	August 2028	August 2029 and beyond	Vacant	Total
Sector												
Residential	100.0	–	–	–	–	90.8	–	–	–	–	9.2	100.0
Commercial												
Retail												
Shops	44.9	21.5	16.8	7.5	9.2	38.4	16.7	11.9	5.3	6.2	21.5	100.0
Shops – shopping centres	42.7	22.1	10.8	12.8	11.7	38.7	15.9	9.9	15.4	9.8	10.3	100.0
Offices	54.0	19.2	11.0	6.2	9.5	33.0	10.5	6.5	5.9	5.0	39.1	100.0
Industrial	61.4	21.1	7.5	8.0	1.9	54.9	19.6	6.2	7.3	1.2	10.8	100.0
Parking	71.8	8.8	2.3	8.4	8.8	–	–	–	–	–	–	–
Total commercial	50.2	20.4	12.4	8.2	8.9	39.3	14.7	8.4	6.8	5.1	25.7	100.0
Total commercial and residential	67.7	13.2	8.0	5.3	5.8	53.6	10.6	6.1	4.9	3.7	21.1	100.0

Dividend declaration

The board of Octodec has declared a cash dividend of 62.00000 cents per share for the six months ended 28 February 2025, payable out of the company's distributable income. The salient dates relating to the interim dividend are as follows:

	2025
Last day to trade cum dividend	Tuesday, 27 May
Shares trade ex dividend	Wednesday, 28 May
Record date	Friday, 30 May
Payment date	Monday, 2 June

Share certificates may not be dematerialised or rematerialised between Wednesday, 28 May 2025 and Friday, 30 May 2025, both days inclusive.

In accordance with Octodec's status as a REIT, shareholders are advised that the above dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 (the Income Tax Act).

Tax implications for South African resident shareholders

Dividends received by South African resident shareholders must be included in the gross income of such shareholders (as a non-exempt dividend in terms of section 10(1)(k)(i)(aa) of the Income Tax Act), with the effect that the dividends are taxable as income in the hands of the Octodec shareholder. These dividends are, however, exempt from dividends withholding tax, provided that the South African resident shareholders have provided the following forms to their Central Securities Depository Participant (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 distribution is exempt from dividends tax; and
- a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner;

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their 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 non-resident shareholders

Dividends received by non-resident shareholders will not be taxable as income and instead will be treated as ordinary dividends, but which are exempt in terms of the usual dividend exemptions contained in section 10(1)(k)(i)(aa) of the Income Tax Act. It should be noted that dividends received by non-residents are subject to dividends withholding tax at a rate of 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation (DTA) between South Africa and the country of residence of the shareholder. Assuming dividends withholding tax will be withheld at a rate of 20%, the net distribution amount due to non-resident shareholders is 49.60000 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied upon if the non-resident holder has provided the following forms to their 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 a DTA; and
- a written undertaking to inform their CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner ceases to be the beneficial owner;

both in the form prescribed by the Commissioner for the South African Revenue Service. Non-resident holders are advised to contact their 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.

Shareholders are further advised that the issued capital of Octodec at the date of declaration of the interim dividend is 266 197 535 shares of no par value, and Octodec's tax reference number is 9925/033/71/5.

Outlook and prospects

The formation of the GNU supported an increase in business confidence and optimism, with expectations of increased economic activity to follow. The start of an interest rate reduction cycle in September 2024 undoubtedly stimulated the property market, with more potential buyers showing interest in those of our properties earmarked for sale. Additionally, the interest rate cut also supports our tenants, particularly the smaller businesses that require third-party funding for their working capital purposes, which will ultimately support the sustainability of rental to Octodec and the growth thereof. The 75 basis points cut in interest rates since September 2024 also contributes positively to Octodec, with the weighted average cost of funding expected to reduce, which creates the possibility of unlocking value through acquisitions or redevelopment opportunities. Unemployment, however, continues to be a significant problem for South Africa and, in particular, affects the residential sector in which we operate.

Geopolitical tensions with the US, and the US government's decision to levy tariffs on multiple countries, including South Africa, have led to global uncertainty and concerns around inflation rising, dampening prospects for further rate cuts. The sustainability of renewed business confidence and the financial health of our tenants operating within this challenging trading environment therefore continue to be tested.

As previously reported, the Board has mandated management to embark on a more aggressive approach to the disposal of non-core assets. The proceeds from those properties that no longer yield the necessary returns for shareholders will be recycled into yield-enhancing investments or reduce borrowings, with the objective of strengthening the balance sheet.

The insurance claim associated with Lilian Ngoyi Street, has progressed with an interim agreement of loss payment of 20% of the R20.0 million policy limit signed in April 2025. The process to agree and settle on the balance of the claim continues as, whilst Lilian Ngoyi remains under repair, the claim will remain open for a period of up to 36 months from the date of the event.

The change in the geopolitical landscape is expected to affect trading conditions which, together with a recent notice from the City of Tshwane to vacate 12 086m^2 of office space in the Pretoria CBD, and the ongoing risk of the GNU not being maintained, negatively impacts our outlook for the year ending 31 August 2025.

As a consequence of the aforementioned, and the assumptions noted below, management has revised its previously provided guidance of between a 3% to 5% growth in distributable income per share, to between 2% and 4% per share (FY2024: 125 cents per share, being 78.9% of group distributable income per share), while maintaining a minimum dividend pay-out ratio of 75% of distributable income.

This forecast is based on the following key assumptions:

- Forecast property income is based on contractual rental escalations and market-related renewals;
- Adequate allowance has been made for known vacancies and rent reversions;
- No major corporate and tenant failures will occur;
- No further changes in interest rates will be made; and
- No unforeseen events will occur.

This revised outlook for the year ending 31 August 2025 has not been reviewed or reported on by the group's auditors.

Sharon Wapnick
Chairman

Jeffrey Wapnick
Chief Executive Officer

9 May 2025

Consolidated statement of financial position

	Unaudited 28 February 2025 R'000	Unaudited 29 February 2024 R'000	Audited 31 August 2024 R'000
ASSETS			
Non-current assets	10 646 706	11 083 985	10 565 679
Investment property	10 472 988	10 889 594	10 396 215
Straight-line rental income accrual	72 483	89 942	74 217
Unamortised tenant installations and lease costs	42 529	48 964	45 268
Investment property at fair value	10 588 000	11 028 500	10 515 700
Furniture, fittings and equipment	3 580	2 814	3 230
Interest in and loan to joint venture	54 519	47 708	46 749
Derivative financial instruments	607	4 963	–
Current assets	300 824	280 608	268 088
Accounts receivable and prepayments	179 241	163 827	186 808
Derivative financial instruments	3 821	39 306	11 173
Taxation receivable	1 635	6	934
Cash and bank balances	116 127	77 469	69 173
Non-current assets held for sale	544 100	55 300	570 200
	11 491 630	11 419 893	11 403 967
EQUITY AND LIABILITIES			
Equity	6 471 044	6 458 957	6 416 238
Stated capital	4 210 134	4 210 134	4 210 134
Non-distributable reserve	1 296 702	1 371 531	1 287 406
Retained income	964 208	877 292	918 698
Non-current liabilities	3 983 876	4 353 619	3 041 694
Long-term borrowings	3 815 710	4 178 416	2 881 690
Derivative financial instruments	236	–	1 993
Lease liabilities	10 851	10 885	10 868
Deferred taxation	157 079	164 318	147 143
Current liabilities	1 036 710	607 317	1 946 035
Short-term borrowings	581 290	200 894	1 527 476
Trade and other payables	455 198	405 749	418 357
Lease liabilities	34	31	32
Taxation payable	–	643	170
Derivative financial instruments	188	–	–
	11 491 630	11 419 893	11 403 967

Consolidated statement of profit and loss and other comprehensive income

	Unaudited 28 February 2025 R'000	Unaudited 29 February 2024 R'000	Audited 31 August 2024 R'000
Revenue	1 053 001	1 005 862	2 076 143
Rental income on a contractual basis	1 056 205	1 004 370	2 076 366
Straight-line rental income accrual	(3 203)	1 492	295
Rental concession relating to the gas explosion	(1)	–	(518)
Sundry income	66	213	570
Property expenses	(556 757)	(524 779)	(1 104 994)
Expected credit loss – accounts receivable	(25 882)	(19 275)	(44 098)
Net property income	470 428	462 021	927 621
Administrative and corporate expenses	(55 445)	(52 581)	(111 339)
Fair value changes	11 932	(114 468)	(215 371)
investment property	26 504	(96 925)	(161 526)
derivative financial instruments	(5 175)	(17 383)	(52 472)
disposal of investment property	(9 397)	(160)	(1 373)
Profit on disposal of movable assets	10	–	–
Share of income from joint venture	11 700	4 107	5 830
share of after tax profit	3 565	1 506	1 405
share of fair value gains/loss	7 301	1 598	1 200
interest received	834	1 003	3 225
Profit before finance costs	438 625	299 079	606 741
Net finance costs	(200 893)	(190 194)	(395 392)
finance income	7 359	8 126	16 734
finance costs	(208 252)	(198 320)	(412 126)
Profit before taxation	237 732	108 885	211 349
Taxation	(9 897)	(9 907)	4 630
current	39	(724)	(3 362)
deferred	(9 936)	(9 183)	7 992
Profit for the period and total comprehensive profit attributable to shareholders	227 835	98 978	215 979
Weighted shares in issue ('000)	266 198	266 198	266 198
Shares in issue ('000)	266 198	266 198	266 198
Basic and diluted income per share (cents)	85.59	37.18	81.13

Consolidated statement of changes in equity

	Stated capital R'000	Non-distributable reserve R'000	Retained income R'000	Total R'000
Balance at 31 August 2023 (audited)	4 210 134	1 493 585	855 907	6 559 626
Total comprehensive income for the period	–	–	98 978	98 978
Dividends paid	–	–	(199 648)	(199 648)
Transfer to non-distributable reserve				
Deferred tax	–	(9 183)	9 183	–
Fair value changes				
– investment property	–	(96 925)	96 925	–
– investment property – joint ventures	–	1 598	(1 598)	–
– derivative financial instruments	–	(17 383)	17 383	–
– disposal of investment property	–	(160)	160	–
Balance at 29 February 2024 (unaudited)	4 210 134	1 371 532	877 290	6 458 956
Total comprehensive income for the year	–	–	117 001	117 001
Dividends paid	–	–	(159 719)	(159 719)
Transfer to non-distributable reserve				–
Deferred tax	–	17 175	(17 175)	–
Fair value changes				–
– investment property	–	(64 601)	64 601	–
– investment property – joint ventures	–	(398)	398	–
– derivative financial instruments	–	(35 089)	35 089	–
– disposal of investment property	–	(1 213)	1 213	–
Balance at 31 August 2024 (audited)	4 210 134	1 287 406	918 698	6 416 238
Total comprehensive income for the period	**–**	**–**	**227 835**	**227 835**
Dividends paid	**–**	**–**	**(173 029)**	**(173 029)**
Transfer to non-distributable reserve				
Deferred tax	**–**	**(9 936)**	**9 936**	**–**
Fair value changes				
– investment property	**–**	**26 504**	**(26 504)**	**–**
– investment property – joint ventures	**–**	**7 301**	**(7 301)**	**–**
– derivative financial instruments	**–**	**(5 175)**	**5 175**	**–**
– disposal of investment property	**–**	**(9 397)**	**9 397**	**–**
Balance at 28 February 2025 (unaudited)	**4 210 134**	**1 296 703**	**964 207**	**6 471 044**

Consolidated statement of cash flows

	Unaudited 28 February 2025 R'000	Unaudited 29 February 2024 R'000	Audited 31 August 2024 R'000
Cash flows from operations			
Cash generated from operating activities	**475 619**	407 271	835 410
Interest received	**7 359**	9 357	16 734
Finance costs paid	**(212 762)**	(199 309)	(412 899)
Dividends paid	**(173 029)**	(199 648)	(359 367)
Tax paid	**(832)**	(2 632)	(6 671)
Net cash flows from operating activities	**96 355**	15 039	73 207
Cash flows from investing activities			
Additions to investment property	**(76 271)**	(53 536)	(154 735)
Acquisition of investment property	**(7 975)**	–	–
Acquisition of furniture, fittings and equipment	**(767)**	(1 698)	(2 480)
Increase in tenant installation and lease costs	**(7 316)**	(35 574)	(37 050)
Proceeds from disposal of investment property	**49 003**	4 440	13 767
Proceeds from disposal of movable assets	**10**	–	–
Loan advanced to joint venture	**(1 960)**	(2 204)	(4 237)
Payments received on loan to joint venture	**5 890**	2 959	7 674
Net cash flows from investing activities	**(39 386)**	(85 613)	(177 061)
Cash flows from financing activities			
Proceeds from borrowings	**340 000**	104 344	129 344
Repayment of borrowings	**(350 000)**	(70 000)	(70 000)
Repayment of lease liabilities	**(15)**	(14)	(30)
Net cash flows from financing activities	**(10 015)**	34 330	59 314
Net increase/decrease in cash and bank balances	**46 954**	(36 244)	(44 540)
Cash and bank balance at beginning of the period	**69 173**	113 713	113 713
Cash and bank balance at end of the period	**116 127**	77 469	69 173

Reconciliation of profit and loss and other comprehensive income to headline earnings

	Unaudited 28 February 2025 R'000	Unaudited 29 February 2024 R'000	Audited 31 August 2024 R'000
Total comprehensive income attributable to shareholders	**227 835**	98 978	215 979
Headline earnings adjustments			
Fair value changes			
– investment property	**(26 504)**	96 925	161 526
– disposal of investment property	**9 397**	160	1 373
– investment property – joint ventures	**(7 301)**	(1 598)	(1 200)
Profit on disposal of movable assets	**(10)**	–	–
Headline earnings attributable to shareholders	**203 417**	194 465	377 678
Actual and weighted number of shares in issue ('000)	**266 198**	266 198	266 198
Headline and diluted headline earnings per share (cents)	**76.42**	73.05	141.88

Reconciliation of income to distributable income

	Unaudited 28 February 2025 R'000	Unaudited 29 February 2024 R'000	Audited 31 August 2024 R'000
Total comprehensive income attributable to shareholders	**227 835**	98 978	215 979
Fair value changes			
– Investment property	**(26 504)**	96 925	161 526
– Investment property – joint ventures	**(7 301)**	(1 598)	(1 200)
– Loss on disposal of investment property	**9 397**	160	1 373
– Derivative financial instruments	**5 175**	17 383	52 472
– Profit on disposal of movable assets	**(10)**	–	–
Straight-line rental income accrual	**3 203**	(1 492)	(295)
Taxation – deferred	**9 936**	9 183	(7 992)
Distributable income attributable to shareholders	**221 731**	219 539	421 863
Represented by:			
Revenue			
Lease income	**1 056 204**	1 004 370	2 075 848
Sundry income	**66**	213	570
Property operating expenses and expected credit loss	**(556 758)**	(524 779)	(1 104 994)
Expected credit loss – accounts receivable	**(25 882)**	(19 275)	(44 098)
Net property income	**473 631**	460 529	927 326
Administrative and corporate expenses	**(55 445)**	(52 581)	(111 339)
Share of income/(loss) from joint venture	**4 399**	2 509	4 630
Profit before finance costs	**422 585**	410 457	820 617
Net finance costs	**(200 893)**	(190 194)	(395 392)
Profit before tax	**221 692**	220 263	425 225
Current tax	**39**	(724)	(3 362)
Distributable income attributable to shareholders	**221 731**	219 539	421 863
Weighted average number of shares	**266 197 535**	266 197 535	266 197 535
Distributable income per share (cents)	**83.30**	82.47	158.48

Notes to the unaudited condensed consolidated interim financial statements

Basis of preparation

The unaudited 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 unaudited 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 unaudited condensed consolidated interim financial statements are in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and are consistent with those applied in the preparation of the previous consolidated audited financial statements for the year ended 31 August 2024.

The unaudited condensed consolidated interim financial statements do not include all the information and disclosures required in a full set of annual financial statements, and should be read in conjunction with the group's annual consolidated financial statements as at 31 August 2024.

These results have been prepared under the historical cost convention except for investment property, which is 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 2026 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 unaudited condensed consolidated interim financial statements were prepared under the supervision of R Erasmus CA(SA) in his capacity as group chief financial officer and have not been reviewed or reported on by Octodec's auditors.

Fair value measurement

The group measures investment property 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)

	28 February 2025		29 February 2024		31 August 2024	
Fair value hierarchy	**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	**4 428**	**–**	44 269	–	11 173	–
Liabilities	**(424)**	**–**	–	–	(1 993)	–
Non-financial instruments						
Investment property	**–**	**10 588 000**	–	11 028 500	–	10 515 700
Investment property held for sale	**–**	**544 100**	–	55 300	–	570 200

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 assets and liabilities

	Fair value through profit or loss R'000	At amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
ASSETS				
28 February 2025 (unaudited)				
Loan to joint venture	**–**	**17 079**	**–**	**17 079**
Accounts receivable and prepayments	**–**	**128 736**	**50 505**	**179 241**
Cash and bank balances	**–**	**116 127**	**–**	**116 127**
Derivative financial instruments	**4 428**	**–**	**–**	**4 428**
29 February 2024 (unaudited)				
Loan to joint venture	–	20 185	–	20 185
Accounts receivable and prepayments	–	127 831	35 996	163 827
Cash and bank balances	–	77 469	–	77 469
Derivative financial instruments	44 269	–	–	44 269
31 August 2024 (audited)				
Loan to joint venture		20 175		20 175
Accounts receivable and prepayments	–	133 486	53 322	186 808
Cash and bank balances	–	69 173	–	69 173
Derivative financial instruments	11 173	–	–	11 173
LIABILITIES				
28 February 2025				
Borrowings	**–**	**4 397 000**	**–**	**4 397 000**
Derivative financial instruments	**424**	**–**	**–**	**424**
Trade and other payables	**–**	**386 537**	**68 661**	**455 198**
29 February 2024				
Borrowings	–	4 379 310	–	4 379 310
Trade and other payables	–	345 440	60 309	405 749
31 August 2024 (audited)				
Borrowings	–	4 409 166	–	4 409 166
Derivative financial instruments	1 993	–	–	1 993
Trade and other payables	–	341 691	76 666	418 357

Investment property

Investment properties are valued biannually by the internal finance 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 by external independent valuers at least once over a rolling three-year period. In the current period 47 properties, representing 9.7% of the portfolio, with a carrying amount of R1.1 billion, were externally valued.

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

Entity	Valuator	Qualifications
Mills Fitchet Global	William Hewitt	NDPV, MIEA, FIVSA, RICS Registered Valuer, Professional Valuer
Gert van Zyl Valuations	Gerhardus Jacobus van Zyl	Professional Associated Valuer
Premium Valuation Services	Yusuf Vahed	Professional Valuer
Mogalakwena valuers	Kgoshi Sasa	Professional Valuer
Intengo valuers & property consultants (Intengo)	Sthembiso Khumalo	Professional Associated Valuer

Mills Fitchet Global valued the properties using the discounted cash flow method, whereas Gert van Zyl Valuations, Premium Valuation Services, Mogalakwena valuers, and Intengo valued the properties using the capitalisation of income method. The entire property portfolio was internally valued using the capitalisation of income method, which represents the carrying amount on the statement of financial position. There were no significant differences between the external and internal valuations.

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. Due to the mixed use of many properties, it is not possible to summarise the inputs by sector. To provide more insight into the valuations, we have set out below the valuation input ranges and number of buildings and values within the ranges.

The following unobservable inputs were used by the group at 28 February 2025:

	28 February 2025 (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%	2	744 800	8.6	1.6	27.1
9.00% – 10.00%	73	6 634 800	9.6	7.4	32.3
10.25% – 11.50%	123	3 221 200	10.8	9.1	30.2
Greater than 11.50%	17	361 400	12.6	20.9	30.5
Total	215	10 962 200	9.9	8.3	31.2
Long-range vacancy factor					
1.00% – 5.00%	101	5 853 100	9.9	3.1	28.4
6.00% – 10.00%	58	2 431 000	10.0	8.1	34.1
11.00% – 15.00%	28	2 060 100	9.9	14.3	34.0
Greater than 15.00%	28	618 000	11.4	24.3	35.0
Total	215	10 962 200	9.9	8.3	31.2
Expense ratio					
5.00% – 15.00%	10	345 700	10.2	3.1	12.1
15.01% – 25.00%	51	2 197 600	10.0	5.2	20.7
25.01% – 35.00%	90	5 051 500	10.1	8.4	31.1
Greater than 35.00%	64	3 367 400	9.9	10.0	38.4
Total	215	10 962 200	9.9	8.3	31.2

	29 February 2024 (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%	2	664 900	8.6	1.6	28.3
9.00% – 10.00%	76	6 835 700	9.6	7.0	32.2
10.25% – 11.50%	140	3 246 000	10.6	9.5	29.0
Greater than 11.50%	8	185 800	12.2	23.7	30.1
Total	226	10 932 400	9.9	7.9	31.0
Long-range vacancy factor					
1.00% – 5.00%	96	5 472 400	9.8	3.0	28.0
6.00% – 10.00%	78	2 909 900	9.9	7.6	33.9
11.00% – 15.00%	28	1 958 300	9.7	13.6	33.2
Greater than 15.00%	24	591 800	11.0	24.1	34.0
Total	226	10 932 400	9.9	7.9	31.0
Expense ratio					
5.00% – 15.00%	11	228 400	9.9	4.4	11.1
15.01% – 25.00%	55	2 307 500	9.8	4.5	20.4
25.01% – 35.00%	96	5 301 100	9.8	8.5	30.9
Greater than 35.00%	64	3 095 400	9.8	9.1	38.4
Total	226	10 932 400	9.9	7.9	31.0

	31 August 2024 (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%	2	704 200	8.6	1.8	26.8
9.00% – 10.00%	75	6 903 200	9.6	6.6	32.2
10.25% – 11.50%	124	2 955 300	10.7	9.3	29.4
Greater than 11.50%	21	356 300	12.6	19.3	29.9
Total	222	10 919 000	9.9	8.1	30.8
Long-range vacancy factor					
1.00% – 5.00%	102	5 784 100	9.8	3.3	28.3
6.00% – 10.00%	68	2 651 800	9.9	7.8	33.8
11.00% – 15.00%	27	1 929 300	9.7	14.1	33.8
Greater than 15.00%	25	553 800	11.4	24.3	34.5
Total	222	10 919 000	9.9	8.1	30.8
Expense ratio					
5.00% – 15.00%	9	306 900	9.8	3.5	11.7
15.01% – 25.00%	57	2 225 000	10.0	5.4	20.5
25.01% – 35.00%	92	5 160 700	10.0	9.2	30.9
Greater than 35.00%	64	3 226 400	9.8	10.2	38.3
Total	222	10 919 000	9.9	8.1	30.8

The balance of the portfolio of 11 properties with a carrying value of R169.9 million (29 February 2024: 10 properties valued at R151.4 million and 31 August 2024: 11 properties valued at R166.9 million) represents properties held for sale, land, or mothballed properties. Where a firm offer has been received, the properties were valued at the net offer consideration. Land and mothballed buildings have been valued using bulk or land rates determined from sales of similar properties and adjusted downwards for the impact.

Sensitivity to changes in valuation inputs

The significant unobservable inputs used in the fair value measurement of the group's investment properties are the capitalisation rate, the expense ratio, and the long-range vacancy factor. 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 2025 R'000	Unaudited 29 February 2024 R'000	Audited 31 August 2024 R'000
1% increase in capitalisation rates, while all other inputs remain constant	**(997 422)**	(1 005 085)	(1 000 434)
1% decrease in capitalisation rates, while all other inputs remain constant	**1 219 304**	1 231 530	1 224 891
2% increase in long-range vacancy factor, while all other inputs remain constant	**(347 916)**	(237 476)	(344 695)
2% decrease in long-range vacancy factor, while all other inputs remain constant	**347 916**	237 476	344 695
2% increase in expense ratio, while all other inputs remain constant	**(318 986)**	(316 740)	(316 733)
2% decrease in expense ratio, while all other inputs remain constant	**318 986**	316 740	316 733

Carrying value and movement in investment property

	28 February 2025 R'000	29 February 2024 R'000	31 August 2024 R'000
Opening balance	**11 085 900**	11 090 700	11 090 700
Fair value changes	**26 504**	(96 925)	(161 526)
Straight-line rental income accrual	**(3 203)**	1 492	295
Depreciation and amortisation	**(6 068)**	(5 593)	(11 099)
Acquisitions, disposals and other movements:			
Acquisitions	**7 975**	–	–
Developments and subsequent expenditure	**79 391**	98 726	182 670
Disposals (carrying value)	**(58 400)**	(4 600)	(15 140)
Investment property at fair value	**11 132 100**	11 083 800	11 085 900
Disclosed in the statement of financial position:			
Investment property at fair value	**10 588 000**	11 028 500	10 515 700
Non-current assets held for sale	**544 100**	55 300	570 200
	11 132 100	11 083 800	11 085 900

Cash generated from operations

	28 February 2025 R'000	29 February 2024 R'000	31 August 2024 R'000
Profit before taxation	237 732	108 885	211 349
Adjusted for:			
Straight-line rental income accrual	3 203	(1 492)	(295)
Fair value changes to:			
– investment property	(26 504)	96 925	161 526
– derivative financial instruments	5 175	17 383	52 472
– disposal of investment property	9 397	–	1 373
Profit on disposal of movable assets	(10)	160	–
Expected credit loss of trade and other receivables	25 882	19 275	44 098
Gas explosion rental concessions	1	–	518
Share of income from joint venture	(11 700)	(4 107)	(5 830)
Finance costs	208 252	198 320	412 126
Investment income	(7 359)	(8 126)	(16 734)
Depreciation and amortisation	6 485	6 014	11 885
Operating income before working capital changes	450 553	433 237	872 488
Movement in trade and other receivables	(15 971)	(5 771)	(48 223)
Movement in trade and other payables	41 036	(20 195)	11 145
Cash generated from operations	475 619	407 271	835 410

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. Sharon Wapnick is also a partner of Tugendhaft Wapnick Banchetti and Partners, who provide some legal services to the group.

City Property

Total payments made to City Property in terms of the asset and property management agreement amounted to R125.8 million (29 February 2024: R115.9 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 R5.9 million (29 February 2024: R5.7 million) from City Property in respect of rent and operating costs recovered.

Related-party balances

	Unaudited 28 February 2025 R'000	Unaudited 29 February 2024 R'000	Audited 31 August 2024 R'000
Due to City Property	**(5 734)**	(4 353)	(3 256)
Due by City Property	**–**	–	1 507

* *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*

Tugendhaft Wapnick Banchetti

The total amount paid to Tugendhaft Wapnick Banchetti and Partners during the period for services rendered amounted to R0.9 million (29 February 2024: R0.8 million). All services procured from Tugendhaft Wapnick Banchetti and Partners were at the request of and approved by the independent subcommittee of the board.

Events after the reporting date

The following event has taken place subsequent to period-end:

- A dividend of 62.0 cents (29 February 2024: 60.0 cents) per share, totalling R165 042 497, has been declared to be paid to shareholders on 2 June 2025.

Rental income by sector

	Unaudited 28 February 2025 R'000	%	Unaudited 29 February 2024 R'000	%	Audited 31 August 2024 R'000	%
Residential	266 255	34.3	253 861	34.2	529 503	34.9
Retail – street shops	179 744	23.2	178 666	24.1	356 926	23.5
Retail – shopping centres	90 456	11.7	85 151	11.5	174 224	11.5
Offices	150 678	19.4	137 239	18.5	280 705	18.5
Industrial	55 094	7.1	53 640	7.2	108 590	7.2
Parking	34 148	4.4	33 561	4.5	67 689	4.5
Total rental income	776 375	100.0	742 118	100.0	1 517 637	100
Straight-line rental income accrual	(3 203)		1 492		295	
Recoveries*	279 829		262 252		558 211	
Revenue	1 053 001		1 005 862		2 076 143	

* *Recoveries are not evaluated at sector level*

The group does not have operating segments that meet the definition of IFRS 8 and, consequently, no segmental report has been provided. Rental income is, however, grouped into five major operating sectors plus parking, based on the type of premises from which the rental is derived.

Further sector results cannot be allocated due to the "mixed use" of certain of the properties.

SA REIT ratios

	28 February 2025 R'000	29 February 2024 R'000	31 August 2024 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	227 835	98 978	215 979
Adjusted for:			
Accounting/specific adjustments:	(8 190)	121 999	205 711
Fair value adjustments to:			
– Investment property	(26 504)	96 925	161 526
– Debt instruments held at fair value through profit or loss	5 175	17 383	52 472
Deferred tax movement recognised in profit or loss	9 936	9 183	(7 992)
Straight-lining operating lease adjustment	3 203	(1 492)	(295)
Adjustments arising from investing activities:			
Gains or losses on disposal of:			
– Investment property	9 397	160	1 373
– Property, plant and equipment	(10)	–	–
Other adjustments:			
Adjustments made for equity-accounted entities	(7 301)	(1 598)	(1 200)
SA REIT FFO	221 731	219 539	421 863
Number of shares outstanding at end of period (net of treasury shares)	266 198	266 198	266 198
SA REIT FFO per share (Rands)	0.83	0.82	1.58
Company-specific adjustments (per share)			
None	–	–	–
SA REIT FFO per share (Rands)	0.83	0.82	1.58
SA REIT Net Asset Value (SA REIT NAV)			
Reported NAV attributable to the parent	6 471 044	6 458 957	6 416 238
Adjustments:			
Dividend to be declared	(165 041)	(159 718)	(173 028)
Fair value of certain derivative financial instruments	(4 004)	(44 269)	(9 180)
Deferred tax	157 079	164 318	147 143
SA REIT NAV	6 459 078	6 419 288	6 381 173
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 (Rands)	24.26	24.11	23.97

	28 February 2025 R'000	29 February 2024 R'000	31 August 2024 R'000
SA REIT cost-to-income ratio			
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)	556 758	524 779	1 104 994
Administrative expenses per IFRS income statement	55 445	52 581	111 339
Other expenses, if directly related to property operations, with clear explanations of these items			
– Impairment of accounts receivable	25 882	19 275	44 098
Operating costs	638 084	596 635	1 260 431
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	776 375	742 118	1 517 637
Utility and operating recoveries per IFRS income statement	279 829	262 252	558 211
Gross rental income	1 056 204	1 004 370	2 075 848
SA REIT cost-to-income ratio	60.4%	59.4%	60.7%
SA REIT administrative cost-to-income ratio			
Expenses			
Administrative expenses as per IFRS income statement	55 445	52 581	111 339
Administrative costs	55 445	52 581	111 339
Contractual rental income per IFRS income statement (excluding straight-lining)	776 375	742 118	1 517 637
Utility and operating recoveries per IFRS income statement	279 829	262 252	558 211
Gross rental income	1 056 204	1 004 370	2 075 848
SA REIT administrative cost-to-income ratio	5.2%	5.2%	5.4%
SA REIT GLA vacancy rate			
Gross lettable area of vacant space (m^2)	301 997	318 704	322 231
Gross lettable area of total property portfolio (m^2)	1 504 601	1 525 486	1 524 479
SA REIT GLA vacancy rate	20.1%	20.9%	21.1%

	28 February 2025 R'000	29 February 2024 R'000	31 August 2024 R'000
Cost of debt			
Variable interest-rate borrowings			
Floating reference rate plus weighted average margin (%)	**9.5**	10.4	10.3
Pre-adjusted weighted average cost of debt (%)	**9.5**	10.4	10.3
Adjustments:			
Impact of interest rate derivatives (%)	**(0.1)**	(1.2)	(0.8)
All-in weighted average cost of debt (%)	**9.4**	9.2	9.5
SA REIT loan-to-value			
Gross debt	**4 397 000**	4 379 310	4 409 166
Overdraft	**–**	–	–
Less:			
Cash and bank balance	**(81 695)**	(45 223)	(33 849)
Cash and bank balance per statement of financial position	**(116 127)**	(77 469)	(69 173)
Less: Bank balance held in regard to residential tenant deposits	**34 432**	32 246	35 324
Add/Less:			
Derivative financial instruments	**(4 004)**	(44 269)	(9 180)
Net debt	**4 311 301**	4 289 818	4 366 137
Total assets – per Statement of Financial Position	**11 491 630**	11 419 893	11 403 967
Less:			
Cash and cash equivalents	**(116 127)**	(77 469)	(69 173)
Derivative financial assets	**(4 428)**	(44 269)	(11 173)
Trade and other receivables	**(179 241)**	(163 827)	(186 808)
Carrying amount of property-related assets	**11 191 834**	11 134 328	11 136 813
SA REIT loan-to-value ("SA REIT LTV")	**38.5**	38.5	39.2

Company information

Octodec Investments Limited

Incorporated in the Republic of South Africa
Registration number: 1956/002868/06
JSE share code: OCT
JSE alpha code: OCTI
ISIN: ZAE000192258
LEI: 378913 6JI0BKTUSZ8813
(Approved as a REIT by the JSE)

Registered address

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S Wapnick (Chairman)[1], JP Wapnick (Chief Executive Officer)[2], R Erasmus (Deputy CEO & Chief Financial Officer)[2], RWR Buchholz[4], NC Mabunda[4], EMS Mojapelo[4], MZ Pollack[1], PJ Strydom[3], 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
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Our Vision

To innovate in the property market and unlock long-term capital appreciation and income flows, through investment in a well-diversified multisector property portfolio. We remain cognisant of our role as a responsible corporate citizen and aim to achieve our vision, ambition and purpose in a manner that takes the interests of all our stakeholders into account.