OCTODEC INVESTMENTS LIMITED

REVIEWED CONDENSED CONSOLIDATED INTERIM FINANCIAL RESULTS

FOR THE SIX MONTHS ENDING 28 FEBRUARY 2014

- Distribution up by **12,6%** to **88,60 cents** per linked unit
- Weighted average increase in distributable income of **17,6%**
- Total investments of **R4,3 billion**
- Weighted average cost of debt reduces to **8,4%** per annum
- Obtained **REIT** status effective from 1 September 2013

DIRECTORS' COMMENTARY

Introduction

Octodec is a Real Estate Investment Trust ("REIT") listed in the "Industrial and Office REITS" subsector of the JSE Limited ("JSE"). Octodec's application for REIT status was granted with effect from 1 September 2013. Octodec invests in the retail, industrial and office property sectors and has a growing residential component in its portfolio. All rental income received by the group, less operating costs, administration costs and interest on debt, is distributed bi-annually. The group does not distribute capital profits.

Review of results

Trading conditions and consumer confidence remained subdued during the financial period. The property portfolio continued to deliver strong growth in earnings with rental income increasing following a number of successful upgrades of properties and a proactive approach to letting.

The total distribution per linked unit for the six months of 88,60 cents per linked unit (2013: 78,70 cents) represents an increase of 12,6% (2013: 10,5%) on that paid in the comparative six-month period.

Rental income and net rental income increased by 8,2% (2013: 13,9%) and 12,2% (2013: 11,0%) respectively compared to the prior comparative six-month period. The increase in revenue was mainly due to contractual escalations, improved letting and an increase in the recovery of utility and assessment rate charges. The six-month period saw limited improvement in the office and industrial rental markets and a slight increase in vacancies. One of the primary objectives continued to be the improvement of the quality of the properties in order to attract new tenants. The performance of Killarney Mall, the company's flagship shopping centre, was extremely pleasing. The vacancies at Killarney Mall during the financial period were maintained at below 2% of gross lettable area ("GLA"). Despite rapidly escalating utility charges, the percentage of cost recovery in respect of electricity charges improved during the period due to improved efficiencies and increased focus on energy management initiatives. Bad debt write-offs and provisions during the period were at 1% (2013: 1%) of total tenant income. Arrears and doubtful debt provisions remain at acceptable levels and no significant deterioration is anticipated.

Property and investment portfolio

Octodec completed three major projects during the period and two others are under construction. The total cost of these projects is approximately R189,4 million of which an amount of R110,9 million had already been spent by 28 February 2014.

Details of these projects are:

- The upgrade of Time Place, a residential property which is situated in the Pretoria CBD, was completed in September 2013. The total cost of the project was R9,7 million.
- The redevelopment of Medical City, a residential property situated in the Johannesburg CBD. The total cost of the project was R42,9 million. The offices were converted into a college with residential accommodation and were occupied in November 2013.
- The upgrade of the residential units at Castle Mansions and the construction of an additional 12 residential units. The property is situated in the Johannesburg CBD and the project was completed in December 2013 at a cost of R14,3 million.
- The upgrade of Essenby flats, situated in the Johannesburg CBD. The upgrade will be completed in May 2014 at a total cost of R16,1 million.
- Octodec is currently well advanced with the redevelopment of Bosman Place which is situated in the Johannesburg CBD and has an estimated completion date of March 2015. The property consists of a retail component and 9 779 m^2 of vacant offices. The offices will be converted into 225 residential units at a cost of approximately R106,4 million. The fully let initial yield is expected to be 8,4%.

IPS Investments Proprietary Limited ("IPS")

During the year Octodec's associate company IPS repurchased City Property Administration Proprietary Limited's ("City Property") shares and shareholders loan account in IPS ("City Property's interest in IPS") for a cash consideration of R127,5 million and R48,1 million respectively. Prior to the repurchase Premium Properties Limited ("Premium") and Octodec each held 40% of the issued share capital of IPS and City Property held the remaining 20%. Following the repurchase, Octodec's and Premium's shareholdings in IPS increased to 50% each. IPS also acquired the balance of the 50% shareholding in Vuselela Investments Proprietary Limited ("Vuselela") from its co-shareholder.

Pursuant to the repurchase, Octodec issued 9 122 981 linked units to City Property in exchange for the equivalent cash consideration of R175,6 million equating to R19,25 per Octodec linked unit.

Octodec's investment in IPS provided strong growth with profits earned from its associate company, excluding fair value gains, increasing to R19,2 million. This is an increase of 62,3% on the prior period.

The performance of IPS was positively impacted by the improved occupancy levels achieved during the period at the mixed-use developments of Kempton Place and Tali's Place. An increase in interest income was recorded as a result of increased funding to IPS to fund further investments including the purchase of the 50% interest from its co-shareholder in Vuselela and City Property's interest in IPS. The construction of Jeff's Place, a greenfield residential development situated in the Pretoria CBD, commenced in February 2012. The date of completion was March 2014. The total cost of the project was R141,4 million and it is anticipated that this will yield an initial return of 9,2% once fully let.

Vacancies

Vacancies in the Octodec portfolio at 28 February 2014, including properties held for redevelopment, amounted to 15,4% (2013: 13,6%) of total lettable area. Details of these vacancies are set out in the table below.

	Total lettable area m^2	Total vacancies %	Properties held for redevelopment %	Core vacancies %
28 February 2014				
Offices	**128 341**	**7,1**	**(4,9)**	**2,2**
Retail – shops	**139 488**	**1,2**	**(0,3)**	**0,9**
Retail – shopping centres	**84 111**	**0,3**	**–**	**0,3**
Industrial	**196 104**	**5,3**	**–**	**5,3**
Residential	**32 709**	**1,5**	**(1,4)**	**0,1**
Total	**580 753**	**15,4**	**(6,6)**	**8,8**
31 August 2013				
Offices	127 485	6,5	(3,3)	3,2
Retail – shops	141 355	0,7	(0,1)	0,6
Retail – shopping centres	85 168	0,6	–	0,6
Industrial	193 725	4,1	(0,1)	4,0
Residential	34 497	1,7	(1,7)	–
Total	582 230	13,6	(5,2)	8,4

Most of the properties remained fully let. As anticipated, a number of properties under development or those which were recently upgraded, had vacancies. In recent years certain properties, for example Bosman Building, were acquired by Octodec with large vacancies and where no or little consideration was paid in respect of the vacant space which offered redevelopment opportunities. As the opportunities arise, the value of these vacancies is being realised.

Octodec was successful in letting a number of properties that had been vacant for a considerable period. The residential vacancies consist, as expected, of vacant units at Essenby, Time Place and Castle Mansions which are currently undergoing upgrades.

Borrowings

Octodec's ratio of loans to value of its investment portfolio at period-end was 33,8% against 35,9% at 31 August 2013.

Interest rates in respect of 57,6% of borrowings at 28 February 2014 have been hedged, maturing at various dates in 2017 and 2018. The average weighted interest rate of all borrowings is 8,4% per annum, with unutilised banking facilities in an amount in excess of R228 million. Details of borrowings are set out in the table below:

	Nominal amount R'000	Interest rate %
Fixed rate borrowings expiry		
April 2018	100 000	12,06
October 2018	75 000	11,72
	175 000	11,91
Swap maturity		
February 2017	150 000	7,68
August 2017	200 000	8,96
September 2017	50 000	9,31
January 2018	50 000	9,43
April 2018	100 000	5,68
May 2018	50 000	10,13
August 2018	50 000	9,40
	650 000	8,35
Total hedged borrowings	825 000	9,10
Variable rate borrowings	607 096	7,50
Total borrowings	1 432 096	8,40

Revaluation of property portfolio

It is the group's policy to perform directors' valuations of all the properties at the interim stage and at year-end.

At 28 February 2014 the entire portfolio was valued by independent external registered valuers in anticipation of the proposed merger of Octodec and Premium. The internal and external valuations are based on the income capitalisation method which is consistent with the basis used in prior years.

The internal valuation of the portfolio of R3,4 billion represents an increase in the valuation amounting to R57,5 million or 1,8% for the six-month period ended 28 February 2014. The valuation of the portfolio by the external valuers amounts to R3,3 billion, which is 2,0% less than the directors' valuation.

Net asset value ("NAV")

NAV increased by 1,9% to 2 275 cents per linked unit.

Changes to the directorate

Mr Gerard Kemp (58) was appointed as an independent non-executive director, on 1 October 2013. Gerard will also serve on the audit, risk, social, ethics & remuneration and nominations committees. Gerard brings to the board a wealth of knowledge and experience in the areas of corporate finance, black economic empowerment and labour relations.

Cautionary

Linked unitholders are referred to the joint announcement released on SENS on 7 April 2014 by Octodec and Premium and are reminded that the company is still trading under cautionary in respect of the proposed merger with Premium.

Prospects

Octodec is considering a number of redevelopment opportunities for certain existing properties which will enhance the quality of the property portfolio and result in sustainable growing distributions in the future. Growth in the local economy is expected to remain subdued. Barring unforeseen events, current indications are that the distribution for the next six-month period should be in line with the distribution for the first six-month period. This represents growth in distributions per linked unit of approximately 14% for the full financial year.

The abovementioned information has not been reviewed nor reported on by the company's auditors.

DECLARATION OF DIVIDEND 48 ("the distribution")

Notice is hereby given that dividend number 48 of 88,60 cents (2013: 78,70 cents) per linked unit (out of income reserves) has been declared for the period 1 September 2013 to 28 February 2014, payable to linked unitholders recorded in the register on Friday, 30 May 2014.

Salient dates relating to the dividend:

Last date to trade "CUM" distribution	Friday, 23 May 2014
Commence trading "EX" distribution	Monday, 26 May 2014
Record date	Friday, 30 May 2014
Payment date	Monday, 2 June 2014

No dematerialisation or rematerialisation of linked unit certificates may take place between Monday, 26 May 2014 and Friday, 30 May 2014, both days inclusive.

As Octodec has REIT status, linked unitholders are advised that the distribution meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No 58 of 1962 ("Income Tax Act"). The distribution to Octodec linked units will be deemed to be dividends, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

Tax implications for South African tax residents

Distributions received by or accrued to South African tax residents must be included in the gross income of such linked unitholders and are not exempt from income tax in terms of the exclusion to the general dividend exemption contained in section 10(1)(k)(i)(aa) of the Income Tax Act, because they are dividends distributed by a REIT. These distributions are however exempt from dividend withholding tax ("dividend tax") in the hands of South African tax resident linked unitholders provided that the South African tax resident linked unitholders have provided the following forms to the Central Securities Depository Participant ("CSDP") or broker, as the case may be, in respect of uncertificated linked units, or the transfer secretaries, in respect of certificated linked units:

- a declaration that the distribution is exempt from dividend tax; and
- a written undertaking to inform the CSDP, broker or 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.

Octodec linked unitholders are advised to contact their CSDP or broker, as the case may be, to arrange for the abovementioned documents to be submitted prior to the payment of the distribution.

Tax implications for non-resident linked unitholders

Distributions received by non-resident linked unitholders will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption section 10(1)(k)(i) of the Income Tax Act. It should be noted that up to 31 December 2013 distributions received by non-residents from a REIT were not subject to dividend tax. With effect from 1 January 2014, any distribution received by a non-resident from a REIT will be subject to dividend tax at 15%, 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 non-resident linked unitholder. Assuming dividend tax will be withheld at a rate of 15%, the net amount due to non-resident linked unitholders is 75,31 cents per share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied on if the non-resident linked unitholder has provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated linked units, or the transfer secretaries, in respect of certificated linked units:

- a declaration that the dividend is subject to a reduced rate as a result of the application of the DTA; and
- a written undertaking to inform the CSDP, broker or the transfer secretaries, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner of the South African Revenue Services.

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

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

The number of linked units in issue at the date of this declaration is 117 347 898 and the company's tax reference number is 9925/033/71/5.

By order of the board

S WAPNICK
Chairman

JP WAPNICK
Managing director

6 May 2014

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CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

R'000	% change	Reviewed Six months 28 February 2014	Unaudited Six months 28 February 2013	Audited Year to 31 August 2013
Revenue		**269 256**	245 975	506 670
Earned on contractual basis	8,2	**267 391**	247 059	505 732
Straight-line lease adjustment		**1 865**	(1 084)	938
Operating costs		**(128 316)**	(123 150)	(254 820)
Net property income		**140 940**	122 825	251 850
Earned on contractual basis	12,2	**139 075**	123 909	250 912
Straight-line lease adjustment		**1 865**	(1 084)	938
Administrative costs		**(14 196)**	(12 872)	(25 290)
Profit from operations	15,3	**126 744**	109 953	226 560
Amortisation of deemed debenture premium		**11 632**	10 311	21 054
Fair value adjustments of investment properties		**57 530**	92 490	131 501
Fair value adjustments of interest rate derivatives		**6 740**	4 081	35 214
Profit from ordinary activities before finance costs		**202 646**	216 835	414 329
Profit on sale of investment property		**111**	15	15
Investment income		**58 657**	36 396	77 781
Interest received		**1 101**	785	1 584
Listed investment		**18 919**	15 114	29 670
Associate		**38 637**	20 497	46 527
Profit from ordinary activities before finance costs		**261 414**	253 246	492 125
Finance costs	12,8	**(60 189)**	(53 380)	(110 638)
Interest on borrowings		**(60 787)**	(54 701)	(112 461)
Interest capitalised		**598**	1 321	1 823
Profit before debenture interest	0,7	**201 225**	199 866	381 487
Debenture interest	22,1	**(103 454)**	(84 751)	(169 718)
Profit before taxation		**97 771**	115 115	211 769
Taxation charge		**7 926**	(15 808)	171 690
Deferred taxation		**7 834**	(15 696)	172 004
Normal taxation		**92**	(112)	(314)
Profit for the period		**105 697**	99 307	383 459
Other comprehensive income for the period				
Fair value adjustment of listed investment		**(16 094)**	25 168	18 792
Total comprehensive income for the period attributable to equity holders		**89 603**	124 475	402 251
Weighted linked units in issue ('000)		**112 207**	108 225	108 225
Linked units in issue ('000)		**117 348**	108 225	108 225
Basic earnings per share (cents)	2,7	**94,2**	91,8	354,3
Fully diluted earnings per share (cents)	(1,8)	**90,1**	91,8	354,3
Basic earnings per linked unit (cents)	9,6	**186,4**	170,1	511,1
Fully diluted earnings per linked unit (cents)	4,8	**178,2**	170,1	511,1
Distribution per linked unit (cents)				
Dividends		**0,44**	0,39	0,78
Interest		**88,16**	78,31	156,82
Total	12,6	**88,60**	78,70	157,60

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

R'000	Reviewed Six months 28 February 2014	Unaudited Six months 28 February 2013	Audited Year to 31 August 2013
CASH FLOW FROM OPERATING ACTIVITIES			
Net rental income from properties	**124 879**	111 037	225 622
Adjustment for :			
Depreciation and amortisation	**6 210**	6 859	12 059
Working capital change	**14 451**	(1 810)	(5 373)
Cash generated from operations	**145 540**	116 086	232 308
Investment income	**36 961**	18 650	57 217
Finance costs	**(60 189)**	(53 380)	(110 638)
Taxation paid	**124**	(423)	(99)
Distribution to linked unitholders paid	**(85 389)**	(71 537)	(156 710)
Net cash inflow from operating activities	**37 047**	9 396	22 078
CASH FLOW FROM INVESTING ACTIVITIES			
Investing activities	**(221 324)**	(57 126)	(279 863)
Proceeds from disposal of investment properties	**2 200**	6 650	6 650
Net cash outflow used in investing activities	**(219 124)**	(50 476)	(273 213)
CASH FLOW FROM FINANCING ACTIVITIES			
Issue of new units	**174 528**	–	–
Increase in interest-bearing borrowings	**12 979**	57 989	270 463
Net cash generated from financing activities	**187 507**	57 989	270 463
NET INCREASE IN CASH AND CASH EQUIVALENTS	**5 430**	16 909	19 328
Cash and cash equivalents at beginning of year	**(12 763)**	(32 091)	(32 091)
Cash and cash equivalents at end of period	**(7 333)**	(15 182)	(12 763)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

R'000	Share capital	Non-distributable reserves	Retained earnings	Total
Balances at 31 August 2012	**102 645**	**1 236 372**	**56 268**	**1 395 285**
Total comprehensive income for the year	–	–	402 251	402 251
Transfer to capital – deemed debenture premium	21 054	–	(21 054)	–
Dividends paid	–	–	(779)	(779)
Adjustment to valuation of listed investment, net of deferred tax	–	18 792	(18 792)	–
Profit on sale of investment properties	–	15	(15)	–
Fair value adjustments				
Investment properties, net of deferred tax	–	333 171	(333 171)	–
Associate, net of deferred tax	–	21 797	(21 797)	–
Interest rate derivatives, net of deferred tax	–	25 354	(25 354)	–
Balances at 31 August 2013	**123 699**	**1 635 501**	**37 557**	**1 796 757**
Total comprehensive income for the year	–	–	89 603	89 603
Issue of new units	862	–		862
Transfer to capital – deemed debenture premium	11 632	–	(11 632)	–
Dividends paid	–	–	(422)	(422)
Adjustment to valuation of listed investment, net of deferred tax	–	(16 094)	16 094	–
Profit on sale of investment properties	–	111	(111)	–
Fair value adjustments				
Investment properties	–	57 530	(57 530)	–
Associate	–	19 447	(19 447)	–
Interest rate derivatives	–	6 740	(6 740)	–
Balances at 28 February 2014	**136 193**	**1 703 235**	**47 372**	**1 886 800**

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

R'000	Reviewed 28 February 2014	Audited 31 August 2013
ASSETS		
Non-current assets	**4 256 624**	3 971 862
Investment properties	**3 285 153**	3 168 970
Plant and equipment	**4 860**	6 525
Operating lease assets	**47 591**	45 726
Lease costs capitalised	**32 352**	35 565
Listed investment	**349 725**	365 819
Investment in associate	**528 210**	347 264
Derivative financial instruments	**8 733**	1 993
Current assets	**53 825**	50 982
Total assets	**4 310 449**	4 022 844
EQUITY AND LIABILITIES		
Share capital and reserves	**1 886 800**	1 796 757
Share capital and premium	**136 193**	123 699
Non-distributable reserves	**1 703 235**	1 635 501
Distributable reserves	**47 372**	37 557
Non-current liabilities	**1 921 718**	1 590 905
Debenture capital and premium	**782 285**	620 251
Interest-bearing borrowings	**1 132 330**	955 717
Deferred taxation	**7 103**	14 937
Current liabilities	**501 931**	635 182
Interest-bearing borrowings	**307 992**	471 626
Non-interest-bearing	**90 485**	78 589
Linked unitholders for distribution	**103 454**	84 967
Total equity and liabilities	**4 310 449**	4 022 844
Linked units in issue ('000)	**117 348**	108 225
Net asset value per linked unit (cents)	**2 275**	2 233
Loan to investment value ratio (%)	**33,8**	35,9

DISTRIBUTABLE EARNINGS

R'000	% change	Reviewed Six months 28 February 2014	Unaudited Six months 28 February 2013	Audited Year to 31 August 2013
Revenue				
Earned on contractual basis	8,2	**267 391**	247 059	505 732
Operating costs		**(128 316)**	(123 150)	(254 820)
Net rental income from properties	12,2	**139 075**	123 909	250 912
Administrative costs		**(14 196)**	(12 872)	(25 290)
Operating profit	12,5	**124 879**	111 037	225 622
Investment income				
Interest received		**1 101**	786	1 584
Listed investment		**18 919**	15 114	29 670
Associate		**19 190**	11 821	24 730
Distributable profit before finance costs	18,3	**164 089**	138 758	281 606
Finance costs	12,8	**(60 189)**	(53 380)	(110 638)
Distributable income before taxation	21,7	**103 900**	85 378	170 968
Taxation charge		**92**	(112)	(314)
Unitholders' distributable earnings	22,0	**103 992**	85 266	170 654
Linked units in issue ('000)		**117 348**	108 225	108 225
Distributable earnings per linked unit – weighted (cents)	17,6	**92,7**	78,8	157,7
Distribution per linked unit (cents)	12,6	**88,6**	78,7	157,6

RECONCILIATION – EARNINGS TO DISTRIBUTABLE EARNINGS

R'000	Reviewed Six months 28 February 2014	Unaudited Six months 28 February 2013	Audited Year to 31 August 2013
Total comprehensive income attributable to equity holders	**89 603**	124 475	402 251
Amortisation of deemed debenture premium	**(11 632)**	(10 311)	(21 054)
Profit on sale of investment properties	**(111)**	(15)	(15)
Equity reserves			
Associate	**(19 447)**	(8 676)	(21 797)
Fair value adjustments			
Listed investment	**16 094**	(25 168)	(18 792)
Investment properties	**(57 530)**	(92 490)	(131 501)
Deferred tax	**–**	17 204	(201 670)
Headline earnings before debenture interest	**16 978**	5 019	7 422
Debenture interest	**103 454**	84 751	169 718
Headline earnings attributable to linked unitholders	**120 432**	89 770	177 140
Straight-line lease adjustment	**(1 865)**	780	(675)
Fair value adjustments of interest rate derivatives	**(6 740)**	(2 937)	(25 354)
Deferred taxation adjustments	**(7 834)**	(2 347)	19 543
Distributable earnings attributable to linked unitholders	**103 992**	85 266	170 654
Headline earnings per linked unit (cents)	**107,3**	82,9	163,7

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:

Rental income by segment:	Six months 28 February 2014 R'000	%	Six months 28 February 2013 R'000	%
Offices	**36 619**	**18,8**	30 522	17,0
Retail	**45 878**	**23,5**	42 769	23,8
Shopping centres	**63 356**	**32,5**	55 653	30,9
Industrial	**36 865**	**18,9**	35 874	19,9
Residential	**12 438**	**6,4**	15 077	8,4
Total rental income	**195 156**	**100,0**	179 895	100,0
Recoveries	**74 100**		67 164	
Revenue	**269 256**		247 059	

Further segment results cannot be allocated on a reasonable basis due to the "mixed use" of certain of the properties. It is the company's philosophy to invest predominantly in properties situated in the Gauteng area, therefore the company has not reported on a geographical basis.

NOTES TO THE FINANCIAL STATEMENTS

Basis of preparation: These reviewed condensed consolidated interim financial statements for the six months ended 28 February 2014 are prepared in accordance with International Financial Reporting Standard, (IAS) 34 Interim Financial Reporting, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by Financial Reporting Standards Council and the requirements of the Companies Act of South Africa.

The accounting policies applied in the preparation of these interim financial statements are in terms of IFRS and are consistent with those applied in the previous annual financial statements. The group adopted the new, revised or amended accounting pronouncements as issued by the International Accounting Standards Board which were effective and applicable to the group from 1 September 2013, none of which had any material impact on the group's financial results.

These interim 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 fair value of investment properties is determined by directors with reference to market-related information while investment in associates and other financial liabilities are valued with reference to market-related information and valuations as appropriate. Financial instruments measured at fair value include the listed investment (level 1 measurement using the quoted market price) and derivatives (level 2 measurement using information based indirectly on quoted prices). There have been no material changes in judgements or estimates of amounts reported in previous reporting periods.

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

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

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

Commitments: Octodec has capital commitments in an amount of R145,9 million relating to various redevelopments of properties.

Contingent liability: The company has issued guarantees of R8,0 million and R0,6 million to the Tshwane Metropolitan Municipality and City Power – Johannesburg respectively, for the provision of services to its subsidiaries. The company has provided a suretyship to Nedbank Property Finance in favour of its 50% held associate company, IPS Investments Proprietary Limited ("IPS"). At 28 February 2014, the suretyship amounted to R224,2 million.

Auditor's review: The financial information has been reviewed by the company's auditors, Deloitte & Touche, in terms of ISRE 2410: Review of Interim Financial Information Performed by the Independent Auditor of the Entity. ISRE 2410 requires the auditor to conclude whether anything has come to their attention that causes them to believe that the interim financial statements are not prepared in all material respects in accordance with the applicable financial reporting framework. The auditor's unmodified review report is available for inspection at the company's registered office. The auditor's review report does not necessarily report on all of the information contained in this announcement. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of that report together with the accompanying financial information from the issuer's registered office.

OCTODEC INVESTMENTS LIMITED ("Octodec" or "the group" or "the company")
(Incorporated in the Republic of South Africa) (Registration number 1956/002868/06), Share code: OCT, ISIN: ZAE000005104, REIT status approved

Directors: S Wapnick[#] (Chairman), JP Wapnick* (Managing), AK Stein* (Financial), MZ Pollack[#], DP Cohen[†], PJ Strydom[^], GH Kemp[^]
** Executive director ^ Independent non-executive director # Non-executive director † Lead independent non-executive director*

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Sponsor: Nedbank Capital

Transfer secretaries: Computershare Investor Services Proprietary Limited (Reg. No: 2004/003647/07), 70 Marshall Street, Johannesburg, 2001, PO Box 61051, Marshalltown, 2107, Tel: (011) 370 7700 Fax: (011) 688 7712

Property administrator, asset manager and company secretary: City Property Administration Proprietary Limited, email: octodec@cityprop.co.za

CITY PROPERTY

SA REIT ASSOCIATION

GREYMATTER & FINCH # 7953