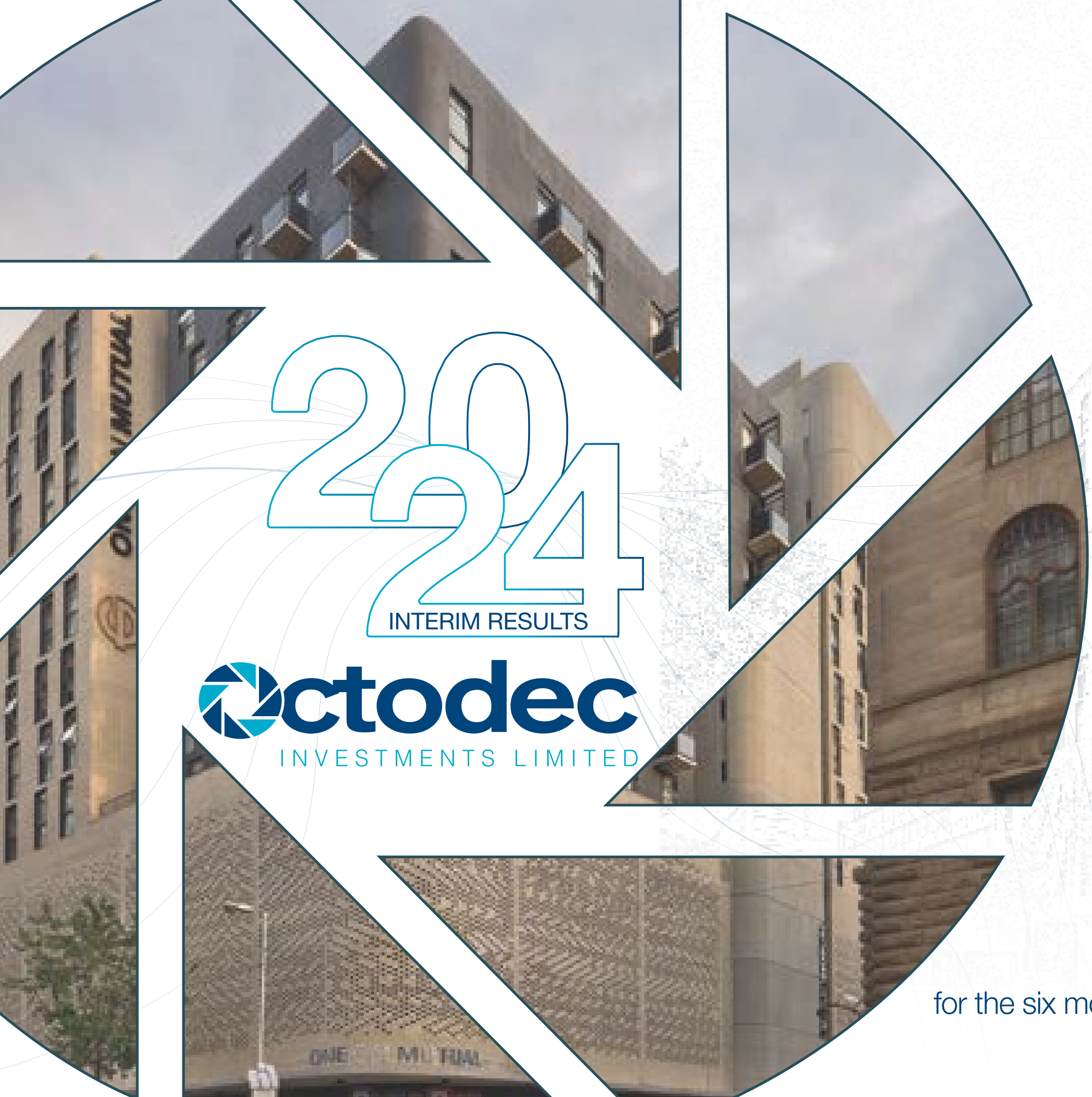


2024 INTERIM RESULTS

Octodec
INVESTMENTS LIMITED

Unaudited interim results
for the six months ended 29 February 2024

CONTENTS

HY2024 PERFORMANCE HIGHLIGHTS

Rental income (R'million)
1 004.4
(HY2023: R974.2)

Distributable income after tax (R'million)
R219.5
(HY2023: R234.5)

Distributable income per share (cents)
82.47
(HY2023: 88.10)

Distribution per share (cents)
60.00
(HY2023: 60.00)

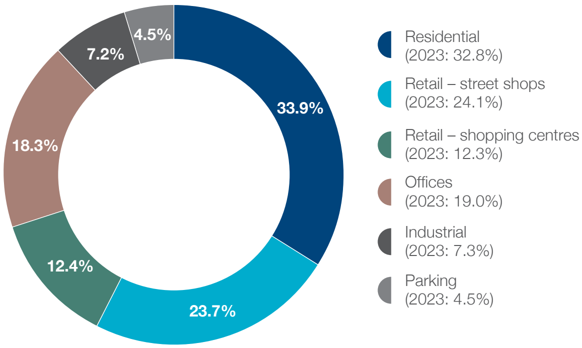
Net asset value (NAV) per share
R24.11
(FY2023: R24.24)

Cash generated from operating activities before dividend payment (R'million)
R214.7
(HY2023: R239.8)

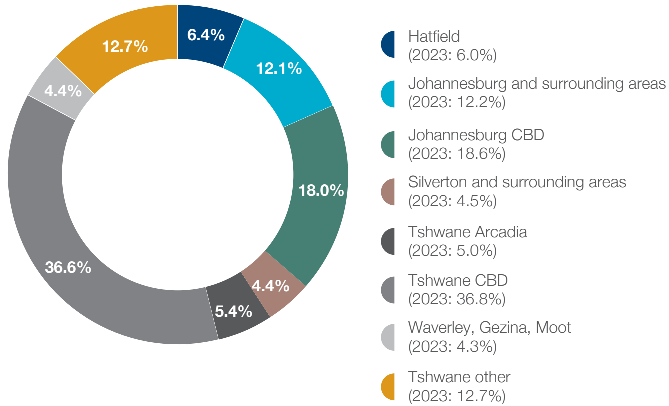
Loan to value (LTV)
38.5%
(FY2023: 37.7%)

All-in annual weighted average cost of funding
9.2%
(HY2023: 9.0%)

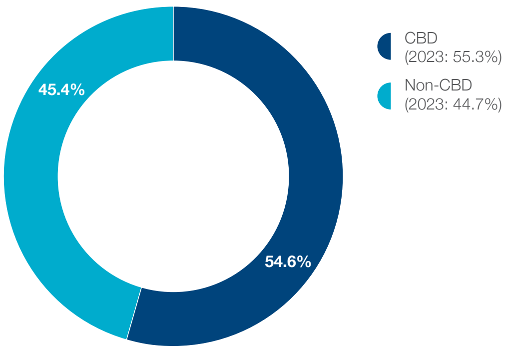
Rental income by sector



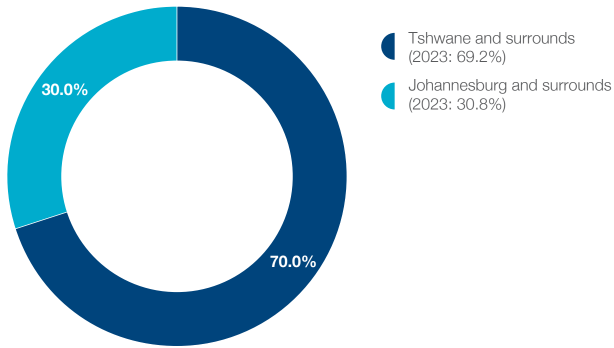
Geographical analysis of rental income



CBD versus non-CBD rental income



Tshwane versus Johannesburg rental income



All information on rental income and GLA contained on pages 1 to 12 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 237 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 1 525 486m^2 and is valued at R11.2 billion.

City Property Administration (Pty) Ltd (City Property) has been appointed 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.

Distributable income

	% change to 28 February 2023	**Unaudited 29 February 2024 R'000**	Unaudited 28 February 2023 R'000	Audited 31 August 2023 R'000
Revenue	3.1%	**1 004 370**	974 226	1 995 095
– current portfolio	3.2%	**1 003 921**	973 022	1 980 009
– disposed portfolio	(62.7%)	**449**	1 204	15 086
Sundry income	100.0%	**213**	–	12 329
Property expenses and expected credit loss	8.1%	**(544 054)**	(503 198)	(1 067 118)
Net property income	(2.2%)	**460 529**	471 028	940 306
Administrative and corporate expenses	12.3%	**(52 581)**	(46 826)	(102 664)
Share of income from joint venture	41.1%	**2 509**	1 778	3 948
Profit before finance costs	(3.6%)	**410 457**	425 980	841 590
Net finance costs	0.5%	**(190 194)**	(189 190)	(381 759)
Profit before tax	(7.0%)	**220 263**	236 790	459 831
Current tax	(68.1%)	**(724)**	(2 273)	(4 073)
Distributable profit attributable to shareholders	(6.4%)	**219 539**	234 517	455 758
Weighted average number of shares		**266 197 535**	266 197 535	266 197 535
Distributable income per share	(6.4%)	**82.47**	88.10	171.21

Dividend

	Unaudited 29 February 2024 Cents per share	Unaudited 28 February 2023 Cents per share
Distributable income per share	**82.47**	88.10
Distribution per share	**60.00**	60.0
Growth in distribution HY2024	**0.0%**	20.0%

The board has considered the solvency and liquidity of the group and, despite the reduction in distributable income, is satisfied that the group has adequate cash resources and funding facilities available, and has declared an interim dividend of 60.0 cents per share for the six months ended 29 February 2024 (28 February 2023: 60.0 cents) in line with previously published guidance provided.

Performance review

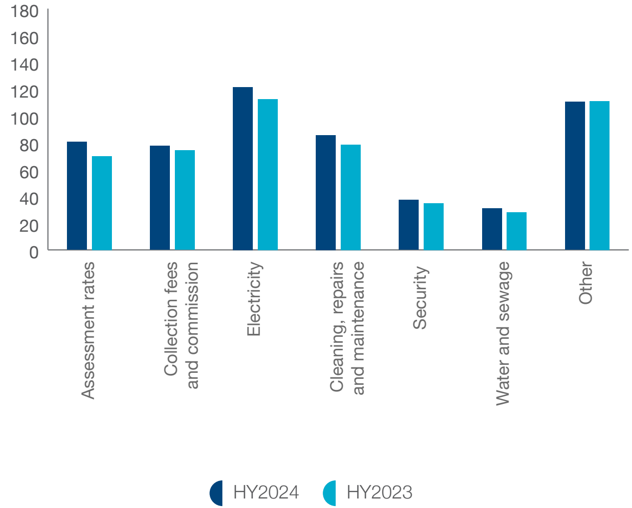
Group revenue

While Octodec's operations have been adversely impacted by the high interest rate environment, low economic growth and lack of service delivery from municipalities, which has resulted in a reduction in distributable income for HY2024, it is pleasing to see an increase of 3.1% in revenue year-on-year, earned on a contractual basis, from R974.2 million to R1 004.4 million. The increase in revenue is largely attributable to the increase in residential rental income.

Expenditure

Assessment rates, bad debts and repairs and maintenance costs increased considerably compared to HY2023. The increase in assessment rates was due to the successful outcome of several municipal appeals in respect of assessment rates levied in prior years, thereby resulting in refunds from the municipalities and a decrease in the prior year amount of assessment rates relative to the actual expense thereof. Bad debts as a percentage of gross revenue increased marginally from 1.5% to 1.8%, impacted by an increase in both residential and commercial arrears. Repairs and maintenance costs increased by 12.6% from R39.8 million to R44.8 million, inclusive of tenant installations. This represents 7.4% (HY2023: 6.8%) of rental income, excluding recoveries. The devaluation of the Rand has also contributed to increased costs through higher lift and air conditioning maintenance costs, which in Octodec's portfolio are generally not recovered from tenants. These increases were, however, offset by a substantial decrease in generator costs and improved tenant recoveries, resulting in the total net generator costs halving compared to HY2023, as well as the improved electricity recoveries, reflecting the return on investment in solar panels at some of our buildings.

Property expenses spread (R'm)



The cost-to-income ratios are as follows:

	Unaudited 29 February 2024 %	Unaudited 28 February 2023 %	Audited 31 August 2023 %
Property costs			
Gross basis	**54.2**	51.7	53.5
Net basis (net of recoveries)	**38.0**	35.4	37.5
Total property and administration costs			
Gross basis	**59.4**	56.5	58.6
Net basis (net of recoveries)	**45.1**	41.8	44.4

The increase in administrative and corporate expenses is largely due to the timing of the expenditure related to our social impact and Community Social Investment (CSI) which was incurred in HY2024.

Net finance costs have increased marginally to R190.2 million from R189.2 million, which cost was contained through active cash flow management.

Distributable income before tax decreased by 7.0% from R236.8 million to R220.3 million, and after tax by 6.4% from R234.5 million to R219.5 million.

Sector review

At a group level, rental income excluding recoveries increased by 1.7% and, on a like-for-like basis, excluding the impact of the disposal of properties, rental income increased by 2.3%.

Residential sector

Octodec's residential properties continue to attract tenants to its secure and well-maintained units despite low economic growth, increased unemployment, and high interest rates, resulting in the group's residential income increasing by 5.1% during the period.

Vacancies in the residential sector during the six-month period were slightly higher than in the comparative period, specifically due to increased vacancies at our Johannesburg residential buildings located near the gas explosion in Lilian Ngoyi Street. Although these properties are fully functional, access thereto has been hampered by the damage to the roads. They have also been impacted by prolonged electricity and water outages. It is expected that vacancies at these buildings will remain at elevated levels until the roadworks are completed.

During the period under review, The Fields in Hatfield, which is predominantly occupied by students, was negatively impacted by the reduction and uncertainty in the NSFAS allowance in 2023, with overall vacancies at 23% throughout the 2023 academic year. However, the increase in the allowance in 2024 has resulted in an increased demand for these units, with vacancies reducing to 15% in February and to 7% in April 2024.

We continue to invest in our residential buildings, ensuring they remain attractive and relevant to our tenants.

Retail shops and retail shopping centres

Octodec's retail portfolio is unique, in that its retail street shops are largely concentrated in the Tshwane and Johannesburg CBDs. Although the CBDs continue to be abuzz with large volumes of residents and visitors, disposable income has shrunk, and tenants are finding it more difficult to trade. On a like-for-like basis, rental income increased by 1.7%, however this growth was impacted by a small increase in vacancies.

Octodec's portfolio of retail shopping centres, which largely comprises of convenience shopping centres, continues to perform well, with core vacancies at 6.6% and, excluding Killarney Mall, is at 0.5%. Increased vacancies at Killarney Mall impacted rental growth from our shopping centres, growing at 2.7% on a like-for-like basis.

Offices

The office sector across South Africa remains under pressure. Octodec's office portfolio performance, while challenging, has been stable. Although core vacancies increased only slightly, rental income was impacted by some significant rental reversions in the government space, resulting in a decrease in rental income of 1.4% on a like-for-like basis. Given the oversupply in the office sector, we continue to actively look at disposing or converting and repurposing some of our office buildings which are strategically located, to extract value from these vacant buildings. See page 7.

Industrial

Octodec's industrial portfolio consists of smaller warehouses and light industry. While this sector performed strongly in the prior year, smaller operators have felt the negative impact of high interest rates and the simultaneous failure in infrastructure of rails and ports all affected their operations. Unfortunately, some do not have the financial strength to withstand these challenges, and we have seen some of our tenants having to close and vacate. This has resulted in an increase in vacancies and muted growth in rental from the industrial sector which increased by 2.4% on a like-for-like basis.

Collections

The collections for HY2024 are in line with our expectations and, given the weak economy and pressure experienced by our tenants, reflects the stellar work performed by our credit controllers.

	Unaudited 29 February 2024 R'000	Unaudited 28 February 2023 R'000
Billed (including VAT)	**1 142 601**	1 087 857
Collected (including VAT)	**1 113 055**	1 064 718
% collected	**97.4**	97.9

Receivables and expected credit loss

Tenant arrears are currently at 4.5% of rental income (FY2023: 3.9%).

Tenant arrears and the expected credit loss were as follows:

	Commercial tenants R'000	Residential tenants R'000	Total R'000
February 2024 (unaudited)			
Amount owing	78 194	22 734	100 928
Expected credit loss (ECL)	33 723	14 179	47 902
% ECL on amount owing	43.1%	62.4%	47.5%
August 2023 (audited)			
Amount owing	74 516	19 701	94 217
Expected credit loss (ECL)	30 757	14 460	45 217
% ECL on amount owing	41.3%	73.4%	48.0%

The increase in the amount owing from commercial tenants is largely attributable to a large tenant who is under business rescue. Management is confident that this debt will be recovered on the disposal of the business. We have accordingly made provision for a possible bad debt, should the business rescue not be satisfactorily concluded. The remaining arrears relate mainly to government tenants of which a large portion has been collected in March 2024.

The increase in the amount owing from residential tenants is largely due to the increased number of leases concluded in January and February 2024, because of the commencement of the student academic year. The percentage expected credit loss attributable to residential tenants is considerably higher than for commercial tenants, due to the higher risk of default.

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

Investment property

Octodec has a diversified portfolio of 237 residential, retail, office, industrial properties with a gross lettable area (GLA) of 1 525 486m^2, valued at R11.2 billion.

Reconciliation of GLA

	m^2
GLA at the beginning of the period	1 528 961
Disposal of property	(3 695)
Remeasurements	220
GLA at the end of the period	1 525 486

Commercial

We were pleased to announce the launch of HealthConnect (previously known as Ina Building), which is adjacent to Louis Pasteur Medical Building, and was repurposed into a medical centre offering medical suites to doctors and medical specialists and, being linked to Louis Pasteur Medical Building, provides these medical specialists with direct access to the Hospital itself. This project was completed at the end of February 2024 at a cost of R64 million and a marginal yield of 13.1%, with occupation from March 2024.

At The Fields we have invested in providing student facilities, such as green spaces and an events centre, to provide conducive spaces for students to study, ensuring the building remains relevant and attractive in what is a highly competitive student market.

During the period under review, we also embarked on a small upgrade of Waverley Shopping Centre, which includes the relocation of some tenants, painting and modernising the common areas and ablution facilities.

With persistent load shedding, management has also focused on providing alternative energy to tenants, through the installation of generators in several residential and office buildings, to ensure equipment such as lifts, water pumps and security systems work during periods of load shedding and prolonged power outages, as well as allowing our office tenants to work during these periods. We have also completed the installation of solar panels at our shopping centres, Woodmead Value Mart and Blaauw Village, as well as Sildale industrial park, and are investigating the installation of additional solar panels at some of our better-suited properties that have adequate and appropriate roof space.

Residential

In line with our objective to refresh and refurbish our residential buildings to maintain our competitive edge, Octodec is currently refurbishing the common and entertainment areas at Ricci's Place, a mixed-use residential and retail building in the Johannesburg CBD, which should be completed during the current financial year.

As we reported to the market in 2023, we continue to look at opportunities to convert and repurpose vacant office space to extract value from the existing portfolio. We have recently approved the conversion of a vacant office building, known as Prinsproes in the Tshwane CBD into residential accommodation. This conversion will offer a smaller product, aimed at a slightly lower entry point than Octodec's traditional residential units, with shared amenities such as living areas, kitchens and bathrooms. The conversion, which is estimated to cost R44 million at a marginal yield of 13%, is expected to be completed by December 2024, with occupation in January 2025. In addition, Octodec intends to install a solar system post the development to reduce the cost of electricity and provide backup power, which should further enhance the yield from this project.

Commitments

As at 29 February 2024, the group had commitments of R31.0 million (FY2023: R15.9 million) in respect of approved and committed capital expenditure relating to refurbishment of properties, committed tenant installations and property contracts. Subsequent to the half year-end, the contract for the conversion of Prinsproes for an amount of R44 million has been approved. These developments will be financed by way of existing unutilised banking facilities, and undistributed cash retained in the business.

Disposals

The board and management of Octodec are 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 of the group, and/or are located outside of our core investment nodes. However, concluding the disposal of these smaller properties has been challenging, as the purchasers of these properties require financing which often delays the transfer of the properties.

To the date of approval of these results by the Board, the group sold three non-core properties at an exit yield of 7.6% and at a loss of R237 609 or 2.5% to the carrying value of R9.6 million, of which one property was transferred on 19 December 2023 and the other two were transferred shortly after period end.

Investment property valuations

The property portfolio consisting of 237 buildings, including the joint venture, was internally valued at R11.2 billion in February 2024 (FY2023: R11.2 billion).

In line with the group 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. Further information on the valuation of the portfolio can be found on pages 24 to 28 of this report.

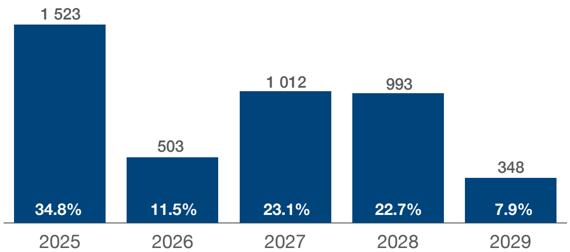
Borrowings and cash flow management

	Unaudited 29 February 2024 R'billion	**Weighted average interest rate per annum %**	Audited 31 August 2023 R'billion	Weighted average interest rate per annum %
Bank loans	**3 999.7**	**10.4**	4 015.6	10.4
Domestic Medium Term Note (DMTN) Programme – Unsecured	**379.7**	**10.4**	330.4	10.4
Total borrowings	**4 379.4**	**10.4**	4 346.0	10.4
Cost of swaps		**(1.2)**		(1.2)
Total cost of borrowings		**9.2**		9.2

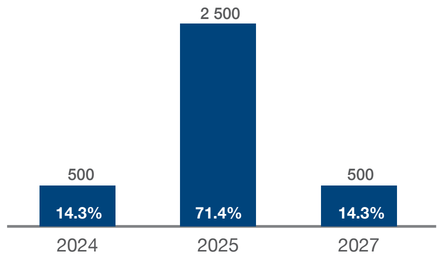
Funders	**Unaudited 29 February 2024 R'billion**	**% of total funding**	Audited 31 August 2023 R'billion	% of total funding
Nedbank	**1 520.0**	**34.7**	1 515.3	34.9
Standard Bank	**1 531.2**	**34.9**	1 551.1	35.7
ABSA	**948.5**	**21.7**	949.3	21.8
DMTN Programme	**379.7**	**8.7**	330.3	7.6
	4 379.4	**100.0**	4 346.0	100.0

The group has R715.3 million of unutilised banking facilities and cash on hand at 29 February 2024 (FY2023: R670.3 million).

Loan expiry profile (R'billion and %)



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



The weighted average term to expiry of the loans and interest rate derivatives is currently 2.9 years (FY2023: 1.7 years) and 1.0 years (FY2023: 1.8 years) respectively. As at 29 February 2024, 79.8% of Octodec's borrowings were hedged (FY2023: 80.6%).

Although a large amount of debt expires in 2025, only two DMTN notes amounting to R200.0 million mature in February 2025. In the absence of unforeseen circumstances, management is confident of re-issuing further notes to replace the maturing notes.

Octodec participates in a DMTN Programme which, at 29 February 2024, was at R379.7 million or 8.7% of the total group borrowings (FY2023: R330 million or 7.6%).

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 stable outlook.

Covenants

		Actual		
	Required	**Funder 1**	**Funder 2**	**Funder 3**
Group interest cover ratio – total portfolio (times)	Minimum – 2.0		**2.2**	
Interest cover ratio by secured property to lender (times)	Minimum – 1.8 to 2.0	2.3	2.0	2.2
LTV ratio – total portfolio (%)	Maximum – 50		**38.5**	
LTV ratio by secured property to lender (%)	Maximum – 50 to 55	36.5	39.6	41.1

Vacancies

There has been an increase in gross and core vacancies within all sectors across the portfolio with the exception of shopping centres. Gross vacancies, including properties held for redevelopment, have increased by 1.1%, from 19.8% to 20.9%, and core vacancies, which exclude the GLA relating to properties held for redevelopment or disposal, also increased by the same amount from 14.2% at 31 August 2023 to 15.3%.

Although the residential sector reflects an increase in vacancies from August 2023 to February 2024, this is in line with our experience as students register at universities in February and apply for accommodation simultaneously. Residential vacancies improved to 6% in March, with The Fields having reduced its vacancy to 9%. This is a substantial improvement on FY2023, where we achieved a vacancy of 23% throughout the academic period, due to the NSFAS issue. The residential sector in Tshwane has also improved considerably because it also caters for private students in Octodec's other buildings. The largest contributor to the higher vacancies in shopping centres is Killarney Mall, with the other shopping centres achieving 99.5% occupancy.

Vacancies by sector

	Total GLA m²	Vacancies GLA m²	Total vacancies %	Properties held for redevelopment or disposal including mothballed space m²	Core vacancies GLA m²	Core vacancies %	Core vacancies as % of lettable GLA
29 February 2024							
Residential	**418 550**	**33 350**	**8.0%**	**–**	**33 350**	**8.0%**	**8.0%**
Commercial							
Retail							
Street shops	**340 488**	**75 851**	**22.3%**	**(16 335)**	**59 516**	**17.5%**	**18.4%**
Shopping centres	**97 700**	**6 684**	**6.8%**	**(278)**	**6 406**	**6.6%**	**6.6%**
Offices	**455 478**	**180 255**	**39.6%**	**(67 101)**	**113 154**	**24.8%**	**29.1%**
Industrial	**213 271**	**22 565**	**10.6%**	**(1 083)**	**21 482**	**10.1%**	**10.1%**
Total	**1 525 486**	**318 705**	**20.9%**	**(84 797)**	**233 908**	**15.3%**	**16.2%**
31 August 2023							
Residential	418 094	27 296	6.5%	–	27 296	6.5%	6.5%
Commercial							
Retail							
Street shops	342 712	73 459	21.4%	(16 416)	57 043	16.6%	17.5%
Shopping centres	97 700	6 876	7.0%	(278)	6 598	6.8%	6.8%
Offices	456 790	175 768	38.5%	(67 503)	108 265	23.7%	27.8%
Industrial	213 665	19 717	9.2%	(1 083)	18 634	8.7%	8.8%
Total	1 528 961	303 116	19.8%	(85 280)	217 836	14.2%	15.1%

Vacancies by location

29 February 2024	Total GLA m²	Vacancies GLA m²	% of Total vacancies	Total vacancies %	Core vacancies GLA m²	% Core vacancies
Tshwane CBD	505 878	101 839	32.0%	20.1%	69 922	13.8%
Tshwane – Other	503 595	56 264	17.6%	11.2%	56 264	11.2%
Johannesburg CBD	378 804	140 197	44.0%	37.0%	87 595	23.1%
Johannesburg and surrounding areas	137 209	20 405	6.4%	14.9%	20 127	14.7%
Total	**1 525 486**	**318 705**	**100.0%**	**20.9%**	**233 908**	**15.3%**

31 August 2023	Total GLA m²	Vacancies GLA m²	% of Total vacancies	Total vacancies %	Core vacancies GLA m²	% Core vacancies
Tshwane CBD	507 705	95 880	31.6%	18.9%	63 882	12.6%
Tshwane and surrounding areas	505 381	54 707	18.0%	10.8%	54 305	10.7%
Johannesburg CBD	378 666	132 163	43.6%	34.9%	79 561	21.0%
Johannesburg and surrounding areas	137 209	20 366	6.7%	14.8%	20 088	14.6%
Total	1 528 961	303 116	100.0%	19.8%	217 836	14.2%

Mothballed space

Octodec owns office properties consisting of 84 797m² (FY2023: 85 280m²) of mothballed space.

The mothballed space consists of three properties, which are fully mothballed with a carrying value of R92.0 million. There are a further three partially mothballed properties with a carrying value of R50.4 million which are allocated to the mothballed space.

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.

Sector

	By rental income (%)					By GLA m² (%)						
29 February 2024	**February 2025**	**February 2026**	**February 2027**	**February 2028**	**February 2029 and beyond**	**February 2025**	**February 2026**	**February 2027**	**February 2028**	**February 2029 and beyond**	**Vacant**	**Total**
Residential	99.8	0.2	–	–	–	91.5	0.5	0.0	–	–	8.0	100.0
Commercial												
Retail												
Street shops	45.6	23.1	12.8	9.0	9.5	36.8	17.8	10.0	6.0	7.2	22.2	100.0
Shopping centres	29.1	36.1	12.2	6.9	15.7	21.2	37.2	9.4	6.0	19.4	6.8	100.0
Offices	65.1	20.3	4.5	6.7	3.4	38.7	11.5	2.8	5.6	1.9	39.5	100.0
Industrial	59.4	23.4	9.3	1.0	6.9	51.7	21.5	8.6	1.0	6.6	10.6	100.0
Parking	75.3	10.0	4.2	1.0	9.5	–	–	–	–	–	–	–
Total commercial	51.1	24.2	9.5	6.7	8.5	39.1	17.6	6.7	4.9	6.0	25.7	100.0
Total commercial and residential	68.0	15.8	6.2	4.4	5.6	53.5	12.9	4.9	3.5	4.3	20.9	100.0

	By rental income (%)					By GLA m² (%)						
31 August 2023	August 2024	August 2025	August 2026	August 2027	August 2028 and beyond	August 2024	August 2025	August 2026	August 2027	August 2028 and beyond	Vacant	Total
Residential	99.8	0.2	–	–	–	93.0	0.5	–	–	–	6.5	100.0
Commercial												
Retail												
Street shops	43.8	23.1	13.8	9.4	9.9	35.8	17.7	11.7	6.2	7.2	21.4	100.0
Shopping centres	30.3	30.6	21.0	5.5	12.6	23.1	30.7	18.0	5.7	15.5	7.0	100.0
Offices	64.4	20.2	7.6	3.3	4.5	38.1	12.4	4.7	1.5	4.8	38.5	100.0
Industrial	49.0	33.5	9.4	2.1	6.0	46.2	27.1	9.7	2.0	5.8	9.2	100.0
Parking	80.2	12.8	3.5	1.0	2.5	–	–	–	–	–	–	–
Total commercial	49.6	24.3	12.3	5.7	8.1	37.6	18.5	9.0	3.4	6.7	24.8	100.0
Total commercial and residential	67.3	15.8	8.0	3.7	5.2	52.9	13.5	6.5	2.5	4.8	19.8	100.0

Dividend declaration

The board of Octodec has declared a cash dividend of 60.00000 cents per share for the six months ended 29 February 2024, payable out of the company's distributable income.

The salient dates relating to the interim dividend are as follows:

	2024
Last day to trade cum dividend	Tuesday, 4 June
Shares trade ex dividend	Wednesday, 5 June
Record date	Friday, 7 June
Payment date	Monday, 10 June

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 June 2024 and Friday, 7 June 2024, 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 48.00000 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

The period under review is reflective of the challenging macroenvironment impacted by record unemployment and low economic growth, all of which negatively impacted Octodec.

As such, we have adopted a cautious approach against the backdrop of the forthcoming general elections. Although we anticipate a movement in the interest rate cycle in the medium-term, this is unlikely to have a bearing on our performance in the second half of the year. Our retail shopping centres and industrial assets are expected to improve despite the challenging economic climate.

The improved occupancy at our residential buildings should continue to impact positively on our residential sector performance.

We are excited at the prospects of our two value-accretive developments being HealthConnect (completed) and Yethu City on Sisulu (under construction) and will evaluate further prudent conversion opportunities on their respective merits.

We continue to implement the value-added measures introduced at some of our properties, as well as ensuring backup power and water to our tenants during outages. We are focusing on the redevelopment and repurposing of other properties to improve our occupancy and grow our rental income and ultimately our distributable income.

While expectations were that interest rates would decrease at the beginning of 2024, it is now anticipated that interest rates will remain higher for longer, and this will have a negative impact on Octodec.

As a result, the board will, at this stage, not be providing any guidance on distributable income and dividends for the second half of FY2024.

The information in this outlook section has not been reviewed nor reported on by the group's auditors.

Sharon Wapnick
Chairman

Jeffrey Wapnick
Managing director

10 May 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited 29 February 2024 R'000	Unaudited 28 February 2023 R'000	Audited 31 August 2023 R'000
ASSETS			
Non-current assets	**11 083 985**	11 034 667	11 096 877
Investment property	**10 889 594**	10 819 879	10 905 950
Straight-line rental income accrual	**89 942**	88 257	88 584
Unamortised tenant installations and lease costs	**48 964**	46 364	46 066
Investment property at fair value	**11 028 500**	10 954 500	11 040 600
Furniture, fittings and equipment	**2 814**	1 003	1 536
Interest in and loan to joint venture	**47 708**	47 664	44 356
Derivative financial instruments	**4 963**	31 500	10 385
Current assets	**280 608**	280 662	343 542
Accounts receivable and prepayments	**163 827**	150 709	178 562
Derivative financial instruments	**39 306**	34 732	51 267
Taxation receivable	**6**	1 241	–
Cash and bank balances	**77 469**	93 980	113 713
Non-current assets held for sale	**55 300**	72 000	50 100
	11 419 893	11 387 329	11 490 519
EQUITY AND LIABILITIES			
Equity	**6 458 956**	6 469 020	6 559 626
Stated capital	**4 210 134**	4 210 134	4 210 134
Non-distributable reserve	**1 371 532**	1 465 212	1 493 585
Retained income	**877 290**	793 674	855 907
Non-current liabilities	**4 353 619**	3 125 923	4 234 529
Deferred taxation	**164 318**	149 231	155 135
Long-term borrowings	**4 178 416**	2 965 776	4 068 493
Lease liabilities	**10 885**	10 916	10 901
Current liabilities	**607 318**	1 792 386	696 364
Short-term borrowings	**200 894**	1 393 324	277 463
Lease liabilities	**31**	29	29
Taxation payable	**643**	2 272	2 545
Trade and other payables	**405 750**	396 761	416 327
	11 419 893	11 387 329	11 490 519

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited 29 February 2024 R'000	Unaudited 28 February 2023 R'000	Audited 31 August 2023 R'000
Revenue	**1 005 862**	961 099	1 982 537
Lease income and recoveries	**1 004 370**	974 226	1 995 095
Straight-line rental income accrual	**1 492**	(13 127)	(12 558)
Sundry income	**213**	–	12 329
Property expenses	**(524 779)**	(487 943)	(1 030 480)
Expected credit loss – accounts receivable	**(19 275)**	(15 255)	(36 638)
Net property income	**462 021**	457 901	927 748
Administrative and corporate expenses	**(52 581)**	(46 826)	(102 664)
Fair value changes	**(114 468)**	147 154	186 349
investment property	**(96 925)**	136 648	179 055
derivative financial instruments	**(17 383)**	15 080	10 500
disposal of investment property	**(160)**	(4 574)	(3 206)
Profit on disposal of movable assets	**–**	–	142
Share of income/(loss) from joint venture	**4 107**	2 460	(288)
share of after tax profit	**1 506**	691	1 038
share of fair value gains/(losses)	**1 598**	682	(4 236)
interest received	**1 003**	1 087	2 910
Profit before finance costs	**299 079**	560 689	1 011 287
Net finance costs	**(190 194)**	(189 190)	(381 759)
finance income	**8 126**	5 878	13 256
finance costs	**(198 320)**	(195 068)	(395 015)
Profit before taxation	**108 885**	371 499	629 528
Taxation	**(9 907)**	(11 361)	(19 065)
current	**(724)**	(2 273)	(4 073)
deferred	**(9 183)**	(9 088)	(14 992)
Profit for the period and total comprehensive profit attributable to shareholders	**98 978**	360 138	610 463
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)	**37.2**	135.3	229.3

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 2022 (audited)	4 210 134	1 326 464	785 242	6 321 840
Total comprehensive income for the period	–	–	360 138	360 138
Dividends paid	–	–	(212 958)	(212 958)
Transfer to non-distributable reserve				
Deferred tax	–	(9 088)	9 088	–
Fair value changes				
investment property	–	136 648	(136 648)	–
investment property – joint ventures	–	682	(682)	–
derivative financial instruments	–	15 080	(15 080)	–
disposal of investment property	–	(4 574)	4 574	–
Balance at 28 February 2023 (unaudited)	4 210 134	1 465 212	793 674	6 469 020
Total comprehensive income for the period	–	–	250 325	250 325
Dividends paid	–	–	(159 719)	(159 719)
Transfer to non-distributable reserve				
Deferred tax	–	(5 904)	5 904	–
Fair value changes				
investment property	–	42 407	(42 407)	–
investment property – joint venture	–	(4 918)	4 918	–
derivative financial instruments	–	(4 580)	4 580	–
disposal of investment property	–	1 368	(1 368)	–
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**

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited 29 February 2024 R'000	Unaudited 28 February 2023 R'000	Audited 31 August 2023 R'000
Cash flows from operating activities			
Cash generated from operations	**407 271**	428 622	862 578
Interest received	**9 357**	5 878	13 256
Finance costs paid	**(199 309)**	(194 727)	(428 369)
Dividends paid	**(199 648)**	(212 958)	(372 677)
Taxation paid	**(2 632)**	(1)	(287)
Net cash flows from operating activities	**15 039**	26 814	74 501
Cash flows from investing activities			
Additions to investment property	**(53 536)**	(62 017)	(123 870)
Acquisition of furniture, fittings and equipment	**(1 698)**	(195)	(880)
Increase in tenant installation and lease costs	**(35 574)**	(1 926)	(4 309)
Proceeds from disposal of investment property	**4 440**	75 991	109 359
Proceeds from disposal of movable assets	**–**	–	142
Loan advanced to joint venture	**(2 204)**	–	–
Payment received on loan to joint venture	**2 959**	2 557	3 117
Net cash flows from investing activities	**(85 613)**	14 410	(16 441)
Cash flows from financing activities			
Proceeds from borrowings	**104 344**	183 500	2 559 656
Repayment of borrowings	**(70 000)**	(197 286)	(2 570 528)
Repayment of lease liabilities	**(14)**	(12)	(29)
Net cash flows from financing activities	**34 330**	(13 798)	(10 901)
Net (decrease)/increase in cash and bank balances	**(36 244)**	27 426	47 159
Cash and bank balances at beginning of the period	**113 713**	66 554	66 554
Cash and bank balances at end of the period	**77 469**	93 980	113 713

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

	Unaudited 29 February 2024 R'000	Unaudited 28 February 2023 R'000	Audited 31 August 2023 R'000
Total comprehensive income attributable to shareholders	**98 978**	360 138	610 463
Headline earnings adjustments			
Fair value changes			
investment property	**96 925**	(136 648)	(179 055)
disposal of investment property	**160**	4 574	3 206
investment property – joint ventures	**(1 598)**	(682)	4 236
Insurance proceeds in respect of property damage	**–**	–	(5 217)
Headline earnings attributable to shareholders	**194 465**	227 382	433 633
Headline and diluted headline earnings per share (cents)	**73.05**	85.42	162.90

RECONCILIATION OF INCOME TO DISTRIBUTABLE INCOME

	Unaudited 29 February 2024 R'000	Unaudited 28 February 2023 R'000	Audited 31 August 2023 R'000
Total comprehensive income attributable to shareholders	**98 978**	360 138	610 463
Fair value changes			
Property disposals	**160**	4 574	3 206
Investment property	**96 925**	(136 648)	(179 055)
Investment property – joint ventures	**(1 598)**	(682)	4 236
Derivative financial instruments	**17 383**	(15 080)	(10 500)
Profit on disposal of movable assets	**–**	–	(142)
Straight-line rental income accrual	**(1 492)**	13 127	12 558
Taxation – deferred	**9 183**	9 088	14 992
Distributable income attributable to shareholders	**219 539**	234 517	455 758
Represented by:			
Revenue			
Lease income and recoveries	**1 004 370**	974 226	1 995 095
Sundry income	**213**	–	12 329
Property operating expenses	**(524 779)**	(487 943)	(1 030 480)
Expected credit loss – accounts receivable	**(19 275)**	(15 255)	(36 638)
Net property income	**460 529**	471 028	940 306
Administrative and corporate expenses	**(52 581)**	(46 826)	(102 664)
Share of income from joint venture	**2 509**	1 778	3 948
Profit before finance costs	**410 457**	425 980	841 590
Net finance costs	**(190 194)**	(189 190)	(381 759)
Profit before tax	**220 263**	236 790	459 831
Current tax	**(724)**	(2 273)	(4 073)
Distributable income attributable to shareholders	**219 539**	234 517	455 758
Weighted number of shares	**266 197 535**	266 197 535	266 197 535
Distributable income per share (cents)	**82.47**	88.10	171.21

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 2023.

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 2023.

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 2025 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 A Vieira CA(SA) in her capacity as group financial director 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)

	Unaudited 29 February 2024		Unaudited 28 February 2023		Audited 31 August 2023	
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	**44 269**	**–**	66 232	–	61 652	–
Non-financial instruments						
Investment property	**–**	**11 028 500**	–	10 954 500	–	11 040 600
Investment property held for sale	**–**	**55 300**	–	72 000	–	50 100

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	Financial assets at amortised cost R'000	Outside scope of IFRS 9 R'000	Total R'000
ASSETS				
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**
28 February 2023 (unaudited)				
Loan to joint venture	–	18 225	–	18 225
Accounts receivable and prepayments	–	102 031	48 678	150 709
Cash and bank balances	–	93 980	–	93 980
Derivative financial instruments	66 232	–	–	66 232
31 August 2023 (audited)				
Loan to joint venture	–	19 936	–	19 936
Accounts receivable and prepayments	–	131 370	47 192	178 562
Cash and bank balances	–	113 713	–	113 713
Derivative financial instruments	61 652	–	–	61 652
LIABILITIES				
29 February 2024 (unaudited)				
Borrowings	**–**	**4 379 310**	**–**	**4 379 310**
Trade and other payables	**–**	**345 440**	**60 310**	**405 750**
28 February 2023 (unaudited)				
Borrowings	–	4 359 100	–	4 359 100
Trade and other payables	–	354 816	41 945	396 761
31 August 2023 (audited)				
Borrowings	–	4 345 956	–	4 345 956
Trade and other payables	–	350 773	65 554	416 327

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 30 properties, representing 20.0% of the portfolio, with a carrying amount of R2.2 billion were externally valued.

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

Entity	Valuator	Qualifications
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 29 February 2024:

	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					
6.00% – 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

	28 February 2023 (unaudited)				
	Number of properties	Fair value R'000	Weighted average capitalisation rate %	Weighted average long-range vacancy factor %	Weighted average expense ratio %
Capitalisation rate					
8.25% – 8.75%	6	2 262 100	8.7	7.5	31.8
9.00% – 10.00%	76	5 380 300	9.7	5.9	31.0
10.25% –11.50%	135	3 068 500	10.6	9.8	27.5
Greater than 11.50%	12	142 600	12.3	14.5	29.5
Total	229	10 853 500	9.6	7.5	29.9
Long-range vacancy factor					
1.00% – 5.00%	96	4 979 400	9.8	2.9	27.1
6.00% – 10.00%	88	3 793 100	9.8	7.6	33.5
11.00% – 15.00%	23	1 458 300	9.5	12.8	29.7
Greater than 15.00%	22	622 700	10.7	23.0	32.4
Total	229	10 853 500	9.6	7.5	29.9
Expense ratio					
6.00% – 15.00%	13	288 700	10.3	2.8	10.5
15.01% – 25.00%	66	2 292 000	10.0	4.7	21.2
25.01% – 35.00%	102	6 237 700	9.7	7.9	30.9
Greater than 35.00%	48	2 035 100	9.8	9.5	38.2
Total	229	10 853 500	9.6	7.5	29.9

	31 August 2023 (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	645 800	8.6	1.8	27.9
9.00% – 10.00%	78	7 020 500	9.5	6.7	31.8
10.25% –11.50%	138	3 090 400	10.6	9.9	28.3
Greater than 11.50%	9	177 600	10.5	18.2	24.2
Total	227	10 934 300	9.8	7.8	30.2
Long-range vacancy factor					
1.00% – 5.00%	99	5 365 200	9.8	3.0	27.5
6.00% – 10.00%	84	3 474 300	9.8	7.9	33.8
11.00% – 15.00%	20	1 441 200	9.6	14.0	30.8
Greater than 15.00%	24	653 600	10.4	23.1	33.4
Total	227	10 934 300	9.8	7.8	30.2
Expense ratio					
6.00% – 15.00%	11	236 800	10.8	2.6	11.0
15.01% – 25.00%	59	2 403 100	9.9	4.7	21.1
25.01% – 35.00%	96	5 308 400	9.8	9.0	30.7
Greater than 35.00%	61	2 986 000	9.7	9.9	37.4
Total	227	10 934 300	9.8	7.8	30.2

The balance of the portfolio of 10 properties with a carrying value of R151.4 million (28 February 2023: 10 properties valued at R173.0 million and 31 August 2023: 10 properties valued at R156.4 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 of the current economic climate.

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 29 February 2024 R'000	Unaudited 28 February 2023 R'000	Audited 31 August 2023 R'000
1% increase in capitalisation rates, while all other inputs remain constant	**(1 005 085)**	(1 036 247)	(1 012 174)
1% decrease in capitalisation rates, while all other inputs remain constant	**1 231 530**	1 306 133	1 242 140
2% increase in long-range vacancy factor, while all other inputs remain constant	**(237 476)**	(344 120)	(237 254)
2% decrease in long-range vacancy factor, while all other inputs remain constant	**237 476**	344 120	237 254
2% increase in expense ratio, while all other inputs remain constant	**(316 740)**	(318 441)	(314 449)
2% decrease in expense ratio, while all other inputs remain constant	**316 740**	318 441	314 449

Carrying value and movement in investment property

	Unaudited 29 February 2024 R'000	Unaudited 28 February 2023 R'000	Audited 31 August 2023 R'000
Opening balance	**11 090 700**	10 890 365	10 890 365
Fair value changes	**(96 925)**	136 648	179 055
Straight-line rental income accrual	**1 492**	(13 127)	(12 558)
Amortisation	**(5 593)**	(4 527)	(9 466)
Developments and subsequent expenditure	**98 726**	97 706	155 869
Disposals (carrying value)	**(4 600)**	(80 565)	(112 565)
Investment property at fair value	**11 083 800**	11 026 500	11 090 700
Disclosed in the statement of financial position:			
Investment property at fair value	**11 028 500**	10 954 500	11 040 600
Non-current assets held for sale	**55 300**	72 000	50 100
	11 083 800	11 026 500	11 090 700

Cash generated from operations

	Unaudited 29 February 2024 R'000	Unaudited 28 February 2023 R'000	Unaudited 31 August 2023 R'000
Profit before taxation	108 885	371 499	629 528
Adjusted for:			
Straight-line rental income accrual	(1 492)	13 127	12 558
Fair value changes to investment property	96 925	(136 648)	(179 055)
Fair value changes to interest rate derivatives	17 383	(15 080)	(10 500)
Profit on disposal of movable assets	–	–	(142)
Fair value changes on disposal of investment property	160	4 574	3 206
Expected credit loss of trade and other receivables	19 275	15 255	36 638
Share of (income)/loss from joint venture	(4 107)	(2 460)	288
Finance costs	198 320	195 068	395 015
Finance income	(8 126)	(5 878)	(13 256)
Depreciation and amortisation	6 014	4 528	9 749
Operating income before working capital changes	433 237	443 985	884 029
Movement in trade and other receivables	(5 771)	17 769	(24 390)
Movement in trade and other payables	(20 195)	(33 132)	2 939
Cash generated from operations	407 271	428 622	862 578

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 legal and debt collection services to the group.

City Property

Total payments made to City Property in terms of the asset and property management agreement, amounted to R115.9 million (28 February 2023: R114.5 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 R5.7 million (28 February 2023: R5.4 million) from City Property in respect of rent and operating costs recovered.

Related-party balances

	Unaudited 29 February 2024 R'000	Unaudited 28 February 2023 R'000	Audited 31 August 2023 R'000
Due to City Property	**(4 353)**	(4 102)	(3 220)
Due by City Property	**–**	–	1 366

* *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 R0.8 million (28 February 2023: R0.9 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 events have taken place subsequent to period-end:

- A dividend of 60.0 cents (28 February 2023: 60.0 cents) per share, totalling R159 718 521, has been declared to be paid to shareholders on 10 June 2024.
- Two properties were disposed of for a total net consideration of R4.9 million, approximating its fair value reported in the carrying value of the investment properties in the statement of financial position.

RENTAL INCOME BY SECTOR

	Unaudited 29 February 2024 R'000	**%**	Unaudited 28 February 2023 R'000	%	Audited 31 August 2023 R'000	%
Residential	**253 861**	**34.2%**	241 571	33.2%	510 120	34.3%
Retail – street shops	**178 666**	**24.1%**	177 610	24.4%	352 038	23.7%
Retail – shopping centres	**85 151**	**11.5%**	83 329	11.4%	169 080	11.4%
Offices	**137 239**	**18.5%**	140 222	19.2%	280 386	18.9%
Industrial	**53 640**	**7.2%**	53 579	7.3%	105 941	7.1%
Parking	**33 561**	**4.5%**	33 183	4.5%	68 016	4.6%
Total rental income	**742 118**	**100.0%**	729 494	100.0%	1 485 581	100.0%
Straight-line rental income accrual	**1 492**		(13 127)		(12 558)	
Recoveries*	**262 252**		244 732		509 514	
Revenue	**1 005 862**		961 099		1 982 537	

* *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

	29 February 2024 R'000	28 February 2023 R'000	31 August 2023 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	**98 978**	360 138	610 463
Adjusted for:			
Accounting/specific adjustments:	**121 999**	(129 513)	(162 005)
Fair value adjustments to:			
Investment property	**96 925**	(136 648)	(179 055)
Debt instruments held at fair value through profit or loss	**17 383**	(15 080)	(10 500)
Deferred tax movement recognised in profit or loss	**9 183**	9 088	14 992
Straight-lining operating lease adjustment	**(1 492)**	13 127	12 558
Adjustments arising from investing activities:			
Gains or losses on disposal of:			
Investment property and property, plant and equipment	**160**	4 574	3 206
Movable property	**–**	–	(142)
Other adjustments:			
Adjustments made for equity-accounted entities	**(1 598)**	(682)	4 236
SA REIT FFO	**219 539**	234 517	455 758
Number of shares in issue at period-end (net of treasury shares)	**266 198**	266 198	266 198
SA REIT FFO per share (Rand)	**0.82**	0.88	1.71
Company-specific adjustments (per share)			
None	**–**	–	–
SA REIT FFO per share (Rand) – Adjusted	**0.82**	0.88	1.71
SA REIT Net Asset Value (SA REIT NAV)			
Reported NAV attributable to the parent	**6 458 957**	6 469 020	6 559 626
Adjustments:			
Dividend to be declared	**(159 718)**	(159 718)	(199 648)
Fair value of certain derivative financial instruments	**(44 269)**	(66 232)	(61 652)
Deferred tax	**164 318**	149 231	155 135
SA REIT NAV	**6 419 288**	6 392 301	6 453 461
Number of shares in issue at period-end (net of treasury shares)	**266 198**	266 198	266 198
SA REIT NAV per share (Rand)	**24.11**	24.01	24.24

	29 February 2024 R'000	28 February 2023 R'000	31 August 2023 R'000
SA REIT cost-to-income ratio			
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)	524 779	487 943	1 030 480
Administrative expenses per IFRS income statement	52 581	46 826	102 664
Other expenses, if directly related to property operations			
Impairment of accounts receivable	19 275	15 255	36 638
Operating costs	596 635	550 024	1 169 782
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)	742 118	729 493	1 485 581
Utility and operating recoveries per IFRS income statement	262 252	244 733	509 514
Gross rental income	1 004 370	974 226	1 995 095
SA REIT cost-to-income ratio	59.4%	56.5%	58.6%
SA REIT administrative cost-to-income ratio			
Expenses			
Administrative expenses as per IFRS income statement	52 581	46 826	102 664
Administrative costs	52 581	46 826	102 664
Contractual rental income per IFRS income statement (excluding straight-lining)	742 118	729 493	1 485 581
Utility and operating recoveries per IFRS income statement	262 252	244 733	509 514
Gross rental income	1 004 370	974 226	1 995 095
SA REIT administrative cost-to-income ratio	5.2%	4.8%	5.1%
SA REIT GLA vacancy rate			
Gross lettable area of vacant space (m^2)	318 704	300 618	303 116
Gross lettable area of total property portfolio (m^2)	1 525 486	1 536 315	1 528 961
SA REIT GLA vacancy rate	20.9%	19.5%	19.8%

	29 February 2024 R'000	28 February 2023 R'000	31 August 2023 R'000
Cost of debt			
Variable interest rate borrowings			
Floating reference rate plus weighted average margin (%)	**10.4%**	9.5%	10.4%
Pre-adjusted weighted average cost of debt (%)	**10.4%**	9.5%	10.4%
Adjustments:			
Impact of interest rate derivatives (%)	**(1.2%)**	(0.5%)	(1.2%)
Amortised transaction costs imputed into the effective interest rate (%)	**–**	–	–
All-in weighted average cost of debt (%)	**9.2%**	9.0%	9.2%
SA REIT loan to value			
Gross debt	**4 379 310**	4 359 100	4 345 956
Less:			
Cash and bank balances	**(45 223)**	(65 545)	(80 776)
Cash and bank balances per statement of financial position	**(77 469)**	(93 980)	(113 713)
Less: Bank balance held in regard to residential tenant deposits	**32 246**	28 435	32 937
Add/(Less):			
Derivative financial instruments	**(44 269)**	(66 232)	(61 652)
Net debt	**4 289 818**	4 227 323	4 203 528
Total assets – per Statement of Financial Position	**11 419 893**	11 387 329	11 490 519
Less:			
Cash and cash equivalents	**(77 469)**	(93 980)	(113 713)
Derivative financial assets	**(44 269)**	(66 232)	(61 652)
Trade and other receivables	**(163 827)**	(150 709)	(178 562)
Carrying amount of property-related assets	**11 134 328**	11 076 408	11 136 592
SA REIT loan to value (SA REIT LTV)	**38.5%**	38.8%	37.7%

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: 3789I36JI0BKTUSZ8813
(Approved as a REIT by the JSE)

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

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