

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this cover page.

If you are in any doubt as to the action you should take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor immediately.

Action required

If you have disposed of all your Octodec Shares, then this Circular, together with the attached form of proxy, should be handed to the purchaser of such Octodec Shares or to the broker, CSDP, banker or other agent through whom the disposal was effected.

Beneficial Shareholders who hold dematerialised Octodec Shares through a CSDP or broker who wish to attend the General Meeting must request their CSDP or broker to provide them with the necessary letter of representation to attend the General Meeting or must instruct their CSDP or broker to vote on their behalf in terms of their respective agreements with their CSDP or broker.

Certificated Shareholders and dematerialised Shareholders who have elected "own-name" registration in the sub-register of Octodec maintained by a CSDP, are referred to page 2 of this Circular, which sets out the detailed action required of them in respect of the corporate action set out in this Circular.

Octodec does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of dematerialised Octodec Shares to notify such Shareholder of the transaction set out in this Circular.



Octodec Investments Limited

(Incorporated in the Republic of South Africa)

(Registration number 1956/002868/06)

JSE code: OCT ISIN: ZAE000192258

(Approved as a REIT by the JSE)

("Octodec" or the "Company")

CIRCULAR TO OCTODEC SHAREHOLDERS

relating to:

- **the approval of a Management Agreement in relation to the management of the Octodec Property Portfolio;**

and enclosing:

- **a notice of General Meeting of Octodec Shareholders; and**
- **a form of proxy to vote at the General Meeting of Octodec Shareholders (for use by certificated Octodec Shareholders and dematerialised Octodec Shareholders who have elected "own-name" registration only).**

Sponsor

The logo for JAVACAPITAL features the word "JAVACAPITAL" in a bold, uppercase sans-serif font, with a stylized "A" that has a horizontal bar through it.

Legal Advisor to Octodec

The logo for CDH CLIFFE DEKKER HOFMEYR features the letters "CDH" in a large, bold, uppercase sans-serif font, with "CLIFFE DEKKER HOFMEYR" in a smaller, all-caps sans-serif font below it.

Independent Expert

The logo for BDO features the letters "BDO" in a bold, uppercase sans-serif font, with a horizontal bar underneath the letters.

Legal Advisor to City Property

The logo for TWB TUGENDHAFT WAPNICK BANCHETTI AND PARTNERS features the letters "TWB" in a large, bold, uppercase sans-serif font, with "TUGENDHAFT WAPNICK BANCHETTI AND PARTNERS" in a smaller, all-caps sans-serif font below it.

Advisor to the Sub-committee

The logo for PwC features a stylized graphic of a building or structure above the lowercase letters "pwc" in a bold, sans-serif font.

Date of issue: 30 May 2018

This Circular is available in English only and is available on Octodec's website at www.octodec.co.za. Copies of this Circular may be obtained from the company secretary, who can be reached via email on elizeg@octodec.co.za or at the offices of Octodec, being CPA House, 101 Du Toit Street, Tshwane, 0002 during normal office hours from Wednesday, 30 May 2018 to Thursday, 28 June 2018.

CORPORATE INFORMATION

Registered office

CPA House
101 Du Toit Street
Tshwane, 0002
(PO Box 15, Pretoria, 0001)

Legal Advisor to Octodec

Cliffe Dekker Hofmeyr Incorporated
(Registration number 2008/018923/21)
1 Protea Place
Sandton, 2196
(Private Bag X40, Benmore, 2010)

Advisor to the Sub-committee

PricewaterhouseCoopers Advisory Services Proprietary Limited
(Registration number 1999/024417/07)
4 Lisbon Lane
Waterfall City
Jukskei View, 2090
(Private Bag X36, Sunninghill, 2157)

Sponsor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
6A Sandown Valley Crescent
Sandown, 2196
(PO Box 522606, Saxonwold, 2132)

Date and place of incorporation of the Company

Incorporated on 8 November 1956 in the
Republic of South Africa

Company secretary

City Property Administration Proprietary Limited
(Registration number 1968/010808/07)
CPA House
101 Du Toit Street
Tshwane, 0002
(PO Box 15, Pretoria, 0001)

Legal Advisor to City Property

Tugendhaft Wapnick Banchetti and Partners
20th Floor, Sandton City Office Tower
5th Street
Sandown, 2196
(PO Box 786728, Sandton, 2146)

Independent Expert

BDO Corporate Finance Proprietary Limited
(Registration number 1983/002903/07)
22 Wellington Road
Parktown, 2193
(Private Bag X60500, Houghton, 2041)

Transfer Secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers
15 Biermann Avenue
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

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ACTION REQUIRED BY OCTODEC SHAREHOLDERS

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this section.

THE GENERAL MEETING

Action required by Octodec Shareholders

The implementation of the Management Agreement is subject to, *inter alia*, Octodec Shareholders (excluding the related parties and their associates) passing the requisite resolutions at a General Meeting of Shareholders to be held at 10:00 on Thursday, 28 June 2018 at the offices of Octodec, CPA House, 101 Du Toit Street, Tshwane, 0002.

A notice convening the General Meeting to be held on Thursday, 28 June 2018 is attached to and forms part of this circular.

An Octodec Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a Shareholder of Octodec. Octodec Shareholders are referred to the attached form of proxy in this regard. If you are a certificated Shareholder or dematerialised Shareholder with “own-name” registration, and are unable to attend the General Meeting but wish to be represented thereat, you must complete and return the attached form of proxy in accordance with the instructions contained therein. For administrative purposes, the completed forms of proxy should be deposited or posted to the office of the Transfer Secretaries, Computershare Investor Services, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2916 or via email at proxy@computershare.co.za or via post to PO Box 61051, Marshalltown, 2017, by 10:00 on Tuesday, 26 June 2018. Alternatively, proxy forms may be handed to the chairman of the General Meeting or the Transfer Secretaries at the meeting at any time prior to the commencement of the meeting or prior to voting on any resolution to be proposed at the meeting.

Additional forms of proxy can be obtained from Octodec’s company secretary, Octodec’s website or the Transfer Secretaries.

If you have dematerialised your Octodec Shares with a CSDP or broker, other than with “own-name” registration, you must arrange with them to provide you with the necessary letter of representation to attend the General Meeting or you must instruct them as to how you want to vote in this regard. These instructions must be provided in terms of the agreement entered into between you and the CSDP or broker in the manner and the cut-off time stipulated therein.

Octodec does not accept responsibility and will not be held liable for any failure on the part of the CSDP of dematerialised Shareholders to notify such Shareholders of the General Meeting or any business to be conducted thereat.

SALIENT DATES AND TIMES

The definitions and interpretations commencing on page 4 of this Circular apply, *mutatis mutandis*, to this section.

2018

Record date for receipt of notice purposes	Friday, 25 May
Circular posted and announcement released on SENS on	Wednesday, 30 May
Last day to trade in order to be eligible to vote at the General Meeting	Tuesday, 19 June
Record date in order to be eligible to vote at the General Meeting	Friday, 22 June
Last day to lodge forms of proxy in respect of the General Meeting (for administrative purposes) (by 10:00), failing which forms of proxy may be handed to the chairman at any time	Tuesday, 26 June
General meeting held at 10:00 on	Thursday, 28 June
Results of the General Meeting published on SENS on	Thursday, 28 June

Notes:

1. All dates and times in this Circular are local times in South Africa.
2. The above dates and times are subject to change. Any changes will be released on SENS, and if required, published in the press.
3. Shareholders who acquire Octodec Shares after Tuesday, 19 June 2018 will not be eligible to vote at the General Meeting.

DEFINITIONS AND INTERPRETATIONS

In this Circular and the annexures hereto, unless inconsistent with the context, an expression which denotes a gender includes the other genders, a natural person includes a juristic person and *vice versa*, the singular includes the plural and *vice versa* and the expressions set out in the first column bear the meaning assigned to them in the second column.

“Act” or “Companies Act”	the Companies Act, 71 of 2008, as amended;
“Board”	the board of directors of Octodec;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“certificated Shareholders”	Octodec Shareholders who hold certificated Shares;
“certificated Shares”	Octodec Shares which have not yet been dematerialised into the Strate system, title to which is represented by physical documents of title;
“Circular”	this circular dated Wednesday, 30 May 2018 and the annexures thereto, which has been prepared in compliance with the Listings Requirements;
“Commencement Date”	1 July 2018, subject to the fulfilment or waiver, as the case may be, of the Conditions Precedent by 30 June 2018;
“Conditions Precedent”	the conditions precedent to the Management Agreement, details of which are set out in clause 4 of the Management Agreement and summarised in paragraph 2 of this Circular;
“CSDP”	Central Securities Depository Participant;
“dematerialised Shareholders”	Octodec Shareholders who hold dematerialised Shares;
“dematerialised Shares”	Octodec Shares which have been incorporated into the Strate system, title to which is no longer represented by physical documents of title;
“General Meeting”	the General Meeting of Octodec Shareholders to be held at 10:00 on Thursday, 28 June 2018 at the offices of Octodec, CPA House, 101 Du Toit Street, Tshwane, 0002 and called for the purpose of adopting with or without modification, the ordinary resolutions set out in the notice of General Meeting attached to this Circular;
“Independent Expert” or “BDO”	BDO Corporate Finance Proprietary Limited (registration number 1983/002903/07), a private company duly incorporated in accordance with the laws of South Africa;
“JSE”	JSE Limited (registration number 2005/022939/06), a public company incorporated in accordance with the laws of South Africa and licensed as an exchange under the Financial Markets Act, 19 of 2012;
“KPIs”	the key performance indicators to be met by the Manager specified in clause 14 of the Management Agreement and as set out on page 15 of this circular;
“Last Practicable Date”	Monday, 21 May 2018, being the last practicable date prior to the finalisation of this Circular;
“Listings Requirements”	the Listings Requirements of the JSE as amended from time to time;
“Management Agreement”	the asset and property management agreement to be entered into between Octodec and City Property, in terms of which City Property is appointed as the Manager of Octodec’s Property Portfolio, which agreement is in agreed execution form and shall be signed once Shareholders pass the requisite resolution approving same;
“Manager” or “City Property”	City Property Administration Proprietary Limited (registration number 1968/010808/07), a private company duly incorporated in accordance with the laws of South Africa, and of which the sole shareholders are the Wapnick family;

“Octodec” or the “Company”	Octodec Investments Limited (registration number 1956/002868/06), a public company incorporated in accordance with the laws of South Africa and listed on the JSE;
“Octodec Property Portfolio”	the various properties owned by Octodec as at the Last Practicable Date, together with any additional properties which may be acquired during the duration of the Management Agreement;
“Octodec Share(s)” or “Share(s)” or “ordinary Share(s)”	an ordinary share of no par value in the share capital of Octodec, having the rights set out in Octodec’s memorandum of incorporation;
“Octodec Shareholder(s)” or “Shareholder(s)”	the registered holder(s) of Octodec Shares;
“own-name dematerialised Shareholders”	dematerialised Shareholders who/which have elected own-name registration;
“PwC” or “Advisor to the Sub-committee”	PricewaterhouseCoopers Advisory Services Proprietary Limited. (registration number 1999/024417/07), a private company duly incorporated in accordance with the laws of South Africa, and an independent advisor to the Sub-committee;
“R” or “Rand”	South African Rand;
“SENS”	the Stock Exchange News Service, the news service operated by the JSE;
“South Africa”	the Republic of South Africa;
“sponsor” or “Java Capital”	Java Capital Trustees and Sponsors Proprietary Limited (registration number 2006/005780/07), a private company incorporated in accordance with the laws of South Africa;
“Strate”	Strate Limited (registration number 1998/022242/07), a limited liability private company duly incorporated in accordance with the laws of South Africa, which is a registered central securities depository and which is responsible for the electronic settlement system used by the JSE;
“Sub-committee”	the sub-committee of the Board, which sub-committee comprised only non-executive directors of the Board, the majority of which are independent, and which committee was tasked with the negotiation of the Management Agreement;
“Transfer Secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited (registration number 2004/003647/07), a private company duly incorporated in accordance with the laws of South Africa;
“voting record date”	the date on which an Octodec Shareholder must be recorded in the share register of the Company in order to vote at the General Meeting, being the close of business on Friday, 22 June 2018; and
the “Wapnick family”	collectively, Jeffrey Wapnick, Sharon Wapnick and their associates, being the members of their respective families and their family trusts.



Octodec Investments Limited

(Incorporated in the Republic of South Africa)

(Registration number 1956/002868/06)

JSE code: OCT ISIN: ZAE000192258

(Approved as a REIT by the JSE)

("Octodec" or the "Company")

Directors

Sharon Wapnick (*Non-executive Chairman*)

Jeffrey Percy Wapnick (*Managing Director*)

Anthony Kevin Stein (*Financial Director*)

Non-executive:

Derek Pedoe Cohen* (*Lead*)

Gerard Hendrik Kemp*

Petrus Jacobus Strydom*

Myron Zadwell Pollack

* Independent

CIRCULAR TO OCTODEC SHAREHOLDERS

1. INTRODUCTION AND RATIONALE

On 12 January 2011, Shareholders of Octodec approved the adoption of an asset and property management agreement entered into between the Company and City Property, effective 17 June 2014, and which expires on 30 June 2018.

A Sub-committee was established to consider and negotiate the terms of a new asset and property management agreement between Octodec and City Property. As City Property constitutes a related party to Octodec, the Sub-committee comprises non-executive directors of the Board only, the majority of which are independent. The Sub-committee appointed both PwC to assist them with advisory services related to the new asset and property management agreement, and Cliffe Dekker Hofmeyr Incorporated ("CDH") as legal advisors, to assist them where necessary in the negotiations. In addition, CDH was appointed to assist the Sub-committee in ensuring, *inter alia*, that any potential conflicts were well-managed.

As part of the advisory services provided to the Sub-committee, PwC undertook a high level review of industry pricing with regard to services provided by City Property, compiled detailed service lists in respect of services to be performed, calculated and reviewed City Property's cost base and profit margin in respect of the cost of managing the Octodec Property Portfolio, performed a comparison, analysis and impact study with regard to the proposed new City Property fees, and assisted and advised the Sub-committee throughout the negotiation process. Reports prepared by PwC and referenced by the Sub-committee included the following:

- An Asset Management and Property Management Service Pricing Review (November 2015);
- A Report on Advisory Services with regard to the insourcing of the asset management function and certain associated related services (November 2016);
- An Assessment of the City Property cost base (April 2017); and
- A Financial Impact Assessment of implementing the new draft Service Level Agreement sheet proposed by City Property (June 2017).

The Sub-committee, with the assistance of PwC, considered alternative operating models including, *inter alia*, the insourcing of the asset management function and certain associated services as well the internalisation of the Manager. The Sub-committee concluded that insourcing of the asset management function would not be viable from a cost perspective and could result in the potential loss of institutional knowledge. The option of internalising the Manager was also not considered feasible.

The Company has now finalised a new asset and property management agreement with City Property, which will commence on the Commencement Date and extend for a period of five years to 30 June 2023, subject to the fulfilment of the Condition Precedent by 30 June 2018, which Condition Precedent is the approval of Shareholders (excluding the related parties) at a General Meeting scheduled for Friday, 22 June 2018.

The Board, on the recommendation of the Sub-committee, has resolved, subject to obtaining the requisite Shareholder approval, to enter into the Management Agreement, thereby appointing City Property as the Manager for the Octodec Property Portfolio.

The purpose of this Circular is to provide Octodec Shareholders with relevant information relating to the adoption of the Management Agreement, the implications thereof and to enable Octodec Shareholders to make an informed decision as to whether or not they should vote in favour of the requisite resolutions necessary to give effect thereto. In terms of the Listings Requirements, the Management Agreement must be approved by ordinary resolution of Shareholders, with a simple majority of votes of Shareholders, other than any related parties and their associates, being cast in favour of the resolution. Accordingly, the Octodec Shares held by the Wapnick family may be taken into account in determining a quorum for the general meeting, but the resolutions approving the Management Agreement must be approved by the majority of Octodec Shareholders excluding the votes cast by the Wapnick family.

2. THE MANAGER AND SALIENT TERMS OF THE MANAGEMENT AGREEMENT

City Property specialises in asset and property management in key strategic nodes in Tshwane and Johannesburg. It is owned by the Wapnick family and falls under the control of Jeffrey Wapnick as Managing Director. The Wapnick family also has a major shareholding in Octodec. City Property has over 40 years of experience in operating in the CBDs of Tshwane and Johannesburg and the surrounding areas, during which it has grown and adjusted its skills to meet the unique and constantly changing requirements of its operating environment and the specialist skills requirements of its clients. Jeffrey Wapnick applies his extensive expertise and experience in the property industry in order to ensure that the properties managed by City Property are administered effectively. The team at City Property has a wealth of expertise, knowledge and experience. City Property does not provide asset and property management services to any other listed entity.

2.1 Details and qualifications of the directors of the Manager

Name, age and nationality	Business address	Qualifications	Function
Jeffrey Percy Wapnick (57) South African	CPA House, 101 Du Toit Street, Tshwane, 0002	BComm	Managing director
Sharon Wapnick (55) South African	20th Floor, Sandton City Office Tower, 5th Street, Sandown, 2196	BA LLB (cum laude)	Director
Peter Kruger (61) South African	CPA House, 101 Du Toit Street, Tshwane, 0002	Cost accountant	Director

2.2 Shareholders of the Manager

The shareholders of City Property are the Wapnick family, who also have a 37% shareholding in Octodec.

2.3 Relationship information

The Manager has entered into the following lease agreements, which terminate on 30 June 2018, with Octodec:

Building	Offices (monthly rental)	Parking (monthly rental)	Total (monthly rental)
CPA Place (Johannesburg CBD)	R127 356	R13 255	R140 611
CPA House (Tshwane)	R567 935	R28 425	R596 360
Jardown (Tshwane)	R21 218	R65 430	R86 648
Bosch Building (Tshwane)	–	R36 766	R36 766
Total	R716 509	R143 876	R860 385

The renewal of the leases between Octodec and the Manager will be negotiated based on current market terms, and will in addition be subject to the approval of the Sub-committee. Any such renewal would constitute a related party transaction and the requirements of section 10 of the Listings Requirements will be complied with at that time.

Apart from the lease agreements as disclosed above, the Manager and its directors do not have any beneficial interests, direct or indirect, in relation to any property held or property to be acquired by the Octodec group, nor are they contracted to become a tenant of any part of the property of the Octodec group.

Save for the relationship disclosed in paragraph 2.3 above, there is no relationship between the Manager and its directors that may conflict with its duties to Octodec and/or City Property.

As at the last practicable date, the director and shareholders of the Manager held the following Shares in Octodec:

Name of director	Direct beneficial holding	Indirect beneficial holding	Indirect non-beneficial holding	Total	%
JP Wapnick	39 374	15 338 906	22 597 467	37 975 747	14.2
S Wapnick	38 842	15 338 906	16 149 424	31 527 172	11.8
JP and S Wapnick (jointly) *	–	–	29 329 950	29 329 950	11.0
Total	78 216	30 677 812	68 076 841	98 832 869	37.0

* *Shareholdings of the associates of JP and S Wapnick*

The Manager and its directors do not have any beneficial interest, direct or indirect, in any securities or participatory securities to be issued by Octodec, whether to finance the acquisition of any properties in the Octodec property portfolio or otherwise.

The directors of the Manager have not had a material beneficial interest in the acquisition or disposal of any property of Octodec during the preceding two years, other than commissions earned in terms of the existing asset and property management agreement, as disclosed in note 35 to the annual financial statements of the Company for the year ended 31 August 2017.

Salient terms of the Management Agreement

The salient terms of the Management Agreement are set out in **Annexure 1** of this circular. The terms of the Management Agreement relating to the duration and termination of the Management Agreement, duties upon termination, fees payable to the Manager and the appointment of a Financial Director and Company Secretary are summarised below.

2.4 Duration

As detailed in clause 5 of the Management Agreement, the Management Agreement will commence on the Commencement Date and shall, subject to the provisions of clause 5.2, 25 (termination and default events) and 32 (breach provisions), continue for a period of five years, whereafter the Management Agreement shall terminate.

2.5 Termination of the Management Agreement

The Management Agreement may be terminated by the Company in terms of the JSE Listings Requirements (as detailed in paragraph 2.5.1 below) or upon the occurrence of an event of default (as detailed in paragraph 2.5.2. below). The Management Agreement may be terminated by the Manager in the event of default (as detailed in paragraph 2.5.4 below).

2.5.1 Termination in terms of the JSE Listings Requirements

Clause 5.2 of the Management Agreement incorporates the requirements of paragraph 13.40(b) of the Listings Requirements, namely that notwithstanding anything to the contrary contained in such agreement, the Company shall be entitled in a general meeting of its Shareholders, to cancel the Management Agreement at any time prior to the date of expiry of said agreement. The Management Agreement does not provide for the payment of any termination fees in the event of early termination (or upon the occurrence of an event of default). The Company will, however, be liable to the Manager for all and any reasonable damages suffered by the Manager in consequence of early termination of the Management Agreement in terms of clause 5.2.

2.5.2 Termination by the Company

The Company shall, in addition to its termination rights under clause 5.2 as discussed in paragraph 2.5.1 above, be entitled, but not obliged to terminate the Management Agreement upon not less than 60 days' written notice to the Manager, upon the occurrence of an event of default by the Manager, provided that

the Company shall only have the right to cancel if such event of default is material, goes to the root of the Management Agreement and cannot be remedied by the payment of monetary compensation; and/or in the event of proven fraud or wilful misconduct in respect of the services provided in terms of the Management Agreement on the part of any director and/or chief executive officer and/or chief financial officer of the Manager; and/or in the event that the Manager fails to meet a substantial portion of the key performance indicators, in two consecutive years such that it reasonably appears that the Manager no longer intends to be bound by the provisions of the Management Agreement.

2.5.3 ***Termination by the Manager***

The Manager shall be entitled but not be obliged to terminate the Management Agreement upon 60 days' written notice to the Company upon the occurrence of an event of default by the Company if such event of default is material and goes to the root of the Management Agreement and cannot be remedied by payment of monetary compensation or in the event of fraud or wilful misconduct on the part of the Company.

2.5.4 ***Event of default***

As detailed in clause 25 of the Management Agreement, an event of default shall have occurred if a party to the Management Agreement:

- fails to comply with any provision of the Management Agreement, and such failure is not rectified within 10 business days after receipt of written notice from the other party, provided however, with respect to any matter where rectifying such failure reasonably requires more than 10 business days, the time period for rectifying shall be extended for up to a total of 30 business days, provided that the party which failed, promptly commences rectifying the failure after the effective date of the notice and thereafter pursues such rectification; or
- enters into a compromise or arrangement with its creditors, otherwise than for a reconstruction, restructuring or amalgamation without insolvency; or
- is placed under business rescue or liquidation whether provisional or final, otherwise than for the purpose of reconstruction or amalgamation, in solvent circumstances previously approved by the other party, which approval shall not be withheld unreasonably; or
- has a judgment enforced upon or any attachment against its property which is not discharged or steps are not taken to set it aside or the judgment is appealed within 14 business days of the judgment coming to its attention and such steps are not diligently pursued to conclusion; or
- is unable to pay its debts in the normal course of business; or
- ceases or threatens to cease wholly or substantially to carry on its business, otherwise than for a reconstruction, restructuring or amalgamation, in solvent circumstances; or
- is subject to an encumberer taking possession of or a liquidator or trustee is appointed over the whole or material part of its undertaking, property or assets.

2.5.5 ***Duties upon termination***

As detailed in clause 25 of the Management Agreement, on the effective date of a termination of the Management Agreement, the Manager will deliver to the Company all of the Company's materials, supplies, keys, leases, contracts, other documents, insurance policies, plans, specifications, permits, licences, promotional materials and such other accounting papers and records including general correspondence pertaining to the Management Agreement which it has in its possession. The Manager will not be obliged to procure the delivery of any of the above items which are in the possession of other approved third parties. The Manager will assign to the Company, without recourse to the Manager, executed contracts, if any, in the Manager's name relating to the asset management services, provided that such contracts are on market related terms and acceptable to the Company.

No further services will be performed by the Manager under the Management Agreement after the effective date of termination. The Manager will cooperate fully with the Company to accomplish an orderly transfer of the asset management services and operational management of the Company to the Company itself or an entity designated by the Company to succeed the Manager.

Upon the expiration or any termination of the Management Agreement, both parties will remain liable for all obligations accrued and not fully performed in terms of the Management Agreement. Accordingly, the Manager will be entitled to be remunerated until the actual date of expiration or termination of the Management Agreement.

2.6 Fees payable to the Manager

As compensation for the asset and property management services, the Manager will be entitled to charge a monthly management fee equating to 0.42% of the enterprise value calculated each month, together with certain other charges, including but not limited to fees relating to valuation objections, property acquisitions, maintenance and repairs, staff supervision, letting commission and collections. Although the revised fixed percentage portion of the fee, at 0.42%, is lower when compared to the current fee of 0.50%, the additional variable fees mentioned above will result in the overall combined asset and property management fee approximating the asset and property management fee payable in terms of the previous asset and property management agreement.

Any incentive fees to be paid to the Manager, as contemplated in clause 1.2 of **Annexure B** of the Management Agreement, will be subject to the approval of the Board, with the conflicted directors abstaining from this decision.

Any variation to any concession on fees, as contemplated in clause 16.5 of the Management Agreement, shall not be finalised without taking the provisions of section 10 of the JSE Listings Requirements into account.

Further details regarding the fees payable to the Manager are as set out in **Annexure 1** to this Circular.

2.7 Additional services

In terms of clause 9 of the Management Agreement, in the event that the Manager identifies additional services which would normally be expected from an asset manager or additional and/or extraordinary services that the Manager deems necessary for the effective and efficient management of the Octodec Property Portfolio or which would be a value added service, or if the Company notifies the Manager of any additional services that it requires the Manager to provide, no agreement in this regard will be reached between the Manager and Octodec without due consideration of the JSE Listings Requirements with regard to related party agreements, and the Company will ensure full compliance with these requirements to the extent necessary at the time.

2.8 Appointment of Financial Director and Company Secretary

Subject to the Memorandum of Incorporation of Octodec, and the JSE Listings Requirements, Octodec may appoint a financial director and/or a chief financial officer. As soon as reasonably possible after the Company has decided to appoint a financial director and/or chief financial officer, the Company shall deliver written notice to the Manager detailing the responsibilities, obligations and tasks which will be attended to on behalf of the Company by the financial director and/or chief financial officer, and shall specify to the Manager what the Company regards as an appropriate adjustment to the fees payable to the Manager resulting from the proportionate reduction in services which the Manager will be expected to perform. In addition, once a dedicated company secretary has been appointed by the Company, company secretarial services previously afforded to the Company by the Manager, will be provided in-house.

3. RELATED PARTIES

In terms of section 10 of the Listings Requirements, City Property constitutes a related party of Octodec in that Jeffrey Wapnick and Sharon Wapnick are directors of Octodec and City Property, and the Wapnick family are shareholders of both companies. In addition, City Property is the management company of Octodec. Sharon Wapnick is a partner of Tugendhaft, Wapnick, Banchetti and Partners, who act as legal advisors to City Property and Octodec. Accordingly, although the Octodec Shares held by the Wapnick family will be taken into account in determining a quorum, the resolutions approving the Management Agreement must be approved by the majority of Octodec Shareholders excluding the votes cast by the Wapnick family.

Due to the related party nature of the transaction, a fairness opinion is required in terms of the Listings Requirements. Accordingly, the Sub-committee of the Board of Octodec briefed and engaged the Independent Expert, who has prepared a fairness opinion which is set out in **Annexure 2** to this Circular.

4. GENERAL MEETING

A General Meeting of Octodec Shareholders will be held at 10:00 on Thursday, 28 June 2018 at the offices of the Company (CPA House, 101 Du Toit Street, Tshwane, 0002) in order for Octodec Shareholders to consider and, if deemed fit, pass, with or without modification, the proposed resolutions (set out in the attached Notice of General Meeting) necessary to approve the Management Agreement.

5. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given on page 6 hereof, collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and this Circular contains all information required by law and the Listings Requirements.

6. DIRECTORS' RECOMMENDATIONS

The Sub-committee and the Board have considered the terms of the Management Agreement, believe them to be fair and unanimously recommend that Shareholders vote in favour of the resolution set out in the notice of General Meeting necessary to, *inter alia*, effect the implementation of the Management Agreement.

7. LITIGATION

There are no legal or arbitration proceedings which may have or have during the 12 months preceding the date of this Circular, had a material effect on the financial position of the Company. The Company is not aware of any proceedings that would have a material effect on the financial position of the Company or which are pending or threatened against the Company.

8. MATERIAL CHANGES

There have been no material changes in the financial or trading position of Octodec between the date of this Circular and the date for which the last audited annual financial statements were published, being 31 August 2017.

9. MATERIAL CONTRACTS

With the exception of the Management Agreement, there have been no material contracts, other than in the ordinary course of business, within the two years preceding the last practicable date, or concluded at any time, that contain an obligation or settlement that is material to Octodec as at the date of this Circular.

10. MAJOR SHAREHOLDERS

As at the last practicable date, Shareholders (other than directors) beneficially holding 5% or more of the issued share capital of the Company were as follows:

Name	Number of shares	% holding
Old Mutual Investment Group	17 954 200	6.74
Bridge Fund Managers	17 174 242	6.45
Total	35 128 442	13.19

11. CONSENTS

Each of the Legal Advisor, Sponsor, Independent Expert, Corporate Advisor, Advisor to the Sub-committee and the Transfer Secretaries have consented in writing to act in the capacities stated and to their names appearing in this Circular and have not withdrawn their consent prior to the publication of this Circular.

12. EXPENSES

The estimated total amount of expenses (excluding VAT) relating to the approval of the Management Agreement which have been incurred by the Company or that are expected to be incurred are set out below:

	Rand
Sponsor fees payable to Java Capital	200 000
Advisory fee payable to PwC	2 037 833
Legal fees payable to CDH	600 000
Fairness opinion fee payable to BDO Corporate Finance	225 000
JSE – Documentation fee	42 672
Printing costs payable to Ince	40 000
Contingency	10 000
Total	3 155 505

13. DOCUMENTS AVAILABLE FOR INSPECTION

The documents listed below will be available for inspection at the offices of the Company, CPA House, 101 Du Toit Street, Tshwane, 0002, during normal office hours on business days from the date on which this Circular is posted to Octodec Shareholders to the date of the General Meeting:

- 13.1 the memoranda of incorporation of the Company and its major subsidiaries;
- 13.2 the execution version of the Management Agreement;
- 13.3 the signed fairness opinion;
- 13.4 the current asset and property management agreement; and
- 13.5 the consent letters referred to in paragraph 11 above.

Signed at Pretoria by Anthony Stein on his behalf and on behalf of all of the directors of the Company on 24 May 2018 in terms of the authority granted by them dated 23 May 2018.

Anthony Kevin Stein
Financial director
Octodec Investments Limited

SALIENT FEATURES OF THE EXECUTION VERSION OF THE MANAGEMENT AGREEMENT

The details below are direct extracts from the Management Agreement. The numbering below refers to the applicable clause in the Management Agreement.

5. DURATION

- 5.1 This Agreement shall commence on the Commencement Date and shall, subject to the provisions of clauses 25 and 32, continue for a period of **5 (five) years** after which it shall terminate subject to the provisions of clause 5.2.
- 5.2 Subject to clause 5.3, notwithstanding the aforesaid or anything to the contrary contained in this Agreement, the Company shall be entitled in terms of Section 13.40(b) of the Listings Requirements, in a general meeting of its Shareholders, to cancel this Agreement, at any time prior to the date of expiry of this Agreement as contemplated in clause 5.1.
- 5.3 The Company shall be liable to the Manager for all and any reasonable damages, suffered by the Manager in consequence of the early termination of this Agreement in terms of clause 5.2.

6. APPOINTMENT AND DUTIES

6.1 Appointment

- 6.1.1 The Company hereby, with effect from the Commencement Date, appoints the Manager, which accepts such appointment, to render the Services in accordance with the further terms and conditions of this Agreement.
- 6.1.2 The Manager shall be an independent contractor and not an agent (save to the extent expressly authorised in terms of this Agreement), employee, partner of, or joint venture with the Company. If the Manager owns any interest in or provides other services to the Company, nothing contained herein shall be construed or interpreted to modify, relax or vary this Agreement and the Manager's duties hereunder shall be entirely separate from any other relationship with the Company.
- 6.1.3 The Manager shall not have the authority to represent the Company and to contract in the name of and for the benefit of the Company except where such authority is expressly conferred upon it in terms of this Agreement and when so representing the Company, the Manager will act in the best interests of the Company.

6.2 Duties

- 6.2.1 The Manager shall provide the full scope of Services as set out in this Agreement, in a timely manner and in accordance with all legislative requirements and good practice.
- 6.2.2 The Manager shall provide the Services to the Company on the basis of the following key principles –
 - 6.2.2.1 the Manager will take ownership and responsibility for service provision and reflect the trust which the Company is placing in the Manager to provide and deliver the Services on its behalf;
 - 6.2.2.2 the Manager will capture and adopt best practice and innovation emanating from personnel involved in the delivery of all Services;
 - 6.2.2.3 the Manager will empower its employees to act flexibly and be responsive to the needs of the Company;
 - 6.2.2.4 the Manager will ensure employees are capable and highly motivated and the skills and attitudes reflects the requirements of the Company;
 - 6.2.2.5 the Manager will provide a clear, transparent and concise approach to communicating, liaising with and reporting to the Company's management team, the Board and other Company stakeholders as required;

- 6.2.2.6 the Manager will provide a proactive response to problems, decision making and the Company's requirements;
- 6.2.2.7 the Manager will use best efforts, diligence and speed, particularly when dealing with critical issues;
- 6.2.2.8 the Manager will work in close co-operation with the Company and have regard to its on-going wider business needs;
- 6.2.2.9 the Manager will ensure disruption to the Company's operations is minimised at all times; and
- 6.2.2.10 the Manager will behave with due regard to the Company's history, reputation and standing in the community, applying the Company's agreed code of conduct (if applicable).

7. ASSET MANAGEMENT SERVICES

7.1 The Manager shall perform the Asset Management Services, together with such other duties as may be agreed in writing between the Company and the Manager from time to time, in accordance with clause 9.

7.2 Operating Standard

The Manager shall strategically manage the Property Portfolio in an efficient manner, in good faith and diligently in accordance with sound, reasonable and prudent asset management practices and in keeping with directives issued by the Company from time to time ("**Operating Standard**"). The Manager shall devote its efforts to serving the Company in accordance with the terms of this Agreement and shall perform its duties hereunder in a diligent and careful manner aimed at achieving the Operating Standard as a standard of performance. The Manager, in rendering these services to the Company, shall be entitled to make use of the assets of the Company. The Manager shall regularly communicate with the Board to effectively and completely provide the Asset Management Services on the basis contemplated in this Agreement.

7.3 Annual Budget

Not later than 30 days before the commencement of each Financial Year, the Manager shall cause to be prepared an Annual Budget in a format acceptable to the Company, which annual budget will be a three year rolling budget, to be submitted for approval at the first meeting of the Board for the respective Financial Year, and which shall be reviewed by the Board and the Manager bi-annually. The first year budget shall be comprehensive and the budgets for the second and third years shall be based on high level assumptions, using a best estimate approach in formulating the assumptions and budgets for such years. The Annual Budget shall include an operating budget for the Properties, an expense budget for property administration, including all disbursements referred to in clause 16.4.1, and the consolidated income and expenditure budget for the Company, including distribution cash flow and loan to value forecasts for the following 36 months. The Manager shall cause to be revised the income and expenditure forecasts and the cash flow forecasts from time to time, as is or becomes necessary and shall from time to time submit revised forecasts to the Company, in such form and containing such information as may be required by the Company for approval, provided that any negative revisions to income shall be reported to the next following meeting of the Board and any unbudgeted expenditure, save for increases in local authority taxes and charges which were not anticipated, shall likewise be reported to the Board. In addition to the above, the business of the Company shall be managed in accordance with the Annual Budget on a continual basis with rolling projections for the interim six month financial period and the final 12 month financial period being presented to the Company in the Annual Budget together with the projected qualifying distribution for REITs in terms of the Income Tax Act, 1962, on the understanding that the Annual Budget and the performance thereunder will be reviewed by the Company and the Manager within 60 days after the end of each Mid-Financial Year and Financial Year.

7.4 Financial reporting

The Manager shall manage the budgeted projections in respect of both operating expenditure and operating income and all other related financial controls and cause to be prepared monthly management accounts, quarterly reports and such other reports as may be required and in a format required by the Company, the JSE or any other regulatory body.

7.5 Letting policy

The Manager shall ensure that the letting policies and leasing terms adopted by the Company are in accordance with prevailing market conditions and policies set by the Company from time to time in furtherance of the objectives for the Property Portfolio.

7.6 Meetings of the Manager

The Manager shall notify the Company of the place, date and time of each senior management meeting of the Manager convened to discuss and determine any significant operational Company issue or, in respect of which meeting, a significant operational Company issue is on the agenda. The Chief Executive Officer/Managing Director and/or Chief Financial Officer and/or other directors as directed by the Board of the Company shall be entitled to attend such meeting, or that portion of the meeting addressing the significant operational Company issue.

8. PROPERTY ADMINISTRATION SERVICES

The Manager shall be responsible for the Property Administration Services and the Manager's duties in relation to the Company shall be to attend to the day to day administration of each Property.

9. ADDITIONAL SERVICES

In the event that the Manager identifies:

- 9.1 any service not then currently part of the Services, which service would normally be expected from asset managers and/or property managers;
- 9.2 or any additional and/or extraordinary service that the Manager deems is necessary for the effective and efficient management of the Properties or which the Manager identifies as being a value added service which would benefit the Company's business or, in the event that the Company identifies and notifies the Manager of any service not then currently part of the Services, the Manager shall submit and present a written motivation, proposed budget and the terms and conditions relating thereto in respect of the provision of such services to the Board for prior written approval, which approval shall not be unreasonably withheld, but will always be subject to budget and other constraints of the Company. In the event however, that the Board does not deem the services necessary or does not approve the proposed budget in respect of such proposed services, the Company shall not be responsible for any payment of such services. Disputes in this regard shall not be subject to arbitration in terms of clause 33.

14. KEY PERFORMANCE INDICATORS

- 14.1 The KPIs shall be determined annually by the Board for each Financial Year in accordance with the provisions of this clause 14.
- 14.2 The Manager shall submit proposed KPIs and penalties for failure to meet such KPIs (see clause 14.6), together with the Annual Budget for the respective Financial Year, to the Board for consideration, having regard to the material areas of concern for the Company in the Financial Year in question, inter alia, using the following categories and criteria as the framework for the determination of the KPIs for the respective Financial Year –
 - 14.2.1 delivery of sustainable short-term and long-term shareholder returns;
 - 14.2.2 maximisation of the returns from the Property Portfolio;
 - 14.2.3 effective management of the Company's balance sheet and income statement as well as management of the Company's funding and cash flow requirements;
 - 14.2.4 efficient management of current and future developments to be carried out by the Company, including meeting the development timetables and anticipated yields;
 - 14.2.5 ensuring high levels of customer satisfaction;
 - 14.2.6 attraction, development, retention and motivation of high performance personnel;
 - 14.2.7 continually improving sustainability performance;
 - 14.2.8 establishing a succession plan in respect of the Managing Director and other key staff of the Manager as identified by the Company; and
 - 14.2.9 developing a B-BBEE strategy and implementing a B-BBEE plan, in line with the Company's requirements, with a view to achieving B-BBEE compliance in line with the timelines set by the Board.
- 14.3 On presentation of the KPIs as provided in clause 14.2 and as part of the Annual Budget approval, the Board, shall interact with the Manager to endeavour to reach agreement regarding the KPIs, the deliverables in respect

of each KPI, and the penalties to be imposed upon the Manager for failing to meet these KPIs, taking into consideration the Annual Budget, the Company's strategic objectives and peer group performance (if and to the extent applicable), and any other factors which may be reasonably and fairly appropriate in the circumstances.

- 14.4 In the event that the Manager and the Board, or independent sub-committee, as the case may be, fail to reach agreement in respect of the terms of the KPIs and/or penalties for the relevant Financial Year within 30 days of the later of the commencement of the negotiations referred to in clause 14.3 or the date on which the Manager delivered its submissions in terms of clause 14.2, the Manager and/or the Board shall be entitled to refer the matter for determination by an Independent Expert, acting as an expert and not as an arbitrator. The Independent Expert shall determine those KPIs and/or deliverable and/or penalties, which are disputed between the Parties. Absent agreement on the appointment, the Independent Expert shall be appointed by the auditors of the Company.
- 14.5 The Parties shall review the Manager's performance in terms of the KPIs after the Mid-Financial Year results of the Company in each year.
- 14.6 It is the intention of the Parties that monetary penalties will be imposed upon the Manager should the Manager fail to meet any one or more of the KPIs, sufficient to compensate the Company for the failure of the Manager to meet such criteria. Such penalties shall be imposed taking into account the then prevailing economic conditions and any other factors which may be reasonably and fairly appropriate at the time of the imposition of such penalties.
- 14.7 The Parties shall be entitled to amend the abovementioned categories of KPIs on a bi-annual basis and throughout the duration of this Agreement, following the process set out in clauses 14.3 and 14.4.

16. REMUNERATION

- 16.1 The remuneration and expenses payable by the Company to the Manager for and in the course of the services to be rendered by the Manager in terms of this Agreement shall be the sum of the fees and expenses set out in this clause 16 and Annexure B.

16.2 Asset Management Fee

- 16.2.1 The Asset Management Fee shall be payable to the Manager together with the applicable VAT thereon pursuant to the submission of the schedule referred to in clause 17.1.1, and the payment thereof shall be subject to the provisions of clauses 17.2 and 17.3.

16.3 Transaction Fee

- 16.3.1 The Transaction Fee approved by the Board in relation to each transaction shall be payable by the Company to the Manager—
- 16.3.1.1 subject to approval by the Competition Authorities and/or the Listings Requirements relating to related party transactions and/or such other conditions precedent, as may be applicable; and
- 16.3.1.2 once the relevant immovable property has been registered in the name of the Company at the Deeds Office, in the case of the acquisition of a new Property; or
- 16.3.1.3 in respect of the Letting Commission Fees referred to in paragraphs 2.1 to 2.5 of Annexure B, once
- 16.3.1.3.1 all fees payable by the tenant in terms of the lease agreement concluded have been paid;
- 16.3.1.3.2 a deposit or bank guarantee, or otherwise, if stipulated in the lease agreement, has been paid or delivered to the Manager; and
- 16.3.1.3.3 the tenant has taken occupation of the premises and the first month's rental has been paid by the tenant.
- 16.3.2 The request for payment of the Transaction Fees payable in terms of clause 16.3.1 shall be made by the Manager together with the submission of the schedule referred to in clause 17.1.1, and the payment thereof shall be subject to the provisions of clauses 17.2 and 17.3.

16.3.3 *Supervisory Fees*

- 16.3.3.1 The Transaction Fee includes the supervisory fee referred to in paragraph 1.7.1 of Annexure B (“**Supervisory Fee**”) payable to the Manager.
- 16.3.3.2 The Company shall pay the Total Cost to Company expenses associated with the Company Employees.
- 16.3.3.3 Notwithstanding anything to the contrary that may exist in law or otherwise, such Company Employees shall remain employees of the Company and any and/or all claims that may arise as a result of any dispute relating to such employment relationship shall be paid by the Company.
- 16.3.3.4 The Parties record that, in respect of the employees of the Manager that have been seconded to the Properties to provide dedicated services (commonly appointed as centre management staff) at the Properties (“**Seconded Employees**”), no Supervisory Fee shall be payable by the Company to the Manager as such Seconded Employees shall remain employees of the Manager.
- 16.3.3.5 Without derogating from the generality of the foregoing, the Company shall pay to the Manager 50% of the Seconded Employees’ Total Cost to Company expenses.

16.4 **Disbursement of expenses incurred on behalf of the Company**

- 16.4.1 If the Manager makes any disbursements, including, without limiting the generality –
 - 16.4.1.1 the Total Cost to Company of the Manager Employees;
 - 16.4.1.2 actual costs incurred in respect of the Properties and incurred by the Manager, in cases of emergency, provided that same have been included in the Annual Budget (which shall contain provisions for contingency expenditure) and/or have been pre-approved by the Company;
 - 16.4.1.3 actual costs incurred in respect of the maintenance and repair of the Properties;
 - 16.4.1.4 bank charges incurred by the Manager in respect of all amounts collected by the Manager on the Company’s behalf;
 - 16.4.1.5 charges payable to third parties in respect of services rendered to the Properties, including pre-paid electricity, parking management and collection of specialist income; and
 - 16.4.1.6 direct costs involved in marketing of any of the Properties, for the purposes of, for example, drawing customers to the Properties, to events or generally marketing the Property, but specifically excluding marketing of the property to prospective tenants,

the Manager shall be entitled to be reimbursed by the Company for such expenses upon presentation of the relevant proof of payment together with supporting documentation, provided that all such disbursements have either been provided for in the approved Annual Budget or form part of an approved category within such approved Annual Budget, as amended from time to time.
- 16.4.2 The Manager shall report to the Company on a quarterly basis, detailing the Company expenses disbursed by the Manager as envisaged in terms of clause 16.4.1.

16.5 **Concession on Fees**

- 16.5.1 No Fees shall be payable by the Company to the Manager in respect of the Properties known as “*One on Mutual*” and “*Sharon’s Place*” on the following basis –
 - 16.5.1.1 in respect of the “*One on Mutual*” Property, no Fees shall be payable for a period of four years, calculated from the date on which the development of the Property reached Practical Completion; and
 - 16.5.1.2 in respect of the “*Sharon’s Place*” Property, no Fees shall be payable for a period of two years, calculated from the date on which the development of the Property has reached Practical Completion.
- 16.5.2 In circumstances where the actual costs of a Project or Renovation or Property Acquisition exceeds R30,000,000.00, escalating at CPI over the period of this Agreement, the Parties agree to reduce the Fees payable as follows –

- 16.5.2.1 no Residential Letting Commission (as defined in paragraph 2.4 of Annexure B) will be payable by the Company to the Manager for the 12 month period following Practical Completion of the relevant Project or Renovation;
- 16.5.2.2 only 25% of the Fees payable in respect of collection fees referred to in paragraphs 2.6, 2.7 and 2.8 of Annexure B will be payable in the first year following Practical Completion of the Project or Renovation or transfer of the property acquired;
- 16.5.2.3 only 50% of the Fees payable in respect of collection fees referred to in paragraphs 2.6, 2.7 and 2.8 of Annexure B will be payable in the second year following Practical Completion of the Project or Renovation or transfer of the property acquired;
- 16.5.2.4 only 25% of the Asset Management Fee will be payable for the first year, following Practical Completion of the Project or Renovation or transfer of the property acquired; and
- 16.5.2.5 only 50% of the Asset Management Fee will be payable for the second year, following Practical Completion of the Project or Renovation or transfer of the property acquired.
- 16.5.3 The Parties shall be entitled to negotiate and agree on further concessions in respect of a Project or Renovation and Property Acquisitions, as and when required.

25. Termination

25.1 Events of Default

An Event of Default shall have occurred if a Party –

- 25.1.1 fails to comply with any provision of this Agreement and if such failure is not rectified within 10 business days after receipt of a written notice from the other Party provided, however, with respect to any matter where rectifying such failure reasonably requires more than 10 business days, the time period for rectifying shall be extended for up to a total of 30 business days provided that the Party which failed, promptly commences to rectify the failure after the effective date of the notice and thereafter pursues such rectification; or
- 25.1.2 enters into a compromise or arrangement with its creditors, otherwise than for a reconstruction, restructuring or amalgamation without insolvency; or
- 25.1.3 is placed under business rescue or liquidation whether provisional or final, otherwise than for the purpose of a reconstruction or amalgamation, in solvent circumstances previously approved by the other Party, which approval shall not be unreasonably withheld; or
- 25.1.4 has a judgement enforced upon or any attachment against its property which is not discharged or steps are not taken to set it aside or the judgement is appealed within 14 business days of the judgement coming to its attention, and such steps are not diligently pursued to conclusion; or
- 25.1.5 is unable to pay its debts in the normal course of business; or
- 25.1.6 ceases or threatens to cease wholly or substantially to carry on its business, otherwise than for a reconstruction, restructuring or amalgamation, in solvent circumstances; or
- 25.1.7 is subject to an encumberer taking possession of or a liquidator or trustee is appointed over the whole or material part of its undertaking, property or assets.

25.2 Termination by the Company

- 25.2.1 The Company shall, in addition to its rights of termination under clause 5.2, be entitled, but not obliged, to terminate this Agreement upon not less than 60 days' written notice to the Manager –
 - 25.2.1.1 upon the occurrence of an Event of Default by the Manager, provided that if the Event of Default complained of is the Event of Default contemplated in clause 25.1.1, the Company shall only have the right to cancel if such Event of Default is material, goes to the root of this Agreement and cannot be remedied by the payment of monetary compensation; and/or
 - 25.2.1.2 in the event of proven fraud or proven wilful misconduct in respect of the Services provided in terms of this Agreement on the part of any director and/or Chief Executive Officer and/or Chief Financial Officer of the Manager; and/or

- 25.2.1.3 in the event that the Manager consistently breaches any material term of this Agreement and/or fails to meet a substantial portion of the KPIs in two consecutive years such that it reasonably appears that the Manager no longer intends to be bound by the provisions of this Agreement.

25.3 Termination by the Manager

The Manager shall be entitled, but not be obliged, to terminate this Agreement upon 60 days' written notice to the Company upon the occurrence of an Event of Default by the Company or in the event of fraud or wilful misconduct on the part of the Company, provided that if the Event of Default complained is the Event of Default contemplated in clause 25.1.1, the Manager shall only have the right to terminate if such Event of Default is material and goes to the root of this Agreement and cannot be remedied by the payment of monetary compensation.

25.4 Duties upon termination

On the effective date of a termination, the Manager shall deliver to the Company promptly all of the Company's materials, supplies, keys, leases, contracts, other documents, insurance policies, plans, specifications, permits, licenses, promotional materials and such other accounting papers and records including general correspondence pertaining to this Agreement which it has in its possession, it being agreed that the Manager shall not have any obligation to procure the delivery of any such items which are in the possession of other approved parties. The Manager shall also assign to the Company, without recourse to the Manager, executed contracts, if any, in the Manager's name relating to the Asset Management Services, provided that such contracts are on market related terms and acceptable to the Company. The Manager shall deliver to the Company a final accounting of the Property Portfolio up to and including the effective date of the termination within 60 days after such date. No further services shall be performed by the Manager under this Agreement after the effective date of termination nor shall the Manager rely on or represent any association with the Company, except that the Manager shall co-operate fully with the Company to accomplish an orderly transfer of the asset management services and operational management of the Company to the Company itself or an entity designated by the Company to succeed the Manager.

25.5 Remedies and survival

- 25.5.1 If either Party terminates this Agreement pursuant to an Event of Default, the party so terminating may exercise any and all remedies available at law or in terms of this Agreement for breach of contract, unless and to the extent limited herein.
- 25.5.2 Upon expiration or any termination –
 - 25.5.2.1 both Parties shall remain liable for all obligations accrued and not fully performed under this Agreement during the term of this Agreement; and
 - 25.5.2.2 the Manager shall remain entitled to be remunerated until the actual date of expiration or termination.

SCHEDULE OF SERVICES

1. ASSET MANAGEMENT SERVICES

The Asset Management Services to be rendered by the Manager to the Company shall include the following:

1.1 General

- 1.1.1 the Manager's senior management team shall provide a point of leadership and support to the Company and take ownership and responsibility for the provision of the Asset Management Services to the Company;
- 1.1.2 the Manager's senior management team shall provide appropriate attendance as required at the Company's relevant governing and managing committees including but not limited to the quarterly Board meetings and other such committees as required by the Company, it being recorded that, unless otherwise agreed in respect of any particular meeting, the Managing Director/Chief Executive Officer of the Manager and the Chief Financial Officer of the Manager, if also the Managing Director/Chief Financial Officer of the Company or the Financial Director of the Company, respectively, at the time, will attend such meetings as the representative of the Manager;
- 1.1.3 monitoring performance against financial, governance and risk objectives and reporting same to the Company on a regular basis as the Company requires, and in any event at least quarterly;
- 1.1.4 undertaking market research and portfolio analysis, as required by the Company to support the decision making process;
- 1.1.5 sourcing, assessing, evaluating and reporting on investment and sale opportunities for the Company and on any new developments and conducting due diligences and feasibility studies in relation to the acquisitions, sales and/or projects on various Properties, rental enhancement opportunities and the preparation and presentation of recommendations to the Company's Investment Committee, together with a detailed explanatory memorandum, in a format and within the timeframes approved by the Board on all reports submitted, provided that it is in compliance with the investment objectives, policies and restrictions of the Company and provided that such opportunities are not prohibited by the laws or regulations for the time being in force in the Republic of South Africa or in any country in which the opportunities will arise;
- 1.1.6 conducting research into prevailing rental rates and leasing terms offered in localities where the Properties are represented and comparative localities and research of general market conditions prevailing in such localities. Such research shall be made available to the Board on reasonable request;
- 1.1.7 conducting general research into the state and relative investment merits of the various segments and geographical localities of the property market. Such research shall be made available to the Board on reasonable request;
- 1.1.8 instructing and liaising with the Company's valuers and preparing of a 'fair market value schedule' when required to secure appropriate portfolio and/or asset valuations in respect of the Properties, as required by the JSE and other regulatory institutions;
- 1.1.9 procuring bi-annual internal valuations of the Property Portfolio for the periods ending 28 February and 31 August of each year, as well as the procurement of other independent, external valuations, as required in terms of the Listing Requirements or the Company and providing a written report from the Manager to the Investment Committee and Audit Committee meetings of the Company, together with a detailed explanatory memorandum, in a format and within the timeframes approved by the Board on all reports submitted;
- 1.1.10 identify new investment opportunities, including portfolio acquisitions, share acquisitions, service provision, and joint ventures and complete market research in support of these activities and providing a written report from the Manager, to the Investment Committee, together with a detailed explanatory memorandum, in a format and within the timeframes approved by the Board on all reports submitted;

- 1.1.11 establishing appropriate infrastructure to support the Company should it wish to diversify into new geographical or segmental areas;
- 1.1.12 preparing and submitting a formal written report by the Managing Director of the Manager (“MD” for the purposes of this sub-clause) on operations and performance to be circulated to the Board in advance of each Board meeting in terms of King IV or its successor report. The MD must report on all substantial operating and management issues and not only on financial issues. The MD’s report shall include information as required by the Board, which may include, but is not limited to performance against KPIs, organisational strategy, business plan and Annual Budget; and
- 1.1.13 assisting the Company with its corporate social investment initiatives, by sourcing, investigating and managing sustainable programs to which the Company can contribute.

1.2 **Property Acquisitions and Sales**

In addition to the aforesaid, the Asset Management Services to be rendered by the Manager to the Company, the following Services relating specifically to the purchase and/or sale of immovable Property forming part of the managed Property Portfolio shall be rendered by the Manager –

- 1.2.1 identifying potential opportunities to acquire new properties (including joint venture opportunities) and/or dispose of existing Properties, based on the organisational objectives of the Company. Where the Company wishes to consider a property acquisition (“**Property Acquisition**”) or sale, the Company shall approve the commencement of the investigatory process surrounding the potential purchase and/or sale. The Manager shall then proceed to investigate the merits of purchasing and/or selling the Property;
- 1.2.2 identifying opportunities to develop, refurbish and/or reinvest capital in the Properties with view to maximising rental income and/or adding value to the Properties based on the organisational objectives and approved asset management plan of the Company;
- 1.2.3 monitoring and attending to the acquisition and/or sale of a Property, approved by the Company;
- 1.2.4 Subject to clause 12.1.8 of the Agreement, drafting and vetting of all other Property-related documentation (including notarial tie agreements, corporate restructurings and consolidations), drafting and completion of legal documentation, including but not limited to commercial sale and purchase agreements, the offer to purchase, acceptance letters and drafting and preparing documentation required to obtain the requisite approval from the Competition Authorities;
- 1.2.5 calling for all documentation surrounding the Property and/or the enterprise and assessing the potential risks of purchase and/or sale;
- 1.2.6 conducting a thorough due diligence of all legal documentation in connection with the property and/or enterprise;
- 1.2.7 preparing and presenting feasibilities, for the Company’s consideration;
- 1.2.8 acquiring the services of external service providers for the purposes of assessing the structure, the fixtures and fittings within the Property;
- 1.2.9 all necessary liaison with potential purchasers and/or sellers;
- 1.2.10 liaising with Competition Authorities, the JSE and/or other regulatory institutions (in so far as required), liaising with expert advisors, conducting extensive due diligences, collating of documentation required to obtain the requisite approval from the Competition Authorities, the JSE and/or other regulatory institutions and submission to the Competition Authorities, the JSE and/or other regulatory institutions;
- 1.2.11 providing a written report from the Manager, to each Investment Committee meeting of the Company, together with a detailed explanatory memorandum, relating specifically to the purchase and/or sale of immovable Property as contemplated in paragraph 2 above, in a format and within the timeframes approved by the Board on all reports submitted; and
- 1.2.12 instructing external conveyancers for the purposes of attending to the transfer of Properties acquired and/or sold.

1.3 **Financial Management Services and JSE Reporting Requirements**

The Financial Management Services to be rendered by the Manager to the Company shall, generally, refer to the efficient, effective and prudent management of the Company’s funds in such a manner as to accomplish the objectives of the Company. These Services specifically exclude the Property Accounting Services referred to under Property Administration Services. These Financial Management Services shall include, but not be limited to –

- 1.3.1 preparing, on an Annual Budget of the total anticipated income and expenditure for the Company in respect of the Properties;
- 1.3.2 developing capital strategy and cash flow forecasts in line with the business plan and three year rolling Annual Budget;
- 1.3.3 monitoring performance against the Annual Budget, monitoring and risk objectives and reporting to the Company on a regular basis;
- 1.3.4 applying the solvency and liquidity test, as set out in section 4 of the Companies Act, if applicable, and reasonably concludes that the Company will satisfy the solvency and liquidity test as and when required in terms of the Companies Act;
- 1.3.5 liaising with the Company's funders and providing information relating to the Company when required;
- 1.3.6 preparing an annual or other period financial information pack as requested by the Company on the Properties and representing the Company regarding the Properties, where appropriate;
- 1.3.7 providing a written report from the Chief Financial Officer of the Manager, prior to every Board and/or Audit Committee meeting, together with a detailed explanatory memorandum, in a format and within the timeframes approved by the Board on all financial reports submitted;
- 1.3.8 managing the Company's indebtedness by arranging loans, debt swaps, early repayments and hedging transactions, by managing facilities and restructuring the Company's indebtedness, by any such means as the Manager may deem appropriate subject to the relevant policy and exposure limitations as determined by the Board;
- 1.3.9 attending to the Company's Annual Budget earnings projections (expenditure and income budgets), monthly management accounts, quarterly reports and reports as required by the Company, which must be in a format and within the timeframes approved by the Board on all reports submitted;
- 1.3.10 providing information to and liaising with the Company's financial internal and external auditors, as required;
- 1.3.11 implementing and managing internal controls and processes;
- 1.3.12 liaising and providing information for the purposes of the annual audit;
- 1.3.13 preparing relevant financial information to meet the Listing Requirements including, without limitation the preparation and distribution of circulars, payment of distributions;
- 1.3.14 preparing shareholder and stakeholder information, announcements, presentations and other non-financial data (e.g. integrated and sustainability reporting), as required, subject to the Company Secretary's responsibilities and duties in respect thereof;
- 1.3.15 facilitating the general administration and attending to the reporting requirements of The Domestic Medium Term Note Programme (DMTN Programme), on the Company's behalf;
- 1.3.16 maintaining existing investor relationships and procuring new Shareholders, in conjunction with appointed investor relations consultants, as required and approved by the Company in writing;
- 1.3.17 advising the Board in writing of interactions with investors (in so far as the Company's directors are not involved in such interactions);
- 1.3.18 undertaking ongoing analysis of the Property Portfolio performance and investigating deviations from the Annual Budget and performance against competitors of the Company;
- 1.3.19 analysing key metrics (vacancies, outstanding renewals, outstanding leases, sundry legal matters);
- 1.3.20 ensuring any excess funds are invested as instructed by the Company;
- 1.3.21 assisting the Company with its treasury functions, including capital raising from bank, debt capital market and other funders and dealing with other funders of the Company and providing information relating to the Company to such funders. The Manager shall obtain instructions from the Company regarding the identity of suitable bank, capital market and other funders to the Company;
- 1.3.22 co-operating with the Company's JSE sponsor in the timeous submission of all documentation required to be submitted to the Issuer Regulation Division in terms of the Listings Requirements, subject to the Company Secretary's responsibilities and duties in respect thereof

- 1.3.23 subject to the Company Secretary's responsibilities and duties in respect thereof, providing such documentation, information or explanation as the Company's JSE sponsor may reasonably require in order for the JSE sponsor to –
 - 1.3.23.1 assess the completeness and correctness of any documentation to be submitted to the Issuer Regulation Division;
 - 1.3.23.2 satisfy itself as to the credentials and abilities of any third parties on which the Company places reliance;
 - 1.3.23.3 satisfy itself that all relevant requirements of the Listings Requirements have been complied with;
- 1.3.24 Subject to the Company Secretary's responsibilities and duties in respect thereof, providing all such information, documentation or explanation known to it to enable the Company's JSE sponsor to satisfy itself that there are no material matters, other than those disclosed in any listing's particulars, circular or any other communication to the Issuer Regulation Division or otherwise, that should be taken into account by the Issuer Regulation Division, investors or other interested stakeholders in considering the completeness of the underlying documentation, circular or communication;
- 1.3.25 Subject to the Company Secretary's responsibilities and duties in respect thereof, co-operating with the Company's JSE sponsor in lodging with the Issuer Regulation Division all documentation required in terms of the Listings Requirements;
- 1.3.26 involving the JSE sponsor in all formal discussions between the JSE and the Company; and
- 1.3.27 Subject to the Company Secretary's responsibilities and duties in respect thereof, advising the Company's JSE sponsor immediately if the Company is aware of or has reason to suspect that it has or may have breached the Listings Requirements.

1.4 **Strategic Management Services**

The Strategic Management Services to be rendered by the Manager to the Company is intended to support the Company in preparing and implementing a business strategy that aims to optimise the returns of the Company and enable the Company to realise its objectives. These Services shall include, but not be limited to –

- 1.4.1 supporting the Board in formulating and agreeing to the Company's business objectives and organisational strategy;
- 1.4.2 documenting the Company's objectives (which shall include Property Acquisitions, property disposals, new developments and funding the expansion of the Property Portfolio in general) and develop a company strategy for approval by the Company to maximise the performance of the Property Portfolio and strategies with regard to Property Acquisitions, property disposals, new developments, funding the expansion of the Property Portfolio and interest rate strategies in respect of the liabilities of the Company. The Manager will also recommend such other strategies to the Company which it deems to be in the best interests of the Company;
- 1.4.3 contributing to strategy discussions by providing recommendations on the future development and strategies of the Company based on the organisational objectives and approved asset management plan;
- 1.4.4 providing the Company with an annual succession plan in respect of senior personnel with named individuals and roles for approval;
- 1.4.5 preparing an annual business plan setting out the tasks to be carried out and the projected financial performance of the Properties;
- 1.4.6 developing a capital strategy and cash flow forecast in line with the annual business plan and three year rolling Annual Budget;
- 1.4.7 once the Company has approved the annual business plan, this will form the mandate for activity to be undertaken by the Manager and the financial performance of the Property Portfolio expected during the Financial Year;
- 1.4.8 measuring performance against the annual business plan and providing a written summary of performance in advance of each Board meeting;
- 1.4.9 developing the asset and liability management reporting process and strategy for asset and liability management;

- 1.4.10 procuring the implementation of approved strategic plans;
- 1.4.11 creating and implementing a tenant mix and leasing strategy in response to market conditions;
- 1.4.12 undertaking market research and portfolio analysis as required by the Company and reporting to the Company on a regular basis;
- 1.4.13 performing ongoing analysis of performance of the Properties against competitor's property portfolios;
- 1.4.14 conducting research into new target markets identified by the Board to support future investment decisions; and
- 1.4.15 generally procuring and implementing of approved strategy plans.

1.5 **Compliance and Regulatory Management Services**

The Compliance and Regulatory Management Services to be rendered by the Manager to the Company shall involve monitoring and assessing the impact of legal and regulatory responsibilities on the business of the Company. These Compliance and Regulatory Management Services shall be provided on a Shared Resource basis and shall include –

- 1.5.1 identifying and prioritising the most relevant current, proposed and impending laws and if (and to the extent) that these are found to have an impact on the Company, the development and implementation of controls to minimise the compliance risk (for example implementing standard operating procedures or processes, manuals and policies);
- 1.5.2 identifying and assessing changes in the existing regulatory framework;
- 1.5.3 reporting non-compliance using the risk management process and managing incidents of non-compliance;
- 1.5.4 recommending corrective measures or steps to ensure compliance by the Company;
- 1.5.5 monitoring compliance through the adequacy and effectiveness of control measures, which includes the use of sound industry practice software compliance tools to actively monitor and manage the Company's compliance with relevant laws, and adherence to non-binding rules, codes and standards in general on a continual basis;
- 1.5.6 reporting to both the Audit Committee, Risk Committee and the Social, Ethics, Remuneration and Transformation Committee of the Company, where required, in a format and within the timeframes approved by the Board on all reports submitted;
- 1.5.7 continuing to create awareness with employees and training them on the aspects of the regulatory requirements;
- 1.5.8 complying with the Company's corporate image, branding, media and press policies;
- 1.5.9 in addition to the general Services to be provided as part of the Compliance and Regulatory Management Services set out above, the Manager undertakes to:
 - 1.5.9.1 develop a B-BBEE strategy and commit to implementing a B-BBEE plan, in line with the Company's requirements, with a view to achieving B-BBEE compliance, in accordance with the applicable KPIs;
 - 1.5.9.2 take cognisance of the Property Sector Charter gazetted in terms of section 12 of the B-BBEE Act, No. 53 of 2003;
 - 1.5.9.3 support the Company in its drive to achieve its desired level of accreditation in terms of B-BBEE laws;
 - 1.5.9.4 monitor and manage the Company's compliance with legislation in general, but in particular with compliance relating to health and safety rules and regulations, data protection legislation and landlord-tenant relationships;
 - 1.5.9.5 identify opportunities for environmental and sustainability improvements across the Property Portfolio;
 - 1.5.9.6 comply with and not infringe any terms within property documents, consents, rights, easements, covenants or other matters affecting any Property;

- 1.5.9.7 ensure that all legal, statutory, JSE or any other relevant processes necessary are complied with on behalf of the Company, to the extent that these do not form part of the Company Secretarial Functions;
- 1.5.9.8 comply with and not cause the Company to breach any of its operational obligations;
- 1.5.9.9 achieve and maintain accreditation and certification in respect of all works and services in accordance with relevant laws and guidelines; and
- 1.5.9.10 advise the Company in regard to compliance with applicable regulatory requirements and frameworks as the Company may be subject to.

1.6 Risk Management Services

- 1.6.1 The Manager shall undertake corporate risk management Services on the Company's behalf on a Shared Resource basis. The Manager shall prepare and maintain a corporate risk register, updated to reflect new and evolving corporate risk and to be reviewed and approved by the Company.
- 1.6.2 The Manager shall provide a written report on all corporate risk management services to each Risk Committee meeting of the Company, together with a detailed explanatory memorandum, in a format and within the timeframes approved by the Board on all reports submitted.

1.7 Internal Audit Services

- 1.7.1 The Manager shall undertake an internal audit function on the Company's behalf on a Shared Resource basis. The Manager shall prepare and maintain an internal audit register, updated to reflect new audited items, as directed by the Company, which will be reviewed and approved by the Company's Audit Committee.
- 1.7.2 The Manager shall provide a written report on all internal audits undertaken to each Audit Committee meeting of the Company, together with a detailed explanatory memorandum detailing its findings and corrective actions, in a format and within the timeframes approved by the Board on all reports submitted.

1.8 Occupational Health and Safety Compliance Services

- 1.8.1 The Manager shall appoint an occupational health and safety officer to manage the health and safety systems in the properties, on the Company's behalf on a Shared Resource basis. The Manager shall identify hazards and assess risks to health and safety, put appropriate safety controls in place, and provide advice within the ambit of occupational health and safety laws.
- 1.8.2 The Manager shall provide a written report on all occupational health and safety compliance services to each Risk Committee meeting of the Company, together with a detailed explanatory memorandum and corrective actions, in a format and within the timeframes approved by the Board on all reports submitted.

2. PROPERTY ADMINISTRATION SERVICES

The Property Administration Services to be rendered by the Manager to the Company shall include the following –

2.1 Leasing and Lease Administration Services

The Manager shall render the Leasing and Lease Administration Services, which shall include, but shall not be limited to, the following –

- 2.1.1 creating, implementing and managing the tenant mix and leasing strategy within the Property;
- 2.1.2 using suitable credit vetting processes to assess the financial credibility of potential tenants;
- 2.1.3 preparing, negotiating and concluding written lease agreements with tenants;
- 2.1.4 creating a tenant lease file and providing storage thereof;
- 2.1.5 collecting all deposits, rentals, operating costs, VAT recoveries and other charges payable by the tenants to the Company and accounting for tenants' deposits;
- 2.1.6 managing arrear collections and facilitating the handing over of tenants;

- 2.1.7 managing all legal matters and litigation on the Company's behalf, by inter alia instructing suitable and specialist external attorneys;
- 2.1.8 producing rent rolls and disbursement accounts;
- 2.1.9 reviewing and renewing (where necessary) lease agreements;
- 2.1.10 generally managing the space within the Properties;
- 2.1.11 enforcing the landlord's rights against defaulting tenants;
- 2.1.12 inspecting all the buildings and Properties with a view to ensuring continued maintenance and carrying out of authorised capital expenditures;
- 2.1.13 dealing with tenant complaints and requirements;
- 2.1.14 inform all tenants of all rules, regulations and notices issued by the Company;
- 2.1.15 dealing with the expiration and renewal of leases and reporting on and, where possible, filling anticipated vacancies prior to their occurrence;
- 2.1.16 using its best endeavours to let vacant space immediately and space which is to become vacant before leases expire;
- 2.1.17 providing priority tenant management to national and key account tenants;
- 2.1.18 finalising cancellations of lease agreements (where applicable) and processing and attending to the vacating of the Properties when necessary; and
- 2.1.19 preparing, negotiating, finalising and storing all written documentation normally associated with a property management function.

2.2 Facilities Management Services

The Manager shall render the Facilities Management Services, including, without limitation, the following –

- 2.2.1 both soft services management (for example cleaning and gardening) and technical “hard” services management;
- 2.2.2 undertaking and overseeing of procurement in line with the Company's procurement B-BBEE and other policies, including management of and tendering for service providers, contractor selection processes being implemented and service level agreements being concluded with contractors and ad-hoc suppliers and contract management;
- 2.2.3 providing Computer Aided Design and Drafting (CADD) service and property management services;
- 2.2.4 undertaking tenant installation management; and
- 2.2.5 generally doing all that is necessary in connection with tenant relations, housekeeping, tenant inspections, building audits and tenant retention.

2.3 Marketing and Promotions Services

The Manager shall render the Marketing and Promotions Services, including, without limitation, the following –

- 2.3.1 setting a marketing strategy for the Property Portfolio in order to meet the Company's objectives;
- 2.3.2 marketing (for the purposes of attracting tenants to the Properties) and letting of vacant (or soon to be vacant) premises within the Properties;
- 2.3.3 public and media relations;
- 2.3.4 managing promotion courts and non-GLA income;
- 2.3.5 managing gift vouchers;
- 2.3.6 branding and positioning of shopping centres;
- 2.3.7 promoting and managing the events management function;
- 2.3.8 marketing of shopping centres and retail space;
- 2.3.9 performing property profiling;

- 2.3.10 developing the Company's brand in consultation with the Board;
- 2.3.11 managing stakeholder engagement including local community action groups and neighbouring landlords; and
- 2.3.12 issuing periodic market reports relevant to the Company's Property Portfolio.

2.4 **Property Accounting Services**

The Manager shall render the Property Accounting Services, including, without limitation, the following -

- 2.4.1 monthly rental and cost recovery;
- 2.4.2 ensuring that all expenses (including stamp duties, municipal charges and rates and taxes payable) in respect of the Properties are timeously paid;
- 2.4.3 payment of creditors as well as other third party payments;
- 2.4.4 reconciliation of accounts (including trust account);
- 2.4.5 budgeting and forecasting;
- 2.4.6 capital budgeting;
- 2.4.7 ensuring that all funds received in respect of the Properties are deposited into a separate bank account, at a registered commercial financial institution in the name of a company in the Group, in accordance with the Rental Housing Act, No. 50 of 1999;
- 2.4.8 recording, on a day-to-day basis, the financial transactions and information pertaining to the Properties and maintaining, in accordance with the applicable laws and regulations, full financial and administrative records in respect of the Properties;
- 2.4.9 maintaining all accounts and records for the Properties in line with relevant accounting standards (IFRS) and relevant regulatory frameworks;
- 2.4.10 preparing all financial statements and annual accounts and reports and the preparation and processing of all VAT and income tax returns;
- 2.4.11 preparing income and expenditure accounts;
- 2.4.12 submitting of statutory returns;
- 2.4.13 record keeping;
- 2.4.14 performance reporting the Manager, including reporting on the monthly income and expenditure accounts for each Property; and
- 2.4.15 preparing adjustment accounts.

2.5 **Additional Property Management Services**

The Manager shall render the Additional Property Management Services, including, without limitation, the following -

- 2.5.1 parking management and oversight of parking service levels;
- 2.5.2 events management;
- 2.5.3 tenant installations;
- 2.5.4 shopping centre management;
- 2.5.5 engineering and installation of improvement, maintenance and efficiency;
- 2.5.6 human resources, training and payroll services in respect of the Company's employees;
- 2.5.7 overseeing the negotiation and finalisation of all legal agreements and documentation on the Company's behalf; and
- 2.5.8 identifying the legal risks relevant to the property industry and providing legal advice to the Company on legal matters that affect the business of the Company.

2.6 Utilities Services

The Manager shall render the Utilities Services, including, without limitation, the following –

- 2.6.1 managing the utility services at the Properties, including pre-paid services; and
- 2.6.2 liaising and overseeing management of rates and taxes, including objection and appeals where appropriate.

2.7 Projects, Renovations, Maintenance and Repair Services

The Manager shall render Services in respect of Projects or Renovations (which includes upgrades, developments and re-developments), maintenance and repairs, including, without limiting, the following Services –

- 2.7.1 maintaining the Properties, which includes preventative maintenance, repair or corrective maintenance and routine cleaning and maintenance of the Properties;
- 2.7.2 undertaking and overseeing project management, which includes installation specifications and building standards, project planning and monitoring, requests for proposal, bid evaluation and standard contract and execution, scheduling and co-ordinating with tenants and professionals and project reporting;
- 2.7.3 monitoring and managing a project development activity approved in respect of the Properties;
- 2.7.4 appointing and liaising (if required) with all third party developers to ensure a smooth handover upon completion to Property management; and
- 2.7.5 negotiation, preparation and implementation of development agreements.

2.8 Insurance

The Manager shall render the Insurance Services, which shall, on the Company's behalf, include (without limiting) comprehensively insuring the buildings and the Properties against all relevant risks which are applicable in respect of the Properties, which shall include dealing with incidents, claims and insurance, obtaining of certificates of insurance, incident reporting, attending to the media, providing public relations services, generally managing insurance claims and managing annual insurance reviews, provided that the Manager shall, on an annual basis, submit full details, together with a motivation, including compliance with procurement policies of the Company, of all proposed insurance and/or existing insurance to the Company's Risk Committee, prior to effecting or renewing same.

2.9 Staff Employment Solutions Services

The Manager shall render the Staff Employment Solutions Services, which Services shall include, without limitation, the following –

- 2.9.1 interviewing and appointing individuals on the Company's behalf, who are capable of providing the Services;
- 2.9.2 providing a schedule of Company Employees annually to the Company;
- 2.9.3 preparing a staff management plan comprising new recruits, staff turnover, training requirements, total cost to the Company, including the details of salaries, benefits, and increases and reporting same to the Company's Social, Ethics, Remuneration and Transformation Committee on an annual basis;
- 2.9.4 where desirable, subject individuals to psychometric testing prior to finalising the appointment of a senior individual on the Company's behalf;
- 2.9.5 performing annual merit appraisals of each Company Employee;
- 2.9.6 preparing and submitting a schedule of recommended increases for Company Employees together with a distribution curve;
- 2.9.7 supervising, managing and, where necessary, disciplining the Company Employees;
- 2.9.8 managing all matters surrounding leave of the Company Employees;
- 2.9.9 supplying of beverages and facilities;
- 2.9.10 managing of cleaning staff;
- 2.9.11 managing the payroll and payment of all salaries, contributions and benefits on behalf of the Company's Employees;

- 2.9.12 using enough competent and skilled staff to deliver the relevant components of any business plans provided to the Company, accurately and promptly in line with the Company's business-planning timetable;
- 2.9.13 annually presenting to the Company, for its records –
 - 2.9.13.1 a schedule of the Company Employees; and
 - 2.9.13.2 a staff management plan (comprising new recruits, staff turnover and training requirements).

SCHEDULE OF FEES

1. ASSET MANAGEMENT FEE

The Asset Management Fee shall comprise the following –

1.1 Enterprise Value Monthly Fee

1.1.1 the enterprise value monthly is calculated in accordance with the following formula -

$$\text{Fee} = (((a + b + c) \times 0,42\%) - (d \times \text{JV share} \times 0,42\%) \div 12) - e$$

Where –

1.1.1.1 **a** = the average daily market capitalisation of the Company on the JSE for the month in respect of which such Fee is being calculated at the close of business on the trading day in question, utilising the daily volume weighted average traded price of a Share on the JSE as at the close of business for all trading days for the month in question multiplied by the number of Shares in issue at the relevant time. For the purpose of determining the number of Shares in issue, the Manager shall be entitled to take into account any Shares still to be issued pursuant to an acquisition by the Company of an asset, the effective date of which occurs prior to the date on which such Shares are to be issued, provided that all the conditions precedent contained therein have been fulfilled or waived, as the case may be, provided however that the issue price of the Shares shall be incorporated in the calculation of the average monthly market capitalisation of the Company for the purpose of determining the Fee;

1.1.1.2 **b** = the aggregate amount of the indebtedness of the Company, on the day in question, to banks, lenders and/or other institutions in respect of loans secured by mortgage bonds registered over the underlying Properties (owned solely by the Company or any of its subsidiaries) as well as indebtedness of the Company to debt capital market note holders in respect of secured or unsecured note issuances as at the last day of the month concerned;

1.1.1.3 **c** = the Company's share (based on the amount of the applicable loans, excluding Shareholder loans, taken out by the respective joint venture, multiplied by the Company shareholding in such joint venture) of the amount of the indebtedness of any joint venture (of which the Company is a partner) to banks and/or other institutions in respect of loans secured by mortgage bonds registered over the underlying Properties owned by such joint venture as at the last day of the month concerned;

1.1.1.4 **d** = an adjustment made to the amount of the indebtedness of any joint venture (of which the Company is a partner) in respect of any loan given by the Company (in excess of the Company's pro-rata share based on shareholding) to a joint venture party, in respect of any underlying Properties as at the last day of the month concerned;

1.1.1.5 **e** = an adjustment made to the amount of a non-property management fee of any joint venture (of which the Company is a partner or shareholder), in excess of the Company's pro-rata share based on shareholding, to a joint venture party, in respect of any underlying Properties as at the last day of the month concerned.

1.1.2 Provided that, in the event that the Fee is less than R3,500,000.00 (per month, the Manager shall be entitled to a Fee of R3,500,000.00 per month. This minimum Fee shall escalate on an annual basis at a rate equivalent to CPI, on each anniversary of Financial Year, commencing on 1 September 2019.

1.2 Growth in Distributable Income Per Share

1.2.1 For purposes of this paragraph 1.2, "**Hurdle Rate**" means the budgeted annual percentage growth in distributions per share by the Company for the purposes of determining whether or not the Manager should be entitled to the Incentive Fee referred to in paragraph 1.2.2 provided for in paragraphs 1.2.1 and 1.2.3 of this Annexure B.

- 1.2.2 Where the Company's annual audited distributable income per share increases by an amount equal to between 1% and 2% above the Hurdle Rate, the Manager shall be entitled to an incentive Fee of R3,000,000.00 per year ("**Incentive Fee**").
- 1.2.3 Where the Company's annual distributable income per share increases by an amount equal to 2% or more above the Hurdle Rate, the Manager shall be entitled to an incentive Fee of R6,000,000.00 per year, comprising the R3,000,000.00 incentive Fee referred to in paragraph 1.2.2 above, plus an additional R3,000,000.00 for achieving an increase in the annual distributable income per share, equal to at least 2% higher than the Hurdle Rate.
- 1.2.4 The incentive Fee of either R3,000,000.00 or R6,000,000.00 referred to in paragraphs 1.2.3 and 1.2.2 respectively shall escalate annually at a rate equivalent to CPI, compounded on each anniversary of each Financial Year end, with an adjustment to account for the period from the Commencement Date to the Financial Year end.

1.3 **Property Valuation Objection Fee**

- 1.3.1 The Company shall be liable for all Property rates payable to the municipalities, as and when they become due and payable.
- 1.3.2 The Company shall pay the Manager a Fee equivalent to one twelfth of the annual saving in respect of any reduction in the Property rates payable to the municipalities achieved as a result of the Manager's efforts.

1.4 **Property Acquisitions and Sales Services**

- 1.4.1 The Company shall pay the Manager a Property Acquisition Fee in respect of the Property Acquisitions and Sales Services rendered by the Manager.
- 1.4.2 The following Fee shall be payable, based on the purchase price of the Property acquired –
 - 1.4.2.1 4% (plus VAT) of the purchase price in respect of the Property where the purchase price is less than or equal to R20,000,000.00;
 - 1.4.2.2 3.5% (plus VAT) of the purchase price in respect of the Property where the purchase price is greater than R20,000,000.00, but less than or equal to R50,000,000.00;
 - 1.4.2.3 3% (plus VAT) of the purchase price in respect of the Property where the purchase price is greater than R50,000,000.00, but less than or equal to R100,000,000.00;
 - 1.4.2.4 2.5% (plus VAT) of the purchase price in respect of the Property where the purchase price is greater than R100,000,000.00, but less than or equal to R200,000,000.00; or
 - 1.4.2.5 2% (plus VAT) of the purchase price in respect of the Property where the purchase price exceeds R200,000,000.00.
- 1.4.3 Where a property is purchased on auction or an external broker is involved, the Manager shall only be entitled to 50% of the Fee payable in terms of paragraph 1.4.2.
- 1.4.4 All Fees in terms of paragraph 1.4.2 shall be payable on the date on which the Property is registered in the name of the Company in the office of the applicable Registrar of Deeds in accordance with the provisions of the Deeds Registries Act, 1937 (Act No. 47 of 1937), as amended.
- 1.4.5 The following Fee shall be payable, based on the sales price of the Property disposed of –
 - 1.4.5.1 5% (plus VAT) of the sales price, where the sales price is less than or equal to R10,000,000.00; or
 - 1.4.5.2 3% (plus VAT) of the sales price, where the sales price is more than R10,000,000.00.
- 1.4.6 Where a Property is sold on auction or an external broker is involved, the Manager shall be entitled to 50% of the Fee payable in terms of paragraph 1.4.5, and the Manager shall be responsible for the costs and fees payable to the external broker or agent.
- 1.4.7 All Fees in terms of paragraph 1.4.5 shall be payable on the date on which the Property is registered in the name of the purchaser of the relevant Property in the office of the applicable Registrar of Deeds in accordance with the provisions of the Deeds Registries Act, No.47 of 1937, as amended.

1.5 **Projects, Renovations, Maintenance and Repairs Services**

The Company shall pay the Manager the following Fee in respect of the Projects, Renovations, Maintenance and Repair Services rendered by the Manager –

- 1.5.1 5% (plus VAT) of the total cost of the Project or Renovation, maintenance and repairs, where the total cost is less than or equal to R10,000,000.00 (professional fees and/or services, financing costs and insurance in respect of the project are specifically excluded from this calculation); and
- 1.5.2 3% (plus VAT) of the total cost of the Project or Renovation, maintenance and repairs, where the total is more than R10,000,000.00.

1.6 **Insurance Services**

- 1.6.1 No Fees shall be payable by the Company to the Manager in respect of the Insurance Services rendered by the Manager
- 1.6.2 The Company shall be liable to pay all broker's commission payable in respect of Insurance Services.

1.7 **Staff Employment Solutions Services**

- 1.7.1 The Company shall pay the Manager a supervisory Fee equivalent to 10% of the Basic Salary of each of the Company's Employees appointed by the Manager to provide the Services, to compensate the Manager for the costs of managing the Company Employees.
- 1.7.2 The Company shall be liable for the Company's Employees' Total Cost to Company Expenses.

2. **TRANSACTION FEE**

2.1 **Letting commission: New Non-Residential Lease Agreements**

- 2.1.1 The Company shall pay the Manager a letting commission Fee ("**Letting Commission**"), which Letting Commission shall be calculated as follows –
 - 2.1.1.1 50%, plus VAT of the following commission shall be payable by the Company to the Manager –
 - 2.1.1.1.1 5% of the Gross Rental payable for the first two years of the agreement of lease; and
 - 2.1.1.1.2 2.5% of the Gross Rental payable for the following three years (namely the third, fourth and fifth year of the lease agreement); and
 - 2.1.1.1.3 1.5% of the Gross Rental payable for the next three years of the lease agreement (namely the sixth, seventh and eighth year); and
 - 2.1.1.1.4 1% of the Gross Rental payable for the remaining term of the lease agreement.
- 2.1.2 The Letting Commission shall be payable by the Company to the Manager notwithstanding the early termination of the lease agreement by the tenant.
- 2.1.3 The Letting Commission shall be payable by the Company to the Manager in respect of all first time lease agreements (including the letting of additional space to existing tenants), irrespective of whether the tenant is an existing tenant within the managed Properties or not, but excluding non-residential Take-Over Tenants (as defined in paragraph 2.2.1 below) sourced by the Manager.
- 2.1.4 It is recorded that the Manager charges a separate administrative fee, payable by the tenant to the Manager, for producing office lease agreements, which fee, as at the Effective Date, is as follows –
 - 2.1.4.1 R500.00 (plus VAT), in respect of leases with a base monthly rental (exclusive of VAT) between R0.00 and R2,500.00;
 - 2.1.4.2 R700.00 (plus VAT), in respect of leases with a base monthly rental (exclusive of VAT) between R2,501.00 – R5,000.00; and
 - 2.1.4.3 R1,500.00 (plus VAT), in respect of leases with a base monthly rental (exclusive of VAT) between R5,001.00 – R999,000.00.
- 2.1.5 It is recorded that the Manager charges a separate administrative fee, payable by the tenant to the Manager, for producing all other lease agreements which are not related to office space, which fee, as at the Effective Date, is as follows –

- 2.1.5.1 R500.00 (plus VAT), in respect of leases with a base monthly rental between R0.00 and R2,500.00;
- 2.1.5.2 R1,000.00 (plus VAT), in respect of leases with a base monthly rental between R2,501.00 – R10,000.00;
- 2.1.5.3 R2,000.00 (plus VAT), in respect of leases with a base monthly rental between R10,001.00 – R25,000.00; and
- 2.1.5.4 R3,000.00 (plus VAT), in respect of leases with a base monthly rental between R25,001.00 – R999,000.00.

2.2 **Letting Commission: Take-Overs of Non-Residential Lease Agreements by Third Parties Not Sourced by the Manager**

- 2.2.1 The following Fee (“**Take-Over Letting Commission**”) shall be payable in respect of written agreement reached in terms of which an existing tenant transfers its rights and obligations in terms of the existing lease agreement to an independent third party (as introduced by the tenant) (“**Take-Over Tenant**”) during an agreed lease period –
 - 2.2.1.1 R5,000.00 (plus VAT) per deal, to be escalated at a rate of 6% per annum on the anniversary date of the new management agreement to be concluded.
- 2.2.2 The Take-Over Letting Commission shall be payable notwithstanding the early termination of the lease agreement by the tenant.

2.3 **Letting Commission: Renewal of Non-Residential Lease Agreements**

- 2.3.1 The Company shall pay the Manager a letting commission Fee in respect of renewals of non-residential lease agreements (“**Renewal Letting Commission**”), which Renewal Letting Commission shall be calculated as follows –
 - 2.3.1.1 25% (plus VAT) of the following commission shall be payable by the Company to the Manager -
 - 2.3.1.1.1 5% of the Gross Rental payable for the first two years of the lease agreement;
 - 2.3.1.1.2 2.5% of the Gross Rental payable for the following three years (namely the third, fourth and fifth year of the lease agreement);
 - 2.3.1.1.3 1.5% of the Gross Rental payable for the next three years of the lease agreement (namely the sixth, seventh and eighth year); and
 - 2.3.1.1.4 1% of the Gross Rental payable for the remaining term of the agreement of lease.
- 2.3.2 The Renewal Letting Commission shall be payable notwithstanding the early termination of the lease agreement by the tenant.
- 2.3.3 It is recorded that the Manager charges a separate administrative fee, payable by the tenant to the Manager, for producing commercial lease agreements in respect of renewals, which fee, as at the Effective Date, is as follows –
 - 2.3.3.1 R700.00 (plus VAT), in respect of leases with a base monthly rental (exclusive of VAT) between R0.00 and R5,000.00;
 - 2.3.3.2 R850.00 (plus VAT), in respect of leases with a base monthly rental (exclusive of VAT) between R5,001.00 – R10,000.00; and
 - 2.3.3.3 R1,500.00 (plus VAT), in respect of leases with a base monthly rental (exclusive of VAT) between R10,001.00 – R999,000.00.

2.4 **Letting commission: New Residential Lease Agreements**

- 2.4.1 The Company shall pay the Manager a residential letting commission Fee in respect of new residential lease agreements (“**Residential Letting Commission**”), which Residential Letting Commission shall be 25% (plus VAT) of first month’s Gross Rental.
- 2.4.2 The Residential Letting Commission shall be payable notwithstanding the early termination of the lease agreement by the tenant.

- 2.4.3 It is recorded that the Manager charges a separate administrative fee, payable by the tenant to the Manager, for producing the residential lease agreement, which fee, as at the Effective Date, is as follows –
- 2.4.3.1 in respect of new deals and downgrades, where the tenant chooses a cheaper and/or smaller unit, R950.00 (including VAT); and
- 2.4.3.2 in respect of unit transfers to a more expensive unit, R450.00 (including VAT).

2.5 **Letting Commission: New Bulk Residential Lease Agreements**

- 2.5.1 The Company shall pay the Manager a letting commission Fee in respect of new bulk Residential lease agreements (“**Bulk Residential Letting Commission**”), which Bulk Residential Letting Commission shall be calculated as follows –
- 2.5.1.1 50% (plus VAT) of the following commission shall be payable by the Company to the Manager –
- 2.5.1.1.1 5% of the Gross Rental payable for the first two years of the lease agreement;
- 2.5.1.1.2 2.5% of the Gross Rental payable for the following three years (namely the third, fourth and fifth year of the lease agreement);
- 2.5.1.1.3 1.5% of the Gross Rental payable for the next three years of the lease agreement (namely the sixth, seventh and eighth year); and
- 2.5.1.1.4 1% of the Gross Rental payable for the remaining term of the lease agreement.
- 2.5.2 The Bulk Residential Letting Commission shall be payable notwithstanding the early termination of the lease agreement by the tenant.

2.6 **Non-Residential Collections (Including Deposits and VAT)**

The Company shall pay the Manager a Fee in respect of non-residential collections in the amount of 5% (plus VAT) of the amount collected by the Manager from the tenant.

2.7 **Residential Collections (Including Deposits and VAT)**

The Company shall pay the Manager a Fee in respect of residential collections in the amount of 7.5% (plus VAT) of the amount collected by the Manager from the tenant.

2.8 **Bulk Residential Collections (Including Deposits and VAT)**

The Company shall pay the Manager a Fee in respect of bulk residential collections in the amount of 5% (plus VAT) of the amount collected by the Manager from the tenant.

2.9 **All Essential Third Party Collections (including Deposits and VAT)**

- 2.9.1 The Company shall pay the Manager a Fee in respect of third party collections (for example parking management collections, electrical pre-paid vendor collections) in the amount of 5% (plus VAT) of the amount collected by the Manager from the tenant.
- 2.9.2 The Company acknowledges that these external service provider Services are not normally associated with property and/or asset management and appointment of an external specialist service provider is essential. The Fees payable in respect of paragraph 2.9.1 are to compensate the Manager for the oversight of these services and as such, the Company shall be liable for both the expenses of the external service provider and the Manager.

2.10 **Escalations and Collection Fee**

- 2.10.1 The Parties record that the Manager shall be entitled to increase fees referred to in clauses 2.1.4, 2.1.5, 2.3.3 and 2.4.3 by not more than CPI, provided that the Company approval shall be obtained for any increase in excess of CPI. Such increase in fees, if any is to be implemented on the first day of each financial year of the Company, commencing on the 1 September 2019.
- 2.10.2 The Parties record that the Manager shall not be entitled to charge a 5% (plus VAT) collection commission as set out in terms of clauses 2.6, 2.7, 2.8 and 2.9 in respect of the fees referred to in clauses 2.1.4, 2.1.5, 2.3.3 and 2.4.3.

FAIRNESS OPINION

The Sub-committee of the Board of Directors
Octodec Investments Limited
City Property House,
101 Du Toit Street,
Pretoria, 0002
(PO Box 15, Pretoria, 0001)

24 May 2018

Dear Sirs

FAIRNESS OPINION REGARDING THE ASSET AND PROPERTY MANAGEMENT AGREEMENT IN RELATION TO THE VARIOUS PROPERTIES OWNED BY OCTODEC INVESTMENTS LIMITED

Introduction

On 12 January 2011, holders of Octodec Investments Limited (“Octodec” or the “Company”) ordinary shares (“Shares”) (“Shareholders”) were requested to approve the adoption of an asset and property management agreement entered into between the Company and City Property Administration Proprietary Limited (“Manager” or “City Property”) in terms of which City Property was appointed as asset manager of the immovable properties owned or leased by Octodec, its subsidiaries or its associates together with any additional properties which may have been acquired during the duration of the asset and property management agreement (“Property Portfolio”). Shareholders approved the asset and property management agreement, which was implemented on 1 July 2011 and expires on 30 June 2018 (“old APMA”).

In light of the fact that the old APMA expires on 30 June 2018, the Sub-committee of the board of directors of Octodec (“Sub-committee”) has been negotiating with City Property with regard to a new Asset and Property Management Agreement in relation to the Property Portfolio (“new APMA” or “Asset Management Agreement”), which agreement Shareholders will be asked to approve at a general meeting scheduled for Thursday, 28 June 2018.

Fairness opinion required in terms of the Listings Requirements

In terms of section 10 of the Listings Requirements of the JSE Limited (“JSE”) (“Listing Requirements”), as Octodec and City Property are related parties in that Jeffrey Wapnick and Sharon Wapnick are directors of Octodec and City Property, and the Wapnick family are shareholders of both companies, the Sub-committee is required to obtain a fairness opinion confirming whether the entering into of the new APMA is fair insofar as Shareholders of Octodec are concerned, excluding the related parties, which must be included in the circular to Shareholders relating to approval of the new APMA (“Circular”).

BDO Corporate Finance Proprietary Limited (“BDO Corporate Finance”) has been appointed as the independent expert by the Sub-committee to provide an independent fairness opinion with regard to the new APMA (“Fairness Opinion”).

Responsibility

Compliance with the Listings Requirements is the responsibility of the Sub-committee. Our responsibility is to report on the fairness of the new APMA.

Explanation as to how the term “fair” applies in the context of the new APMA

Schedule 5.7 of the Listings Requirements states that the “fairness” of a transaction is based on quantitative issues. A transaction will typically be considered fair to a company’s shareholders if the benefits received by shareholders, as a result of a corporate action, are equal to or greater than the value ceded by a company. In the context of the new APMA, there is neither a consideration received nor value ceded.

As a value cannot be attributed to the new APMA, we have given due consideration to the following factors in assessing the fairness of the transaction:

- The rationale for entering into the new APMA;
- The process which was undertaken in arriving at the terms and conditions of the new APMA as detailed in Section 1 of the Circular;

- Comparison of the fees payable to City Property under the new APMA to the fees payable to City Property under the old APMA; and
- Comparison of the fees payable to City Property under the new APMA to other real estate investment trusts (“REITs”) listed on the JSE where this information is publicly available, as well as available research in the market.

Details of information and sources of information

In arriving at our opinion we have considered the following principal sources of information:

- The rationale for the new APMA and consideration of alternatives thereto, including, *inter alia*, the insourcing of the asset management function and certain associated services, as well as the internalisation of the Manager, neither of which were ultimately concluded to be feasible alternatives;
- The signed execution version of the new APMA;
- Benchmarking analysis performed by BDO Corporate Finance in respect of the five headline cost categories (i.e. Property Management and Accounting, Asset Management, Lettings and Renewals, Acquisitions and Disposals and Project Management) against peers in the REIT market and other available research;
- Various studies and reports commissioned by the Sub-committee as part of the process undertaken in arriving at the terms and conditions of the new APMA, being:
 - Asset Management and Property Management Service Pricing Review (November 2015), performed by PricewaterhouseCoopers Advisory Services (Pty) Limited (“PwC”);
 - Report on Advisory Services with regard to the insourcing of the asset management function and certain associated services (November 2016), performed by PwC;
 - Assessment of the City Property cost base (April 2017), performed by PwC;
 - Financial Impact Assessment of implementing the new draft Service Level Agreement sheet proposed by City Property (June 2017), performed by PwC;
- Data available from published reports from a range of sources, including South African Property Owners Association (“SAPOA”), European Association for Investors in Non-Listed Real Estate Vehicles (“INREV”), Broll and Knight Frank, together with our own research; and
- Precedent transactions regarding the restructure of asset and property management agreements, albeit in other jurisdictions.

The information above was secured from:

- Certain directors and management of Octodec and their advisors; and
- Third party sources, including information related to publicly available economic, market and other data which we considered applicable to, or potentially influencing Octodec.

Procedures and consideration

In arriving at our opinion we have given due consideration to the following factors:

- The rationale for the new APMA;
- Process undertaken in arriving at the terms and conditions of the new APMA;
- Comparison of the fees payable under the new APMA to the fees payable under the old APMA; and
- Comparison of the fees payable under the new APMA to fee structures for selected REITs listed on the JSE, as well as other research.

Limiting conditions

This opinion is provided in connection with and for the purposes of the entering into of the new APMA. The opinion does not purport to cater for each individual Shareholder’s perspective, but rather that of the general body of Shareholders.

Individual Shareholders’ decisions regarding the new APMA may be influenced by such Shareholders’ particular circumstances and accordingly, individual Shareholders should consult an independent advisor if in any doubt as to the merits or otherwise of the entering into of the new APMA.

We have been neither a party to the negotiations entered into in relation to the new APMA nor have we been involved in the deliberations leading up to the decision on the part of the Sub-committee to enter into the new APMA.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the new APMA. All such evaluations, advice, judgements or comments remain the sole responsibility of the Sub-committee

and their advisors. We have however, drawn upon such evaluations, judgements and comments as we deem necessary and appropriate in arriving at our opinion.

The scope of our appointment does not require us to express, and nor do we express, a view on the future growth prospects, earnings potential or value of a Share. We do not express any view as to the price at which Shares may trade nor on the future value, financial performance or condition of Octodec.

It is also not within our terms of reference to compare the merits of the new APMA to any alternative arrangements that were or may have been available to Octodec. Such comparison and consideration remain the responsibility of the Board and their advisors.

Independence

We confirm that we have no direct or indirect interest in Shares or the new APMA. We also confirm that we have the necessary qualifications and competence to provide the fairness opinion on the new APMA.

Furthermore, we confirm that our professional fees, payable in cash, are not contingent upon the success of the new APMA.

Comparison of the fees payable to City Property under the new APMA to the fees payable to City Property under the old APMA

The information below sets out the cost to Octodec of City Property performing both asset management and property management on behalf of Octodec under the old APMA, for the year ended 31 August 2017, based on information extracted from the audited financial information of Octodec as well as the illustrative impact of the new APMA if this agreement was in place for the same period. The comparison is performed in order to compare the fees payable to City Property under the new APMA to the fees payable to City Property under the old APMA and is not intended to be an indication of the fees expected to be incurred as these will be influenced by various factors, including, *inter alia*, the market capitalisation of Octodec.

Service (ZAR)	Clause in new APMA	Year ended 31 August 2017 – old APMA	Year ended 31 August 2017 – new APMA	Note	(Savings)/ additional cost
Property management		135,326,954	137,641,642		2,314,687
Property management		135,326,954	134,552,242		(774,713)
Non-Residential Collections (including deposits and VAT)	B2.6	79,219,767	79,219,767		–
Residential Collections (including deposits and VAT)	B2.7	39,352,467	39,352,467		–
Bulk Residential Collections (including deposits and VAT)	B2.8	1,391,721	927,814		(463,907)
All Essential Third Party Collections (including deposits and VAT)	B2.9	–	–	2	–
Offices < 500 m ² collections (including deposits and VAT)	N/A	3,772,000	–		(3,772,000)
Letting Commission: Renewal of Non-Residential Lease Agreements	B2.3	2,030,577	5,188,209		3,157,631
Letting Commission: New-Non Residential Lease Commission	B2.1	5,717,852	5,717,852		–
Letting Commission: New Residential Lease Agreements	B2.4	3,842,570	4,146,133		303,563
Staff Employment Solutions Service	B1.7	–	3,089,400		3,089,400
Asset management		57,549,953	51,872,705		(5,677,248)
Enterprise Value Fee	B1.1	51,471,000	43,235,640	1	(8,235,360)
Projects, Renovations, Maintenance and Repairs Services	B1.5	3,878,328	7,005,390		3,127,062
Insurance Services	B1.6	1,111,953	–		(1,111,953)
Property Acquisitions and Sales Services	B1.4	1,088,672	1,631,675		543,003

Service (ZAR)	Clause in new APMA	Year ended 31 August 2017 – old APMA	Year ended 31 August 2017 – new APMA	Note	(Savings)/ additional cost
Total asset management and property management fees		192,876,907	189,514,347		(3,362,561)
Other (Risk Management Services, Company secretariat Services)	A1.6 & 2.1.18	–	3,306,897	3	3,306,897
Total cost to Octodec		192,876,907	192,821,244		(55,664)
Minimum additional cost including Incentive Fee of R3 million payable				1	2,944,336
Maximum additional cost including Incentive Fee of R6 million payable				1	5,944,336

Note 1: The Incentive Fee in terms of the new APMA is in addition to the Enterprise Value Fee. No Incentive Fee was in place in terms of the old APMA. The Incentive Fee is payable on achieving growth in distributable income per share above a hurdle rate, being the budgeted percentage growth in distributions (“Hurdle Rate”). Under the illustrative analysis, the Hurdle Rate was not achieved in the year ended 31 August 2017 and the Incentive Fee would not have been payable in terms of the new APMA. In the event that the Hurdle Rate was achieved, the Incentive Fee would be:

- R3 million, where annual audited distributable income per share increases by an amount equal to between 1% and 2% above the Hurdle Rate; or
- R6 million, where annual audited distributable income per share increases by an amount equal to at least 2% higher than the Hurdle Rate.

Note 2: the costs of the service are included in non-residential collections.

Note 3: the costs in respect of the company secretariat and Chief Risk Officer were previously borne by CPA. Under the new APMA, Octodec will bear the costs of the company secretariat which will become an in-house function and a *pro-rata* share of the costs of the Chief Risk Officer directly.

The above illustrative analysis indicates that, based on a like-for-like comparison of financial information for the year ended 31 August 2017, although the Enterprise Value Fee of 0.42% of Enterprise Value under the new APMA is lower than the Enterprise Value Fee of 0.50% of Enterprise Value under the old APMA, the inclusion of Risk Management Services, and company secretariat services will result in the overall combined asset and property management fee approximating the fees payable in terms of the old APMA. If the Hurdle Rate had been achieved in the year ended 31 August 2017, the total fees payable under the new APMA would be higher by either R2 944 336 or R5 944 336.

Analysis of material increases in the fees payable to City Property together with additional costs under the new APMA to the fees payable to City Property under the old APMA

Where material increases were noted in the fees payable to City Property together with additional costs under the new APMA to the fees payable to City Property under the old APMA, we sought to understand the specific commercial rationale for the variances. The following was noted:

- Clause A1.6 and 2.1.1.8 (Risk Management Services and company secretariat services) – Management of Octodec indicated that the risk and compliance environment has changed significantly since the old APMA was concluded. Risk and compliance matters were not a prominent consideration at the time and hence the old APMA did not specifically address these costs. With regard to risk management services, the intention is to recover costs incurred by City Property rather than to earn income. This amendment addresses a deficiency in the old APMA;
- Clause B1.5 (Projects, Renovations, Maintenance and Repairs Services) – Repairs below R30,000 were previously not charged for. A repair below R30,000 is now charged for at 5%. CPA currently performs over 4,000 repairs per month of which c.80% are below R30,000. This amendment addresses a deficiency in the old APMA;
- Clause B1.7 – (Staff Employment Solution Services) – Labour legislation has evolved since 2011 and regulatory and other requirements are more onerous than in the past. Services provided by City Property include training for which full-time staff are employed by City Property. The intention of this fee is to recover costs rather than to earn income. This amendment addresses a deficiency in the old APMA; and
- Clause B2.3 (Letting Commission: Renewal of Non-Residential Lease Agreements) – In terms of the old APMA a fixed fee of a maximum of R2,000 was charged per renewal of a non-residential lease agreement. The fee in terms of the new APMA seeks to incentivise City Property at a variable rate in line with market parameters.

Comparison of the fees payable to City Property under the new APMA with the fees payable to the respective managers under the relevant agreements of selected REITs listed on the JSE

The integrated reports in the public domain were reviewed and select information for Fairvest Property Holdings Limited, Capital Property Fund Limited (now internally managed), Sycam Property Fund (delisted), Delta Property Fund Limited, Dipula Income Fund Limited and Reboasis Property Fund Limited is included in the analysis below. We note that the analysis does not include the entire universe of REITs but is based on available information in the public domain. Limited information is available in the public domain and the analysis is constrained by the availability of public information.

Additionally, information relating to Transcend Residential Property Fund Limited, Indluplace Properties Limited and SA Corporate Real Estate Limited was considered, where available, as these REITs have significant residential property assets.

Comparison of the abridged salient terms of the asset management and transaction fees payable to City Property under the new APMA to the respective managers under the relevant agreements of selected REITs listed on the JSE and/or other research performed by BDO Corporate Finance are set out in the table below:

Description of fee	Clause in new APMA	Fee per new APMA	Selected REITs/other research	Conclusion
Asset Management Fee				
Enterprise Value Fee	B 1.1	0.42% of enterprise value (as defined) subject to a minimum of R3.5 million per month	0.30% – 0.50% of enterprise value	The Enterprise Value Fee is within the range of market parameters.
Incentive Fee	B 1.2	R3 million or R6 million subject to increase in annual distributable income per share of 1% – 2% (R3 million) or higher than 2% (R6 million)	Typically included in fee range above	The Enterprise Value Fee payable under the old APMA amounted to 0.50% of Enterprise Value whereas the Enterprise Value Fee payable under the new APMA amounts to 0.42% of Enterprise Value. Assuming that the maximum Incentive Fee is payable and included in the illustrative analysis above results in a total fee of 0.48% of Enterprise Value in respect of the new APMA, which is still within the range of market parameters. We further note that the Incentive Fee is linked to the budget which is approved by the Board as described in paragraph 7.3 of Annexure 1 to this Circular .
Property Valuation Objection Fee	B 1.3	One twelfth of the annual reduction in property rates due to City Property's efforts	n/a	Whilst no market parameters were identified, this fee is based on cost savings, i.e. reduction in property rates and is thus intrinsically advantageous to Octodec.
Property Acquisitions and Sales Services	B 1.4	Payable on value of property acquired Purchase Price \geq R20m – 4% R20m \leq Purchase Price \geq R50m – 3.5% R50m \leq Purchase Price \geq R100m – 3.0% R100m \leq Purchase Price \geq R200m – 2.5% R200m \leq Purchase Price – 2% Only 50% fee if purchased on auction	Average of 2% of value of property acquired (consistent with purchase prices of greater than R200 million in respect of the new APMA)	Whilst the fee payable in terms of the new APMA is at the upper end of the range of market parameters, the services provided by City Property are greater in scope than those typically provided by other service providers and include, <i>inter alia</i> , due diligence services, feasibility studies and other administrative functions relating to the transfer of the property, which justifies a premium.

Description of fee	Clause in new APMA	Fee per new APMA	Selected REITs/other research	Conclusion
		Payable on sales price of property disposed of Sales Price ≤ R10m – 5% Sales Price ≥ R10m – 3%	Average of 2.5% of sales price	Whilst the fee payable in terms of the new APMA is at the upper end of the range of market parameters, the services provided by City Property are greater in scope than those typically provided by other service providers and include, <i>inter alia</i> , preparation of sales packs, which justifies a premium.
Projects, Renovations, Maintenance and Repairs Services	B 1.5	Payable on cost Cost ≤ R10m – 5% Cost ≥ R10m – 3%	Payable on cost Cost ≤ R10m – 6.35% Cost ≥ R10m – 5% – 6%	The fee payable under the new APMA is below observed market parameters.
Insurance Services	B 1.6	No fee payable	n/a	No fee is payable in terms of the new APMA for Insurance Services hence no comparison is relevant.
Staff Employment Solutions Service	B 1.7	10% of basic salary	n/a	These services include, <i>inter alia</i> , interviewing, supervising and managing employees (including cleaning staff of which there are in excess of 200 employees). The service provided is comparable to a fully functional human resource department which most other REITs do not have. The calculation of the fee is not deemed excessive based on the costs of these services in the market.
Description of fee	Clause in new APMA	Fee per new APMA	Selected REITs/other research	Conclusion
Transaction Fee				
Letting Commission: New-Non Residential Lease Commission	B 2.1	50% of Gross Rental Payable x Year 1 – 5% Year 2 – 5% Year 3 to 5 – 2.5% Year 6 to 8 – 1.5% 1% over remaining term Notwithstanding termination of the lease agreement	75% to 100% of Gross Rental Payable x Year 1 – 5% Year 2 – 5% Year 3 to 5 – 2.5% Year 6 to 8 – 1.5% 1% over remaining term Notwithstanding the termination of the lease agreement.	The fee payable under the new APMA is in line with observed market parameters.

Description of fee	Clause in new APMA	Fee per new APMA	Selected REITs/other research	Conclusion
Letting Commission: Take-overs of Non-Residential Lease Agreements by Third Parties Not Sourced by the Manager	B 2.2	R5,000 per deal where an existing tenant transfers its rights and obligations to a third party	Limited data available	This aspect of the new APMA is immaterial as these instances are very rare. We understand that this was included to ensure that all eventualities are addressed.
Letting Commission: Renewal of Non-Residential Lease Agreements	B 2.3	25% of Gross Rental Payable x Year 1 – 5% Year 2 – 5% Year 3 to 5 – 2.5% Year 6 to 8 – 1.5% 1% over remaining term Notwithstanding termination of the lease agreement	50% of Gross Rental Payable x Year 1 – 2.5% Year 2 – 2.5% Year 3 to 5 – 1.25% Year 6 to 8 – 0.75% 0.5% over remaining term Notwithstanding the termination of the lease agreement	The fee payable under the new APMA is below observed market parameters.
Letting Commission: New Residential Lease Agreements	B 2.4	25% of first month's Gross Rental Notwithstanding termination of the lease agreement	10.4% of first years' rental Notwithstanding the termination of the lease agreement	The fee payable under the new APMA is below observed market parameters.
Letting Commission: New Bulk Residential Lease Agreements	B 2.5	50% of Gross Rental Payable x Year 1 – 5% Year 2 – 5% Year 3 to 5 – 2.5% Year 6 to 8 – 1.5% 1% over remaining term Notwithstanding termination of the lease agreement	50% x 75% to 100% of Gross Rental Payable x Year 1 – 5% Year 2 – 5% Year 3 to 5 – 2.5% Year 6 to 8 – 1.5% 1% over remaining term Notwithstanding the termination of the lease agreement	The fee payable under the new APMA is in line with observed market parameters.

Description of fee	Clause in new APMA	Fee per new APMA	Selected REITs/other research	Conclusion
Non-Residential Collections	B 2.6	5% of amount collected	Office collection: 3.6% – 4.6% Non-residential: 4% Multi Tenanted Industrial: 4.6%	The fee in the market averages 4%. The fee payable under the new APMA is above the market average. However, it should be noted that the nature of Octodec's non-residential tenants differs from the norm for other REITs as tenant transaction amounts are typically very small compared to peers and it is more difficult to manage collections. The fee is higher than observed market parameters in order to allow for the additional cost of performing this service.
Residential Collections	B 2.7	7.5% of amount collected	Up to 10%	The fee payable under the new APMA is below observed market parameters.
Bulk Residential Collections	B 2.8	5% of amount collected	Up to 10%	The fee payable under the new APMA is below observed market parameters.
All Essential Third Party Collections	B 2.9	5% of third party collections	Up to 10%	The fee payable under the new APMA is below observed market parameters.

Opinion

BDO Corporate Finance has considered the terms and conditions of the new APMA and, based on and subject to the conditions set out herein, is of the opinion that the terms and conditions of the new APMA are fair to shareholders, excluding the related parties.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) prevailing on and our analysis of the information made available to us up to Thursday, 24 May 2018 (the "Last Practicable Date"). We assume no responsibility to update, revise or reaffirm our opinion, factors or assumptions in light of any subsequent development after the Last Practicable Date that may affect our opinion or factors or assumptions contained herein.

We have assumed that all conditions precedent, including any material regulatory and other approvals or consents required in connection with the new APMA have been fulfilled or obtained.

Accordingly, it should be understood that subsequent developments may affect this opinion, which we are under no obligation to update, revise or re-affirm.

Yours faithfully

N Lazanakis

Director

BDO Corporate Finance Proprietary Limited

22 Wellington Road Parktown, 2193



Octodec Investments Limited

(Incorporated in the Republic of South Africa)

(Registration number 1956/002868/06)

JSE Code: OCT ISIN: ZAE000192258

(Approved as a REIT by the JSE)

("Octodec" or the "Company")

NOTICE OF GENERAL MEETING OF OCTODEC SHAREHOLDERS

The definitions and interpretations on page 4 of the Circular of which this notice forms part, apply *mutatis mutandis* to this Notice of General Meeting.

Notice is hereby given that a General Meeting of Octodec Shareholders will be held at the offices of Octodec, CPA House, 101 Du Toit Street, Tshwane, 0002 on Thursday, 28 June 2018 at 10:00 for the purposes of considering and, if deemed fit, adopting with or without modification, the ordinary resolutions set out below.

IMPORTANT DATES TO NOTE:

2018

Record date for receipt of notice purposes	Friday, 25 May
Circular posted and announcement released on SENS on	Wednesday, 30 May
Last day to trade in order to be eligible to vote at the General Meeting	Tuesday, 19 June
Record date in order to be eligible to vote at the General Meeting	Friday, 22 June
Last day to lodge forms of proxy in respect of the General Meeting (for administrative purposes) (by 10:00), failing which forms of proxy may be handed to the chairman at any time	Tuesday, 26 June
General meeting at 10:00 on	Thursday, 28 June
Results of the General Meeting published on SENS on	Thursday, 28 June

In terms of the Listings Requirements, the ordinary resolutions set out below require a majority of the votes cast by securities holders (excluding any parties or their associates who are a party to, or have an interest in, the Management Agreement).

In terms of section 62(3)(e) of the Companies Act:

- a shareholder who is entitled to attend and vote at the General Meeting is entitled to appoint a proxy or two or more proxies to attend, participate in and vote at the meeting in the place of the shareholder;
- a proxy need not be a shareholder of the company.

Kindly note that meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in a meeting. In this regard, all Octodec Shareholders recorded in the register of the Company on the voting record date will be required to provide identification satisfactory to the chairman of the General Meeting. Forms of identification include valid identity documents, driver's licences and passports.

ORDINARY RESOLUTION 1: APPROVAL OF THE MANAGEMENT AGREEMENT

"Resolved that the Management Agreement proposed to be entered into between Octodec Investments Limited and City Property Administration Proprietary Limited, in terms of which City Property Administration Proprietary Limited is appointed the Manager of the Octodec Property Portfolio, a copy of which agreement has been tabled at this General Meeting and initialled by the chairman for identification purposes, is hereby approved."

ORDINARY RESOLUTION 2: ENABLING RESOLUTION

"Resolved that Mr Derek Pedoe Cohen, in his capacity as Lead Independent Director of Octodec and Chairman of the Independent Sub-committee, appointed by the Board to deal with all matters relating to the Management Agreement, and, failing him for any reason, any other one of the Independent Non-executive Directors be and is hereby authorised to do all such things and sign all such documents as are necessary to give effect to ordinary resolution number 1, including signing the

Management Agreement and any addenda thereto, hereby ratifying and confirming and undertaking to ratify and confirm all things done or to be done by such person for or on behalf of the Shareholders pursuant hereto.”

Pursuant to the requirements of the JSE, in order for ordinary resolutions 1 and 2 to be adopted, votes in favour of the resolutions must represent at least 50% of the voting rights exercised at the meeting in respect of ordinary resolutions 1 and 2, excluding any votes which may be cast by any parties or their associates, as defined in the Listings Requirements, who are party to or have an interest in the Management Agreement.

QUORUM

A quorum for the purposes of considering the ordinary resolutions above shall consist of three Shareholders of the Company personally present or represented by proxy (and if the shareholder is a body corporate, it must be represented) and entitled to vote at the General Meeting. In addition, a quorum shall comprise 25% of all the voting rights that are entitled to be exercised by Octodec Shareholders in respect of each matter to be decided at the General Meeting. The Shares of the related party, being the Wapnick family, will be taken into account for the determination of a quorum, but their votes will not be taken into account in determining the results of the voting at the General Meeting.

The date on which Octodec Shareholders must be recorded as such in the register maintained by the Transfer Secretaries, Computershare Investor Services Proprietary Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (PO Box 61051, Marshalltown 2107), for the purposes of being entitled to attend, participate in and vote at the General Meeting is Friday, 22 June 2018.

GENERAL INSTRUCTIONS

Shareholders are encouraged to attend, speak and vote at the General Meeting.

ELECTRONIC PARTICIPATION

Octodec Shareholders or their proxies may participate in (but not vote at) the General Meeting by way of a teleconference call. If they wish to do so, they must contact the transfer secretaries on +27 11 370 7873 or email proxy@computershare.co.za (Attention: Meetings Department) by no later than 11:30 on Friday, 22 June 2018 and identify themselves to the satisfaction of Computershare to obtain the dial in code and pin number. Shareholders participating in this manner will still have to appoint a proxy to vote on their behalf at the General Meeting of Octodec Shareholders. Access by means of electronic communication will be at the expense of the Octodec Shareholder.

PROXIES AND AUTHORITY FOR REPRESENTATIVES TO ACT

An Octodec Shareholder entitled to attend and vote at the General Meeting may appoint one or more persons as its proxy to attend, speak and vote in its stead. A proxy need not be a Shareholder of Octodec. Octodec Shareholders are referred to the attached form of proxy in this regard. If you are a certificated Shareholder or dematerialised Shareholder with “own-name” registration, and are unable to attend the General Meeting but who wish to be represented thereat, you must complete and return the attached form of proxy in accordance with the instructions contained therein. For administrative purposes, the completed forms of proxy should be deposited or posted to the office of the Transfer Secretaries, Computershare Investor Services, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2916 or via e-mail at proxy@computershare.co.za or via post to PO Box 61051, Marshalltown, 2017, by 10:00 on Tuesday, 26 June 2018. Alternatively, proxy forms may be handed to the chairman of the General Meeting or the Transfer Secretaries at the meeting at any time prior to the commencement of the meeting or prior to voting on any resolution to be proposed at the meeting.

Additional proxy forms are obtainable from Octodec’s company secretary, Octodec’s website or the Transfer Secretaries.

If you have dematerialised your Octodec Shares with a CSDP or broker, other than with “own-name” registration, you must arrange with them to provide you with the necessary letter of representation to attend the General Meeting or you must instruct them as to how you want to vote in this regard. These instructions must be provided in terms of the agreement entered into between you and the CSDP or broker in the manner and the cut-off time stipulated therein.

Any Shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the General Meeting should the Shareholder decide to do so.

A company that is a Shareholder, wishing to attend and participate at the General Meeting should ensure that a resolution authorising a representative to so attend and participate at the General Meeting on its behalf is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company’s Transfer Secretaries prior to the General Meeting.

Octodec does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised Shareholder to notify such Shareholder of the General Meeting or any business to be conducted thereat.

By order of the Board.

Derek Pedoe Cohen
Lead Independent Director
Octodec Investments Limited

30 May 2018



Octodec Investments Limited

(Incorporated in the Republic of South Africa)

(Registration number 1956/002868/06)

JSE Code: OCT ISIN: ZAE000192258

(Approved as a REIT by the JSE)

("Octodec" or the "Company")

FORM OF PROXY FOR OCTODEC SHAREHOLDERS

THIS FORM OF PROXY IS ONLY FOR USE BY:

- registered Shareholders who have not yet dematerialised their Octodec Shares;
- registered Shareholders who have already dematerialised their Octodec Shares and which Shares are registered in their own-names in the company's sub-register.

For completion by the aforesaid registered Shareholders of Octodec who are unable to attend the General Meeting of the company to be held at the offices of the company at CPA House, 101 Du Toit Street, Tshwane, 0002 at 10:00 on Thursday, 28 June 2018.

If you are a dematerialised Shareholder, other than with "own-name" registration, do not use this form. Dematerialised Shareholders, other than with "own-name" registration, should provide instructions to their appointed CSDP or broker in the form as stipulated in the agreement entered into between the Shareholder and the CSDP or broker.

I/We (BLOCK LETTERS PLEASE)

of (ADDRESS)

being the holder/s of

Octodec Shares hereby appoint:

1. _____ or failing him/her,
2. _____ of failing him/her,
3. the chairman of the General Meeting,

as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the General Meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolution to be proposed at the General Meeting, and to vote on the resolution in respect of the Shares registered in my/our name(s):

Please indicate with an "X" in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/ she thinks fit.

	In favour of*	Against*	Abstain*
Ordinary Resolution 1: Approval of the Management Agreement			
Ordinary Resolution 2: Enabling resolution			

* One vote per Share held by Octodec Shareholders recorded in the register on the voting record date.

Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit.

Signed this _____ day of _____ 2018

Signature

Assisted by me (where applicable)

(State capacity and full name)

A Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each Shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that Shareholder at the General Meeting. This form of proxy will lapse and cease to be of any force and effect immediately after the General Meeting of the Company and at any adjournments thereof, unless it is revoked earlier.

If you are a certificated Shareholder or dematerialised Shareholder with "own-name" registration, and are unable to attend the General Meeting but who wish to be represented thereat, you must complete and return the attached form of proxy in accordance with the instructions contained therein. For administrative purposes, the completed forms of proxy should be deposited or posted to the office of the Transfer Secretaries, Computershare Investor Services, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2916 or via e-mail at proxy@computershare.co.za or via post to PO Box 61051, Marshalltown, 2017, by 10:00 on Tuesday, 26 June 2018. Alternatively, proxy

forms may be handed to the chairman of the General Meeting or the Transfer Secretaries at the meeting at any time prior to the commencement of the meeting or prior to voting on any resolution to be proposed at the meeting.

Additional proxy forms are obtainable from Octodec's company secretary, Octodec's website or the Transfer Secretaries.

If you have dematerialised your Octodec Shares with a CSDP or broker, other than with "own-name" registration, you must arrange with them to provide you with the necessary letter of representation to attend the General Meeting or you must instruct them as to how you want to vote in this regard. These instructions must be provided in terms of the agreement entered into between you and the CSDP or broker in the manner and the cut-off time stipulated therein.

Please read the notes below hereof

NOTES TO THE FORM OF PROXY

Summary of shareholders' rights in respect of proxy appointments as set out in section 58 of the Companies Act

1. An Octodec Shareholder entitled to attend and vote at the abovementioned meetings is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in his/her stead or abstain from voting. The proxy need not be a member of Octodec. An Octodec Shareholder may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different Octodec Shares held by the Octodec Shareholder.
2. A proxy may delegate the proxy's authority to act on behalf of the Octodec Shareholder to another person.
3. The completion and lodging of this form of proxy will not preclude the relevant Octodec Shareholder from attending the general meeting of Octodec Shareholders and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Octodec Shareholder wish to do so. Accordingly, the appointment of a proxy in terms hereof is suspended at any time and to the extent that the Octodec Shareholder chooses to act directly and in person in the exercise of any rights as an Octodec Shareholder.
4. A proxy is entitled to exercise, or abstain from exercising, any voting right of the Octodec Shareholder without direction, except to the extent that the voting instructions are set out in the relevant section of the proxy forms.
5. The appointment of a proxy shall remain valid until the end of the meeting contemplated in this appointment (including in respect of any adjournment or postponement of the general meeting of Octodec Shareholders), unless revoked in the manner contemplated in note 6 below.
6. An Octodec Shareholder may revoke the proxy appointment by:
 - (i) cancelling it in writing, or making a later inconsistent appointment of a proxy, and
 - (ii) delivering a copy of the revocation instrument to the proxy and to Octodec. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the Octodec Shareholder as of the later of
 - (iii) the date stated in the revocation instrument, if any, or
 - (iv) the date on which the revocation instrument was delivered to Octodec.
7. Please insert the number of Octodec Shares, as the case may be, in the relevant spaces according to how you wish your votes to be cast. If you wish to cast your votes in respect of a lesser number of Octodec Shares, as the case may be, exercisable by you, insert the number of Octodec Shares, as the case may be, held in respect of which you wish to vote. Failure to comply with the above will be deemed to authorise and compel the chairman, if the chairman is an authorised proxy, to vote in favour of the resolutions, or to authorise any other proxy to vote for or against the resolutions or abstain from voting as he/she deems fit, in respect of all the Octodec Shareholder's votes exercisable thereat. An Octodec Shareholder or its/ his/her proxy is not obliged to use all the votes exercisable by the Octodec Shareholder or its/his/her proxy, but the total of the votes cast and in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the Octodec Shareholder or its/his/her proxy.

For administrative purposes, forms of proxy should be completed and returned to the transfer secretaries.

- Hand deliveries of forms of proxy to: Computershare Investor Services Proprietary Limited Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196.
 - Postal deliveries of forms to: Computershare Investor Services Proprietary Limited, PO Box 61051, Marshalltown, 2107 or by email to proxy@computershare.co.za.
 - Alternatively, forms of proxy may be handed to the chairman of the general meeting or to the transfer secretaries present at the general meeting or at any time prior to the commencement of the AGM or prior to voting on any resolution proposed at the general meeting.
8. Any alteration or correction made to this form of proxy must be initialled by the signatory(ies).
 9. In the case of a joint holding, the first-named only is required to sign.
 10. The authority of a person signing a proxy in a representative capacity must be attached to the form of proxy unless that authority has already been recorded by Octodec.
 11. A minor or any other person under legal incapacity must be assisted by his/her parent or guardian as applicable, unless the relevant documents establishing capacity are produced or have been registered with the transfer secretaries.
 12. If the instrument appointing a proxy or proxies has been delivered to Octodec, as long as that appointment remains in effect, any notice that is required by the Act or Octodec's Memorandum of Incorporation to be delivered by Octodec to the Octodec Shareholder must be delivered by Octodec to
 - (i) the Octodec Shareholder or
 - (ii) the proxy or proxies, if the Octodec Shareholder has directed Octodec in writing to do so and paid any reasonable fee charged by Octodec for doing so.