

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

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

**Announcement of the firm intention of Octodec to acquire the entire linked unit capital of Premium that it does not already own ("the Proposed Transaction"), and withdrawal of cautionary announcement**

1. Introduction

1.1. The Proposed Transaction

Linked unitholders of Octodec ("Octodec Unitholders") and linked unitholders of Premium ("Premium Unitholders") (collectively, "Unitholders") are referred to the joint announcement dated 30 October 2013, wherein Unitholders were advised that, pursuant to the introduction of the Taxation Amendment Act (No. 22 of 2012) containing section 25BB Real Estate Investment Trusts tax dispensation ("REIT tax dispensation"), the board of directors of Octodec ("Octodec Board") and the board of directors of Premium ("Premium Board") (collectively, "the Boards") were considering a possible merger of the two companies, upon both companies being granted real estate investment trust ("REIT") status.

Unitholders are further referred to the joint cautionary announcement dated 7 April 2014, in which Unitholders were advised that the Companies were in a position to advance the Proposed Transaction.

Further to the above, the independent sub-committee of the Premium Board ("Premium Independent Board") and the independent sub-committee of the Octodec Board ("Octodec Independent Board") are pleased to announce that Premium and Octodec have entered into an agreement, dated 9 June 2014 ("the Transaction Agreement"), in terms of which Octodec proposes to acquire all of the issued linked units of Premium that it does not already own, in exchange for Octodec no par value shares ("the Scheme Consideration"), in the ratio of 88.5 Octodec no par value

shares for every 100 Premium linked units held (“the Swap Ratio”), on the terms and conditions set out in the Transaction Agreement and summarised below.

In terms of the Transaction Agreement, the Premium Board will propose a scheme of arrangement in terms of section 114(1)(d) of the Companies Act (No. 71 of 2008) (“the Companies Act”) to its Unitholders (“the Scheme”), of which further detail will be provided in a circular to be posted to Premium Unitholders (“the Premium Circular”).

## 1.2. The Octodec Capital Restructure

Octodec currently has a linked unit capital structure in terms of which Octodec shares are irrevocably linked to Octodec debentures in the ratio of one Octodec share with a par value of one cent to one Octodec debenture, trading as linked units on the securities exchange operated by the JSE Limited (“JSE”).

Pursuant to the recent conversion of Octodec to a REIT and for purposes of converting Octodec’s capital structure into an equity-only capital structure, the Proposed Transaction is conditional upon the implementation of a capital restructure of Octodec that entails:

- (i) the delinking and cancellation of the Octodec debentures in terms of a scheme of arrangement proposed by the Octodec Board in terms of section 114(1)(c) of the Companies Act (“the Octodec Scheme”);
- (ii) the conversion of Octodec’s par value shares to shares of no par value (“the Octodec Share Conversion”); and
- (iii) various amendments to Octodec’s memorandum of incorporation (“MOI”).

(“the REIT Restructure”)

In addition, the Proposed Transaction is conditional upon an increase in Octodec’s authorised share capital being effected to enable Octodec to settle the Scheme Consideration (“Increase in Authorised Share Capital”). In terms of the Increase in Authorised Share Capital, the Octodec Board is proposing an increase in authorised share capital from 150 000 000 Octodec no par value shares (following the Octodec Share Conversion) to 500 000 000 Octodec no par value shares.

The REIT Restructure and the Increase in Authorised Share Capital are collectively referred to as “the Octodec Capital Restructure”.

## 2. Independent Board sub-committees

The Boards are aware of their fiduciary responsibilities to their respective Unitholders, and have established sub-committees of independent board members to ensure sound corporate governance practice.

As announced on 14 May 2014, the Octodec Board elected David Rose, Michael Holmes and Ian Stern to form the Octodec Independent Board, and the Premium board elected Peter Goldhawk, Mike Leeming and Stuart Morris to form the Premium Independent Board, (collectively “the Independent Board Sub-Committees”).

The purpose of the Independent Board Sub-Committees is to consider the terms of the Proposed Transaction and to provide their respective Unitholders with their opinions thereof.

### 3. The Proposed Transaction

#### 3.1. Background

Octodec and Premium are both REITs listed in the “Real Estate Holdings” sector of the securities exchange operated by the JSE. Octodec currently owns 14.19% of the Premium Linked Units in issue.

The asset management, property management and company secretarial functions for both Octodec and Premium are contracted to City Property Administration Proprietary Limited (“City Property”), one of South Africa’s leading property asset management companies. With the exception of the Independent Board Sub-Committees, the Boards are comprised of the same members.

Octodec and Premium each own 50% of the issued share capital of IPS Investments Proprietary Limited (“IPS”), an unlisted company that also derives its revenue predominantly from its property investments.

If the Proposed Transaction is implemented, Premium and IPS will become wholly-owned subsidiaries of Octodec (“the Enlarged Group”) and the property portfolio of the Enlarged Group will comprise of 325 properties, valued at approximately R10.0 billion.

#### 3.2. Rationale

In recent years, the profiles of Octodec and Premium’s property portfolios have become increasingly similar, with both companies having adopted similar strategies of concentrating on high growth areas such as the Johannesburg and Pretoria central business districts (“CBDs”). Given the complementary nature of the property portfolios of Octodec and Premium, and the various services that are shared by these companies, together with the conversion of both companies to REITs, the Boards believe it is an opportune time to implement the Proposed Transaction.

The Proposed Transaction will result in Octodec having a significant residential property portfolio relative to any other REIT that is listed on the JSE. It is anticipated that, Octodec will have a market capitalisation in excess of R5 billion, which should result in the inclusion of Octodec in the FTSE/JSE SA Listed Property Index. The increased size of Octodec is also expected to attract interest from a wider group of investors, including tracker funds and international investors, and will likely result in increased liquidity and trading volumes for Octodec, which could potentially result in a re-rating of the Octodec share price.

Further, it is anticipated that Octodec’s increased size and diversification may result in more advantageous funding rates and an improved credit rating being obtained, including the re-rating ascribed to Premium’s bond program, which Octodec should be able to capitalise on within a relatively short period of time post the Proposed Transaction. This may ultimately result in lower funding costs for Octodec.

The Proposed Transaction is anticipated to result in Octodec having improved access to debt and equity capital markets that could enhance Octodec’s current growth strategy and enable Octodec to capitalise on prevailing growth opportunities more easily.

The Proposed Transaction will result in cost savings from operating efficiencies as well as a reduction in the administrative costs of operating one listed company as opposed to two. These cost savings include, *inter alia*, a reduction in JSE fees, audit fees and disclosure and reporting requirements. Furthermore, the Proposed Transaction will result in more efficient use of management time through the reduction of the administrative burden of operating two separately listed entities.

### 3.3. Mechanics and classification of the Proposed Transaction

The Proposed Transaction is proposed to be implemented by way of a scheme of arrangement in terms of section 114(1)(d) of the Companies Act. Subject to the fulfilment or waiver of the conditions precedent listed in paragraph 3.6 below by 31 August 2014, the effective date of the Proposed Transaction will be 1 September 2014 (“the Effective Date”).

The Proposed Transaction is categorised as a category 1, related party transaction and a reverse take-over for Octodec in terms of the JSE Listings Requirements (“Listings Requirements”).

Given that the Proposed Transaction is classified as a reverse take-over in terms of the Listings Requirements, Octodec Unitholders are advised that the JSE will evaluate the continued listing of Octodec as if Octodec was a new applicant. The Octodec Board has no reason to believe that the JSE would not permit Octodec’s listing to continue once the Proposed Transaction is implemented, but Octodec Unitholders are advised of the uncertainty thereof in compliance with section 9.24 of the Listings Requirements.

### 3.4. The Scheme Consideration

The consideration to be received by Premium Unitholders, excluding Octodec (“Scheme Participants”) pursuant to the Proposed Transaction is 88.5 Octodec no par value shares for every 100 Premium linked units held on the Scheme record date (“Scheme Consideration Shares”).

The Swap Ratio has been determined after taking into account *inter alia*:

- 3.4.1. the relative net asset values per Octodec linked unit and Premium linked unit calculated on a fair value basis as at 28 February 2014;
- 3.4.2. the forecast distributions per Octodec linked unit and Premium linked unit for the twelve month period ending 31 August 2015, and
- 3.4.3. the relative historical volume weighted average traded prices (“VWAPs”) of Octodec linked units and Premium linked units.

The Scheme Consideration Shares will rank *pari passu* in all respects with the Octodec shares in issue and will be issued *ex-entitlement* to the Octodec special distribution as detailed in paragraph 3.5 below. Similarly, the Premium linked units acquired by Octodec will be acquired *ex-entitlement* to the Premium special distribution as detailed in paragraph 3.5 below.

### 3.5. Special Distributions

On 31 August 2014, being the date prior to the Effective Date, Octodec’s distributable earnings for the period 1 March 2014 to 31 August 2014 (“the Period”) (the “Octodec Special Distribution”) and Premium’s distributable earnings for the Period (the “Premium Special Distribution”) (collectively,

“the Special Distributions”) will have accrued to the Octodec linked units and the Premium linked units, respectively, in issue at that date.

In order to ensure that the Scheme Consideration Shares are issued *ex-entitlement* to the Octodec Special Distribution, and do not dilute the distributions to which existing Octodec Unitholders are entitled for the Period, the Octodec Board will declare the Octodec Special Distribution to Octodec Unitholders that are recorded as such on Friday, 29 August 2014.

Similarly, the Premium Board will declare the Premium Special Distribution to Premium Unitholders that are recorded as such on Friday, 29 August 2014, to ensure that the Scheme Participants receive the distributions that have accrued to them immediately prior to the Effective Date.

The Boards will declare the Special Distributions based on managements’ forecasts for the Period. Once the historic financial statements of Octodec and Premium for the Period have been reviewed by their respective auditors and published, which is anticipated to be at the end of October 2014, Octodec and Premium will declare the final amounts of the Special Distributions. The Special Distributions are anticipated to be paid to Unitholders on or about 17 November 2014.

### 3.6. Conditions precedent

The Proposed Transaction is subject to the fulfilment of the following conditions precedent, *inter alia*:

- 3.6.1. the approval of the ordinary and special resolutions relating to the Octodec Capital Restructure and the Proposed Transaction by the requisite majority of Octodec debenture holders and Octodec shareholders at the general meetings of Octodec debenture holders and Octodec shareholders, respectively (collectively, “the Octodec General Meetings”);
- 3.6.2. the approval of the ordinary and special resolutions relating to the Scheme by the requisite majority of Premium Unitholders at the general meeting of Premium Unitholders (“Premium General Meeting”);
- 3.6.3. the issue of a compliance certificate by the Takeover Regulation Panel in respect of:
  - 3.6.3.1. the Octodec Scheme; and
  - 3.6.3.2. the Scheme;
- 3.6.4. to the extent required, in terms of section 115(3) of the Companies Act, the approval of the implementation of the Octodec Scheme by the High Court of South Africa (“the Court”) and if applicable, Octodec not having treated the Octodec Scheme resolutions as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
- 3.6.5. to the extent required, in terms of section 115(3) of the Companies Act, the approval of the implementation of the resolutions by the Court and if applicable, Premium not having treated the resolutions referred to in paragraph 3.6.2 as a nullity (which Premium may not do unless instructed to do so by Octodec), as contemplated in section 115(5)(b) of the Companies Act;
- 3.6.6. the receipt of the unconditional approval in writing of the relevant South African competition authorities, to the extent required in terms of the Competition Act (No. 89 of 1998), or if such approval is conditional, such conditions being acceptable to the party upon

whom they are imposed or upon whom they have an impact, in its sole and absolute discretion;

- 3.6.7. the declaration of the Octodec Special Distribution by the Octodec Board;
- 3.6.8. the declaration of the Premium Special Distribution by the Premium Board;
- 3.6.9. the filing of the notice of amendment of Octodec's MOI, pursuant to the approval of the Octodec Capital Restructure, with the Companies and Intellectual Property Commission;
- 3.6.10. the approval of the listing of the Scheme Consideration Shares by the JSE;
- 3.6.11. all and any other regulatory approvals which may be required in order to permit the implementation of the Octodec Scheme and the Scheme, being obtained;
- 3.6.12. as at 31 August 2014, none of the following events shall have occurred in respect of Premium and Octodec:
  - 3.6.12.1. any corporate action, legal proceedings or the other procedure or other step (including an application to court, proposal of a resolution or convening of a meeting of Premium Unitholders and/or Octodec Unitholders, directors or other officers) is taken by any person with a view to:
    - 3.6.12.1.1. a moratorium, compromise, composition, business rescue or similar arrangement with any of its creditors;
    - 3.6.12.1.2. its winding-up, dissolution or commencement of business rescue proceedings, or for the seeking of relief under any applicable bankruptcy, insolvency, company or similar law, or any such resolution; and
- 3.6.13. the management agreement concluded between Premium and City Property being terminated by mutual agreement of those parties, conditional only on the approval and implementation of the Proposed Transaction.

#### 4. The Octodec Capital Restructure

##### 4.1. Rationale

In terms of the Listings Requirements, the total consolidated liabilities of a REIT in terms of International Financial Reporting Standards ("IFRS") may not exceed 60% of its consolidated IFRS assets.

The JSE has provisionally allowed all REITs, for the purposes of calculating the aforementioned financial gearing ratio, to exclude debentures issued as part of listed linked units and the related premium, from total consolidated liabilities, up until 1 July 2015. After that date, gearing ratios will be based on the total consolidated liabilities as reflected in the financial statements as prepared in terms of IFRS and no separate adjustment may be made for debentures, even if they are part of the historic linked unit structure.

IFRS currently requires that the debenture component of a linked unit capital structure be included in the calculation of the total consolidated liabilities of a company. Given Octodec's current capital structure, the presence of debentures will distort Octodec's gearing ratios going forward. The proposed equity-only capital structure will eliminate this distortion to the gearing ratios.

## 5. Opinions and recommendations

### 5.1. Octodec Independent Board

The Octodec Independent Board has appointed BDO Corporate Finance (“Octodec Independent Expert” or “BDO”) to provide it with an opinion on whether or not:

1. the Proposed Transaction is fair to Octodec Unitholders; and
2. the Octodec Scheme is fair and reasonable to Octodec Unitholders.

The Octodec Independent Expert has advised the Octodec Independent Board that it has considered the terms and conditions of the Proposed Transaction, and is of the opinion that the terms and conditions of the Proposed Transaction are fair to Octodec Unitholders.

The Octodec Independent Expert has also advised the Octodec Independent Board that it has considered the terms and conditions of the Octodec Scheme, and is of the opinion that the terms and conditions of the Octodec Scheme are fair and reasonable to Octodec Unitholders.

In addition, each of the properties owned by Octodec, Premium and IPS were valued by independent property valuers as at 28 February 2014 (“the Independent Property Valuations”).

Having considered, *inter alia*, the opinions of BDO and the Independent Property Valuations, the Octodec Independent Board is of the opinion that the Proposed Transaction and the Octodec Scheme are in the best interests of Octodec Unitholders and recommends that Octodec Unitholders vote in favour of the resolutions to be proposed at the Octodec General Meetings.

The Octodec directors, who hold Octodec linked units, will vote in favour of the requisite resolutions at the Octodec General Meetings.

### 5.2. Premium Independent Board

The Premium Independent Board has appointed FirstRand Bank Limited, acting through Rand Merchant Bank Corporate Finance (“Premium Independent Expert”) to provide it with an opinion on whether the Proposed Transaction is fair and reasonable to Premium Unitholders.

Having considered the opinion of the Premium Independent Expert and the Independent Property Valuations, the Premium Independent Board is of the opinion that the Proposed Transaction is fair and reasonable to Premium Unitholders. The Premium Independent Board accordingly, recommends that Premium Unitholders vote in favour of the resolutions to be proposed at the Premium General Meeting.

## 6. Indicative support

The Wapnick Family, namely S Wapnick (who is the chairman of the Octodec Board and the Premium Board), JP Wapnick (who is the managing director of Octodec and Premium) and/or their associates, holding c.43.0% of Octodec linked units in issue and c.29.9% of Premium linked units in issue, have provided irrevocable undertakings to vote in favour of the resolutions necessary to implement the Proposed Transaction and the Octodec Capital Restructure at the Octodec General Meetings. The Wapnick Family is precluded, in terms of section 115(4) of the Companies Act, from voting at the Premium General Meeting, but fully support the Scheme.

Further, Octodec directors and Premium directors (excluding directors who are members of the Wapnick Family), who collectively hold 2.4% of Octodec and 1.9% of Premium, respectively, will vote in favour of all the resolutions necessary to implement the Proposed Transaction and Octodec Capital Restructure.

#### 7. Forecast financial information

The information presented in the tables below is a summary of the forecast statements of comprehensive income of Premium and Octodec that will be included in the circular to Octodec Unitholders to be dated on or about 1 July 2014 ("Octodec Circular") ("the Forecasts"). The Forecasts have been prepared in accordance with Octodec's accounting policies and in compliance with IFRS.

The Forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the Octodec Board and have not been reviewed or reported on by Octodec's independent reporting accountants.

As a result of the implementation of the Proposed Transaction, Premium and IPS will become wholly-owned subsidiaries of Octodec and their year-ends will be changed from 28 February to 31 August. The Forecasts have been prepared on the assumption that the effective date of the Proposed Transaction and the Octodec Capital Restructure is 1 September 2014. The Forecasts include:

1. the forecast results of Premium for the six month period ending 31 August 2014 and the twelve month period ending 31 August 2015;
2. the forecast results of Octodec for the twelve month period ending 31 August 2014, which is based on Octodec's reviewed results for the six month period ended 28 February 2014 and forecast results for the six month period ending 31 August 2014; and
3. the forecast results of the Enlarged Group for the twelve month period ending 31 August 2015.

#### Summarised Forecasts:

	Premium 6 months to 31 August 2014	Premium 12 months to 31 August 2015	Octodec 12 months to 31 August 2014	Enlarged Group 12 months to 31 August 2015
Revenue (R'000)	365 842	732 835	553 727	1 597 386
Operating profit (R'000)	183 258	368 758	256 972	781 503
Total comprehensive income (R'000)	80 941	253 877	251 408	734 896
Distributable earnings (R'000)	126 534	254 884	205 873	442 970
Distributable earnings per linked unit / share (cents)	80.7	162.6	179.3	187.4
Diluted distributable earnings per linked unit / share (cents)	80.7	162.6	175.4	187.4



	Premium 6 months to 31 August 2014	Premium 12 months to 31 August 2015	Octodec 12 months to 31 August 2014	Enlarged Group 12 months to 31 August 2015
Basic earnings per linked unit / share (cents)	131.9	161.9	347.9	310.9
Diluted earnings per linked unit / share (cents)	131.9	161.9	340.3	310.9
Headline earnings per linked unit / share (cents)	72.6	161.8	188.0	184.8
Diluted headline earnings per linked unit / share (cents)	72.6	161.8	183.9	184.8
Weighted linked units / shares in issue ('000)	156 773	156 773	114 798	236 403
Linked units / shares in issue ('000)	156 773	156 773	117 348	236 403

Notes and assumptions:

1. Unitholders are referred to the forecast financial information contained in the Octodec Circular for all assumptions on which the Forecasts have been derived.
2. The Forecasts incorporate the following material assumptions that can be influenced by the directors:
  - 2.1. The following developments will be completed by Octodec during the forecast period:
    - City Place: September 2014
    - Silver Place: October 2014
    - Bosman Building: July 2015
  - 2.2. The following developments will be completed by Premium during the forecast period:
    - The Fields: March 2014
    - City Place: September 2014
    - Silver Place: October 2014
  - 2.3. Contracted revenue is based on existing signed lease agreements with stipulated increases taken into account.
  - 2.4. Uncontracted revenue for Octodec comprises 26.5% and 51.3% of rental income for the six months ending 31 August 2014 and the twelve months ending 31 August 2015, respectively. The portfolio inherently contains leases of a short-term nature with the majority of leases providing for a month-to-month arrangement at expiry. On the assumption that monthly leases are contracted revenue, the uncontracted revenue amounts to 8.0% and 18.1% of

rental income for the six months ending 31 August 2014 and the twelve months ending 31 August 2015, respectively.

- 2.5. Uncontracted revenue for Premium comprises 29.9% and 54.3% of rental income for the six months ending 31 August 2014 and twelve months ending 31 August 2015, respectively. The portfolio inherently contains leases of a short-term nature with the majority of leases providing for a month-to-month arrangement at expiry. On the assumption that monthly leases are contracted revenue, the uncontracted revenue amounts to 6.7% and 21.8% of rental income for the twelve month periods ending 31 August 2014 and 31 August 2015, respectively.
  - 2.6. Current vacant space has been forecast considering each rentable unit. Uncontracted revenue has been forecast where it is deemed probable that the vacant space will be let. In the case of residential buildings, an average historical vacancy rate has been applied.
  - 2.7. Leases expiring during the forecast period have been forecast on a lease-by-lease basis. City Property is in regular contact with tenants whose leases are coming up for renewal. Where tenants have indicated an interest in renewal the space is included at current market related rates. Where space is considered difficult to let, a vacancy has been forecast for the Forecast period.
3. The Forecasts incorporate the following material assumptions that cannot be influenced by the directors:
- 3.1. The prime overdraft rate as at 1 March 2014 is 9.0% increasing by 0.5% on 1 September 2014 and a further 0.5% on 1 February 2015.
  - 3.2. There will be no unforeseen economic factors that affect the ability of lessees to meet their current lease obligations.
  - 3.3. The gain on acquisition of subsidiary and fair value adjustment to listed investment have been forecast using an Octodec linked unit price of R21.15, and a Premium linked unit price of R19.06 which represent the respective 5 day VWAPs at 3 June 2014.
  - 3.4. Actual fair value movements will be based on market information available at the time of preparing the valuations. Forecast fair value adjustments to investment properties have been assumed to be nil for the six month period ending 31 August 2014 and the twelve month period ending 31 August 2015.

## 8. *Pro forma* financial information

### 8.1. *Pro forma* financial effects for Octodec

The information presented in the table below is a summary of the *pro forma* financial effects of the Proposed Transaction and the Octodec Capital Restructure on Octodec's net asset value ("NAV") and tangible net asset value ("TNAV") per linked unit ("Octodec *Pro Formas*") that has been summarised from the *pro forma* statement of financial position of Octodec that will be included in the Octodec Circular.

The Octodec *Pro Formas* are the responsibility of the Octodec Board and have been presented for illustrative purposes only, to provide information to Octodec Unitholders on how the

implementation of the Proposed Transaction and Octodec Capital Restructure may have impacted on the financial position of Octodec had the Proposed Transaction been effected on 28 February 2014. Because of their nature, the Octodec *Pro Formas* may not fairly present Octodec's financial position after the Proposed Transaction and Octodec Capital Restructure.

The Octodec *Pro Formas* are based on Octodec's published reviewed interim results for the six months ended 28 February 2014 and have been prepared in accordance with Octodec's accounting policies and in compliance with IFRS. The Octodec *Pro Formas* have not been reviewed or reported on by Octodec's independent reporting accountants.

	Before Proposed Transaction and Octodec Capital Restructure <sup>(1)</sup>	After Proposed Transaction and Octodec Capital Restructure <sup>(2)</sup>	Change (%)
Net asset value ("NAV") and tangible NAV ("TNAV") per linked unit / share (cents)	2 274.5	2 385.2	4.9%
Number of linked units / shares in issue ('000)	117 348	236 403	101.5%

Notes and assumptions:

Unitholders are referred to the *pro forma* financial information contained in the Octodec Circular for all assumptions on which the Octodec *Pro Formas* have been derived.

1. The "Before Proposed Transaction and Octodec Capital Restructure" column has been extracted without adjustment from the published interim results of Octodec at 28 February 2014 which have been reviewed by Deloitte & Touche, and an unmodified review conclusion was issued.
2. The *pro forma* statement of financial position is prepared on the basis that the Proposed Transaction took place on 28 February 2014.

## 8.2. *Pro forma* financial effects for Premium

The information presented in the table below is a summary of the *pro forma* financial effects of the Proposed Transaction on Premium's earnings, headline earnings, distributable earnings, net asset value ("NAV") and tangible net asset value ("TNAV") per linked unit ("*Premium Pro Formas*") that has been summarised from the *pro forma* statement of financial position and statement of comprehensive income of Premium that will be included in the Premium Circular.

The Premium *Pro Formas* are the responsibility of the Premium Board and have been presented for illustrative purposes only, to provide information to Premium Unitholders on how the implementation of the Proposed Transaction may have impacted on Premium Unitholders had the transaction been effected on 28 February 2014 for statement of financial position purposes and 1 September 2013 for statement of comprehensive income purposes. Because of their nature, the Premium *Pro Formas* may not fairly present the effect of the Proposed Transaction on Premium's Unitholders.

The Premium *Pro Formas* are based on Premium's reviewed results for the six months ended 28 February 2014 and have been prepared in accordance with Premium's accounting policies and in compliance with IFRS. The Premium *Pro Formas* have not been reviewed or reported on by Premium's independent reporting accountants.

	Before Proposed Transaction <sup>(1)</sup>	After Proposed Transaction <sup>(2) (3)</sup>	Change (%)
NAV and TNAV per linked unit / share (cents)	2 010.4	2 385.2	18.6%
Distributable earnings per linked unit (cents)	84.5	87.1	3.1%
Diluted distributable earnings per linked unit / share (cents)	84.5	85.2	0.8%
Basic earnings per linked unit /share (cents) <sup>(4)</sup>	79.3	494.7	523.8%
Diluted earnings per linked unit / share (cents) <sup>(4)</sup>	79.3	483.9	510.2%
Headline earnings per linked unit / share (cents) <sup>(4)</sup>	87.8	166.1	89.2%
Diluted headline earnings per linked unit / share (cents) <sup>(4)</sup>	87.8	162.5	85.1%
Weighted average number of linked units / shares in issue ('000)	156 773	231 262	47.5%
Number of linked units / shares in issue ('000)	156 773	236 403	50.8%

Notes and assumptions:

Unitholders are referred to the *pro forma* financial information contained in the Premium Circular for all assumptions on which the Premium *Pro Formas* have been derived.

1. The "Before Proposed Transaction" column has been extracted without adjustment from the published provisional results of Premium at 28 February 2014 which have been reviewed by Grant Thornton, and an unmodified review conclusion was issued.
2. The *pro forma* statement of comprehensive income is prepared on the basis that the Proposed Transaction took place on 1 September 2013.
3. The *pro forma* statement of financial position is prepared on the basis that the Proposed Transaction took place on 28 February 2014.
4. The undiluted and diluted "After Proposed Transaction" earnings and headline earnings per linked unit are not comparable to the undiluted and diluted "Before Proposed Transaction" earnings and headline earnings per linked unit, respectively, because they have been adjusted for once-off items of a capital nature that are not distributable to Premium Unitholders, such as the gain on acquisition of subsidiary and reversal of deferred tax.

9. Salient dates and times

	2014
Record date to determine which Unitholders are eligible to receive the Octodec Circular and Premium Circular (collectively, "Circulars"), respectively	Friday, 20 June
Circulars posted to Unitholders	Tuesday, 1 July
Last day to trade in order to be eligible to vote at the Octodec General Meetings and/or Premium General Meeting (collectively, "the General Meetings")	Friday, 18 July
Record date for voting at the General Meetings	Friday, 25 July
Forms of proxy to be received by 12h00	Tuesday, 29 July
General Meeting of Octodec debenture holders to be held at 12h30	Thursday, 31 July
General Meeting of Octodec shareholders to be held at 12h45	Thursday, 31 July
General Meeting of Premium Unitholders to be held at 13h30	Thursday, 31 July
Results of the General Meetings to be released on SENS	Thursday, 31 July
Results of the General Meetings to be published in the press	Friday, 01 August
Declaration date in respect of the Special Distributions	Friday, 8 August
Last date to trade in order to be eligible to receive the Special Distributions	Friday, 22 August

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2014

Last date to trade in order to be recorded in the Octodec register on the record date for the Octodec Scheme	Friday, 22 August
Last date to trade in order to be recorded in the Premium register on the record date for the Scheme	Friday, 22 August
Suspension of trading of Octodec linked units under the current ISIN ZAE000005104, from the commencement of trade	Monday, 25 August
Octodec shares of no par value listed on the JSE, to trade under the share code OCT and new ISIN to be confirmed in the Octodec Circular	Monday, 25 August
Suspension of trading of Premium Linked Units from the commencement of trade	Monday, 25 August
Scheme Consideration Shares listed on the JSE	Monday, 25 August
Record date for the Special Distributions	Friday, 29 August
Record date for the Octodec Scheme	Friday, 29 August
Record date for the Proposed Transaction	Friday, 29 August
Record date for the Scheme	Friday, 29 August
Anticipated Effective Date of the Proposed Transaction	Monday, 1 September
Scheme Participants' CSDP or broker accounts credited with the Scheme Consideration Shares	Monday, 1 September
Termination of listing of Premium linked units on the JSE from the commencement of trade	Monday, 1 September
Finalisation date in respect of the Special Distributions, on or about	Tuesday, 28 October
Payment date in respect of the Special Distributions, on or about	Monday, 17 November

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Notes:

1. All dates and times indicated in this Circular are South African dates and times.
2. These dates and times are subject to amendment. Any such amendment will be released on SENS.

10. Posting of Circulars

The Octodec Circular, including the notices of the Octodec General Meetings and forms of proxy will be posted to Octodec Unitholders on or about 1 July 2014.

The Premium Circular, including the notice of General Meeting, form of proxy, and the form of transfer and surrender will be posted to Premium Unitholders on or about 1 July 2014.

The Octodec Circular will be made available on the Octodec website ([www.octodec.co.za](http://www.octodec.co.za)) and the Premium circular will be made available on the Premium website ([www.premiumproperties.co.za](http://www.premiumproperties.co.za)) from the date of posting of the respective Circulars.

11. Directors' responsibility

The Octodec Board and the Premium Board accept responsibility for the information contained in this announcement, and confirm that, to the best of their respective knowledge and belief, the information contained in this announcement is true and does not omit anything likely to affect the importance of the information.

12. Withdrawal of cautionary announcement

Unitholders are referred to the joint cautionary announcement issued by Octodec and Premium on 7 April 2014.

Following this announcement of the terms of the Proposed Transaction, including the financial information and salient dates, Unitholders are no longer required to exercise caution when dealing in their linked units respectively.

Johannesburg

10 June 2014

Investment Bank, Corporate Advisor and Sponsor to Octodec and Premium

Nedbank Capital

Legal adviser to Octodec and Premium

Tugendhaft Wapnick Banchetti and Partners

Independent expert to Octodec

BDO Corporate Finance

Independent expert to Premium

FirstRand Bank Limited, acting through RMB Corporate Finance

Competition law advisor to Octodec and Premium

Vani Chetty Competition Law