2023 PRE-CLOSE UPDATE

Octodec
INVESTMENTS LIMITED

Pre-close update
August 2023

The Fields

Agenda

1. Octodec at a glance
2. Overview for the period
3. Our portfolio performance
4. Strategy update
5. Questions and answers

OCTODEC **AT A GLANCE**

Octodec at a glance

What

Our property portfolio is diversified and well balanced across all property sectors. We are specialists in investing in mixed-use spaces.

The position of our residential, retail, office, and industrial spaces in relation to each other in strategic nodes delivers economies of scale and provides our current and future tenants with quality accommodation where they can live, work, shop, and play.

How

City Property's inner-city know-how and experience provides us with our competitive advantage. It constitutes our collective experience, knowledge and culture. It also includes the processes and management structures to deliver on our business strategy.

Through City Property's asset and property management services, we manage our resources and relationships within the communities we work in.

The agreement with City Property was concluded and approved by shareholders on 30 June 2023.

Why

To create and serve a thriving ecosystem of residents, small shop owners, professionals, Government employees, students and entrepreneurs, among others, who form the diverse and granular inner-city community that makes up a sizeable portion of our tenant base.

OVERVIEW FOR THE PERIOD

Praetor Forum

Overview for the period

Operating environment

- We have recognised the changes in tenant needs and have adapted accordingly
- Local economy remains under pressure, with significant levels of unemployment and high interest rate cycle impacting consumers
- Assets largely unaffected by gas explosion in the Johannesburg CBD – swift response to support impacted communities

Actively identifying new development opportunities

- Most are in response to the needs of the nationals, with these retailers remaining interested in well-located buildings
- Recently commenced development of vacant office space into medical suites at Health Connect adjacent to Louis Pasteur Hospital, with completion anticipated in January 2024
- Actively investigating opportunities to refurbish vacant and partially occupied buildings to channel additional revenue streams
- Accelerated investment into solar energy where possible, to reduce our carbon footprint and address the impact of load shedding

Strong letting activity and interest in these sectors

- Residential
- Industrial
- Shopping centres
- Core inner-city shops

Lilian Ngoyi Street

Gas explosion in the Johannesburg CBD

Swift response to gas explosion in Johannesburg: Tenant support and building management

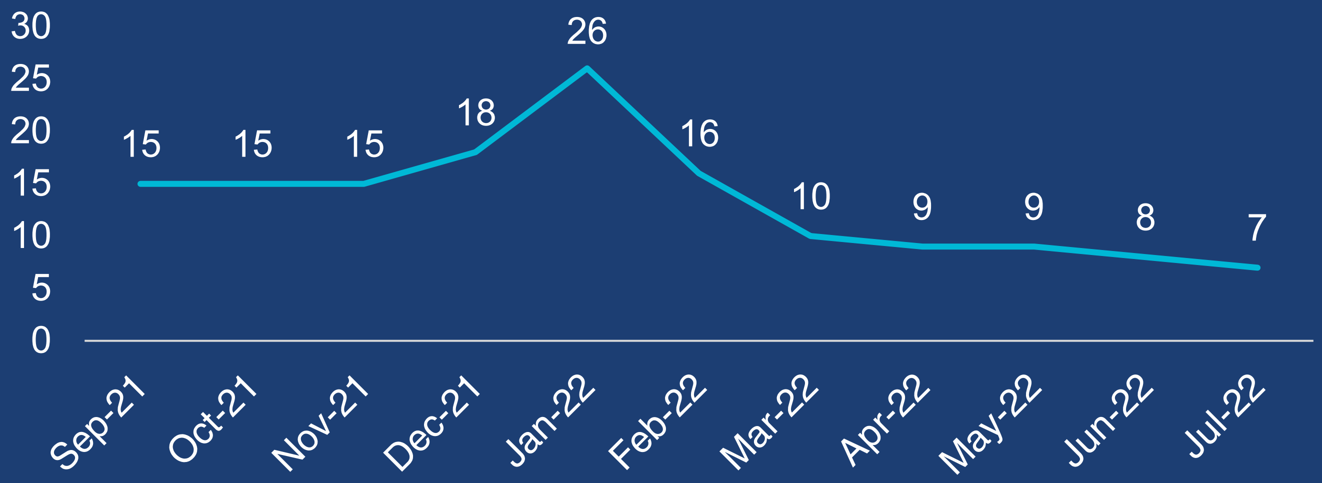
- A gas explosion occurred on Lilian Ngoyi Street in the Johannesburg CBD, causing damage from Von Brandis Street in the east to Loveday Street in the west, close to eight of our buildings
- **The explosion did not harm any of our tenants or building staff:**
  - We designated Anderson Place, one of our largely vacant commercial buildings in Marshalltown, to accommodate displaced tenants from Lara's Place, which had to be evacuated
  - Building managers, along with additional security personnel, guided evacuees to Anderson Place, offering safety and assistance throughout the process
  - We supplied evacuees with food and drinks, blankets, parking, and, where possible, Wi-Fi
- **Our buildings sustained no structural damage as a result of the incident:**
  - While essential services were disrupted, we ensured uninterrupted power and water supply to all our buildings through backup generators
  - By 31 July, we had successfully restored all water and power services to our affected buildings

OUR PORTFOLIO
PERFORMANCE

Dan’s Place

Residential portfolio overview

Residential vacancy trends (%)



- Improved occupancy underpinned by continued strong demand for our product
- Vacancies excluding The Fields at the end of July were at 3%
- New deals and yearly renewals done at escalated rentals
- Roll out of Wash Bars is an attractive value-added offering and assists in decreasing vacancies
- Refurbishment of Vuselela common areas and amenities completed
- We continue to invest in our high demand, high performing residential assets to ensure we remain best-in-class, with the refurbishment of Ricci's Place to be completed FY2024

Residential portfolio overview continued

- Vacancies at The Fields higher than anticipated due to NSFAS change in accommodation allowance
- Rentals decreased on selected units at The Fields to accommodate NSFAS tenants
- Actively engaging NSFAS, together with industry peers, to revise accommodation cap allowances

Vacancy % comparisons

	31 July 2023 %	31 August 2022 %
Johannesburg	**4.6**	6.4
Kempton Park	**2.8**	3.0
Pretoria	**2.8**	6.2
Hatfield	**23.0**	6.7

Commercial portfolio overview

Leasing highlights – retail/shopping centres: New deals

- A five-year lease was concluded with Pep Home for 296m² at Waverley Plaza. The tenant has taken occupation and commenced trading
- A five-year lease with Woolworths Edit for 383m² at Waverley Plaza was concluded, and the tenant is expected to take beneficial occupation in mid-September 2023
- A three-year lease was concluded with Dunns for 324m² at Education Center, and the tenant has commenced trading
- Finalisation of a five-year lease with Vida E Café for 104m² at Waverley Plaza is underway, with occupation anticipated by 1 November 2023
- Finalisation of a five-year lease with Steve Madden for 141m² at Woodmead Value Mart is underway, with beneficial occupation anticipated by 1 October 2023

Core lettable vacancies* by sector

	31 July 2023 %	31 August 2022 %
31 July 2023		
Offices	**27.9**	26.4
Retail/Shops	**19.4**	20.5
Shopping centres	**6.5**	7.5
Industrial	**7.7**	7.2
Total	**19.0**	**17.9**

** Excludes mothballed space*

Commercial portfolio overview continued

Leasing highlights – retail/shopping centres: Renewals

- Mr Price at Praetor Forum has been renewed for two years at an inflation-related escalation
- Standard Bank at Praetor Forum has been renewed for three years at a rent reduction of 10%
- Bradlows at Dan's Place (613m²) and Cuthchurch (675m²) were each renewed for three years at a rent reduction of 1.71% and 6.46%, respectively
- Foschini Group at Cuthchurch was renewed at an inflation-related escalation
- Studio 88 at Jeppe House (1 546m²) was renewed for three years at a rent reduction of 4.26%

Government: Renewals

- A three-year lease renewal has been concluded at Locarno for 3 171m² at a rent freeze for the first year of the renewal period, and an annual escalation of 6% per annum thereafter
- Concluded a three-year lease at Govpret for 5 868m² at a rent freeze for the first year of the renewal period, and an annual escalation of 6% per annum thereafter
- Finalising negotiations with the DPW on renewal of leases ranging from two to five years, including operational costs, which weren't included in the past

Lease expiry update: leases above 3 000m2 (FY2023)

at 31 July 2023

Building	Tenant	Lease expiry	GLA (m²)	Renewal status
Wits Technikon	Basa Tutorial Institute	December 2022	11 782	A five-year lease renewal was signed at a rent reduction
CPA House	City Property Administration	June 2023	6 208	A five-year lease renewal is being concluded at a 4.5% increase for the first year, and an inflation-linked escalation per annum thereafter
Jeppe House	Jeppe Education Centre	December 2022	5 674	Tenant in arrears, and will be vacating in September; building earmarked for a Residential conversion
Dynamech Office Park	South African Police Services	February 2023	5 670	Finalising a five-year lease renewal at a rent reversion of 7.7% operational costs in the first year, and an escalation of 6% per annum thereafter
28 Church Square	National Prosecuting Authority	March 2023	5 488	Finalising a three-year lease renewal at an inflation-related escalation for the first year, and an escalation of 6% per annum thereafter
Killarney Mall	Pick 'n Pay	April 2023	5 238	A five-year lease renewal was signed at a rent freeze for the first year, and a 6% escalation per annum thereafter
Total			**40 060**	

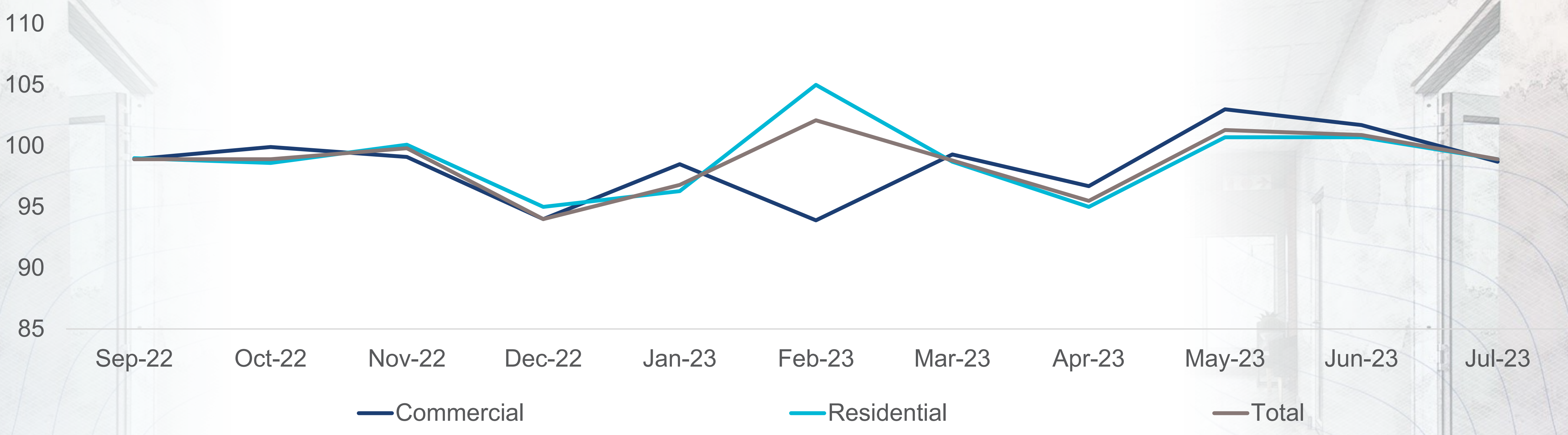
Leases > 3 000m2 expiring FY2024

at 31 July 2023

Building	Tenant	Lease expiry	GLA (m²)	Renewal status
CCMA Place	CCMA	September 2023	3 598	Tender under review – negotiating a five-year lease
Marlborough House	CCMA	October 2023	5 800	Lease extension for nine months submitted to the tenant, whereafter it will go out on tender
The Fields	SEDA	December 2023	6 568	Negotiations for a longer lease have not yet commenced, however, the current lease allows for an extension on a monthly basis for a period of 10 months at an increase of 7% per annum
Centre Walk	Department of Rural Development and Land Reform	March 2024	9 528	Tenant relocating to a DPW-owned building, with a department within Rural Development planning to stay on and occupy 4 204m²
Total			**35 203**	

Collections / arrears

Total collections as at 31 July 2023



Collections at 97.9% in Residential and 98.5% in Commercial

Arrears stable with collections in line with historic trends

STRATEGY **UPDATE**

Architect's render of planned medical suites at Health Connect

Strategy update

Financial sustainability

- Refinance of R2.9 billion in facilities completed with tenors up to five years
- Anticipate the refinance of an unsecured note of R50 million maturing in October 2023
- LTV levels expected to be maintained at below 40% in the short term
- Forward starting interest rate swap of R500 million placed for three years
- Extended R250 million swap for nine months to June 2025 at a fixed rate of 7.66%
- Started engaging lenders on the refinance of a R225 million facility maturing in March 2024
- Moved DMTN programme from Premium Properties Limited to Octodec Investments Limited to provide a more streamlined structure

Wash Bar at
The Park shopping centre

The Tannery

Strategy update continued

Property portfolio

- Sold and transferred six properties for R95 million net of commission
- Expect to transfer a further property for an approximate amount of R14.6 million in the current financial year

Capital expenditure

- Focused on refurbishing and improving our current portfolio
  - Completed upgrade of the common areas and entertainment area at Vuselela Place
  - Continued rollout of Wash Bars
  - Upgrade of vacant building adjoining Louis Pasteur Hospital into medical suites, with completion expected in January 2024
  - Accelerated investment in solar projects, with three underway at Blaauw Village, Woodmead Value Mart, and Sildale Park

Focused approach

- We continue to employ proactive and reactive strategies to protect and grow the portfolio in the current environment
- Commercial, industrial, and residential letting activity and interest across the portfolio
- Residential vacancies excluding The Fields were at 3% at the end of July
- We are excited at the tenant interest for Health Connect
- A key focus is on identifying new development opportunities and refurbishing of our current portfolio
- A strategic priority is continued investment in solar installations
- We remain focused on financial sustainability and maintaining a strong balance sheet

QUESTIONS AND ANSWERS

Plaza Place


octodec.co.za
INNER COURT INNER COURT
Nando's
Nando's