

Octodec Investments Limited
(Incorporated in the Republic of South Africa)
(Registration number 1956/002868/06)
Share Code: OCT
ISIN Code: ZAE000005104
("Octodec")

Premium Properties Limited
(Incorporated in the Republic of South Africa)
(Registration number 1994/003601/06)
Share Code: PMM
ISIN Code: ZAE000009254
("Premium")

Proposed specific issue of linked units

1. Background and Introduction

Octodec, Premium, IPS Investments (Proprietary) Limited ("IPS") and City Property Administration (Proprietary) Limited ("City Property") have entered into an agreement dated 28 October 2013 (the "Repurchase Agreement"), relating to the specific repurchase by IPS of City Property's shares in IPS for a cash consideration of R127.5 million and the repayment of City Property's shareholders loan in IPS of R48.1 million (the "Specific Repurchase").

Currently, Octodec and Premium each hold 40% of the issued share capital of IPS and City Property holds the remaining 20%. Following the Specific Repurchase, Octodec's and Premium's shareholdings in IPS will increase to 50% each.

Pursuant to the Specific Repurchase, Octodec has entered into an agreement dated 28 October 2013 with City Property (the "Subscription Agreement") in terms of which Octodec will issue 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 (the "Specific Issue").

City Property is a related party to Octodec as defined by the Listings Requirements of the JSE Limited ("Listings Requirements"), due to the Wapnick Family being the shareholders of City Property and material shareholders of Octodec. The Wapnick Family collectively include JP Wapnick, S Wapnick and persons related or inter-related to them as defined by section 2 of the Companies Act, 2008 (No. 71 of 2008), as amended.

The Specific Issue is subject to the fulfilment of the conditions precedent detailed in paragraph 4 below.

2. Rationale for the Specific Repurchase and Specific Issue

Pursuant to the introduction of the Taxation Amendment Act (No. 22 of 2012) containing section 25BB Real Estate Investment Trusts ("REIT") tax dispensation, Octodec and Premium are considering the possible merger of the two companies. In anticipation of a merger, and in order to simplify their existing corporate structures, City Property has

agreed to dispose of its shareholding in IPS. The Wapnick Family, being the shareholders of City Property, would like to maintain their investment indirectly in IPS and as such have agreed to the Specific Issue pursuant to the Specific Repurchase. The capital raised by Octodec as a result of the Specific Issue, will be utilised to repay debt in the short term and to fund future acquisitions and redevelopments.

3. Terms of the Specific Issue

The linked units will be issued at a price of R19.25 per linked unit, which represents the 30-day volume weighted average traded price of Octodec linked units for the 30 trading days ended 25 October 2013 (the "issue price"). The issue price represents a 15.6% discount to Octodec's adjusted net asset value ("NAV") as at 31 August 2013. The discount applied to the NAV in respect of the Specific Issue is equivalent to the discount applied to the NAV of IPS's shares in the case of the Specific Repurchase.

The adjusted NAV has been used to determine the discount applicable on both the Specific Repurchase and the Specific Issue so as to provide Octodec, Premium and City Property with the benefits that will accrue to IPS shareholders in the event IPS becomes a REIT.

Linked unitholders are advised that whilst the issue price of R19.25 is cum distribution, the linked units will be issued after the distribution date being the 11 November 2013, and accordingly City Property will not be entitled to receive the distribution.

4. Conditions precedent

In terms of the Subscription Agreement, the Specific Issue, is subject to the fulfilment of the following conditions precedent, *inter alia*:

- 4.1.1 the approval of the issue of Octodec linked units to City Property by the JSE;
- 4.1.2 the approval of the Specific Issue by the linked unitholders of Octodec at the general meeting, in terms of an ordinary resolution being passed by at least a 75% majority as required by section 5.51(g) of the Listings Requirements and section 65(8) of the Companies Act;
- 4.1.3 the approval of the Specific Issue by the linked unitholders of Octodec at the general meeting, in terms of a special resolution being passed as required in section 41(1)(b) and section 65(10) of the Companies Act; and
- 4.1.4 the conclusion of the Repurchase Agreement and the fulfilment of all the conditions to which that agreement may be subject, apart from any which may refer to the conclusion of the Subscription Agreement.

The Wapnick Family are precluded from voting on the above resolutions.

5. Financial Effects of the Specific Issue

Based on Octodec's consolidated reviewed financial results for the year ended 31 August 2013, the unaudited *pro forma* financial effects ("Financial Effects") of the Specific Repurchase and Specific Issue (the "transactions") on Octodec's earnings per linked unit, headline earnings per linked unit, NAV per linked unit and net tangible asset value ("NTAV") per linked unit are set out below.

The Financial Effects are prepared for illustrative purposes only, and because of their nature, may not give a fair presentation of Octodec's financial position or the effect and impact of the Specific Issue. The Financial Effects are the responsibility of Octodec's board of directors and have been calculated by applying the accounting policies of Octodec as at 31 August 2013.

Details	Before transactions – reviewed - 31 August 2013	Effects of - Loan advance to IPS	Effects of - Additional IPS income	Effects of - Issue of new linked units	After transactions -31 August 2013
Distributable earnings attributable to linked unitholders (Rands)	170 654 000	(7 376 000)	6 582 000	14 660 000	184 520 000
Earnings per linked unit (cents)	511.14	(6.82)	11.12	17.76	493.13
Diluted earnings per linked unit (cents)	511.14	(6.82)	11.12	17.76	493.13
Headline earnings per linked unit (cents)	163.68	(6.82)	6.08	12.49	162.77
Diluted headline earnings per linked unit (cents)	163.68	(6.82)	6.08	12.49	162.77
NAV (cents)	2 233.32	-	(0.92)	148.73	2,207.58
NTAV (cents)	2 233.32	-	(0.92)	148.73	2,207.58
Weighted average number of linked units in issue	108 224 917	108 224 917	108 224 917	117 347 898	117 347 898
Number of linked units in issue	108 224 917	108 224 917	108 224 917	117 347 898	117 347 898

Notes:

1. Based on Octdec's consolidated reviewed financial results for the year ended 31 August 2013.
2. The "Effects of - Loan advance to IPS" takes into account the impact of the Specific Repurchase.
3. The "Effects of - Additional IPS income" column takes into account Octodec's increased shareholding in IPS.
4. The "Effects of - Issue of new linked units" column takes into account the issue of linked units to City Property in terms of the Specific Issue.
5. In calculating the Financial Effects on Earnings per linked unit and Headline earnings per linked unit, it was assumed that the transactions were implemented on 1 September 2012 for purposes of the statement of comprehensive income.
6. In calculating the Financial Effects on NAV and NTAV, it was assumed that the transactions were implemented on 31 August 2013 for statement of financial position purposes.
7. Estimated once off transaction costs of R1,088,282 (including Value Added Tax) have been set-off against share premium and debenture premium. Transaction costs relating to capital raised have historically been treated by Octodec as set offs against share premium and debenture premium accounts respectively.
8. There are no other post-balance sheet events which require adjustment to the pro forma Financial Effects.
9. The capital raised as a result of the Specific Issue will be utilised to repay debt in the short term and to fund future acquisitions and redevelopment opportunities.

6. Letters of Support

Octodec has received letters of support from linked unitholders to vote in favour of the Specific Issue, representing 36.67% of Octodec's issued linked unit capital able to vote at the general meeting.

7. General meeting

The Specific Issue circular, containing a notice convening a general meeting of Octodec linked unitholders to be held at 12h00 on or about 6 December 2013 at the offices of Octodec to consider the resolutions relating to the Specific Issue, is expected to be posted to Octodec linked unitholders on or about the 14 November 2013.

8. Salient dates and times relating to the specific issue

2013	
Record date to determine which linked units holders are eligible to receive the circular	Friday, 8 November
Circular posted to shareholders	Thursday, 14 November
Last day to trade in order to be recorded in the register on the voting record date	Friday, 22 November
Record date for voting	Friday, 29 November
Form of proxy to be received by 10:00	Wednesday, 04 December
General meeting to be held at 12:00	Friday, 06 December
Results of general meeting to be released on SENS	Friday, 06 December

Johannesburg
30 October 2013

Investment Bank and Sponsor
Nedbank Capital

Legal adviser
Tugendhaft Wapnick Banchetti and Partners