
Octodec
INVESTMENTS LIMITED
HY2025
Interim results for the six months ended 28 February 2025
healthconnect

Agenda

1. **Overview**
   Jeffrey Wapnick, CEO
2. **Our portfolio performance: residential**
   Charlene Conradie, COO
3. **Our portfolio performance: commercial**
   Charlene Conradie, COO
4. **Our commitment to operating responsibly**
   Riaan Erasmus, Deputy CEO and FD
5. **Financial results and capital management**
   Riaan Erasmus, Deputy CEO and FD
6. **Outlook**
   Jeffrey Wapnick, CEO
7. **Questions and answers**
   Presenting team



ELEPHANT HOUSE

Overview


THE FIELDS
THE FIELDS
TO LET
APARTMENTS & SHOPS
PRIMEDIA OUTDOOR
TO ADVERTISE HERE
Call
086 010 2989
VOTE EFF
FIELDS
FIELDS
P ARKING
P ARKING
ROMAN'S PIZZA
ILLINOIS SPUR
Spur
TAKE AWAY
CHICKEN BUR
KFC
STUDENT SPECIAL
THE FIELDS

Management team

Jeffrey Wapnick

Chief Executive Officer



Riaan Erasmus

Deputy Chief Executive Officer
***and* Financial Director (CFO)**



Charlene Conradie

Chief Operating Officer



Octodec at a glance

WHAT

Octodec's diverse property portfolio consists of market-leading residential, retail, office, and industrial assets located in strategic nodes.

WHY

With many decades of asset and property management experience, Octodec's talented teams are known, respected, and integrated within the communities we operate in.



HOW

We aim to serve a thriving tenant-base of residents, professionals, government employees, students, and entrepreneurs, all of whom live, eat, work, or play within the Octodec ecosystem.



Salient Features and Performance Highlights

Increase in revenue of
5.2%
to R1 056.2 million
(HY2024: R1 004.4 million)

Distributable income after tax (REIT funds from operations)
R221.7 million
(HY2024: R219.5 million)

Distributable income per share
83.30 cents
(HY2024: 82.47 cents)

Dividend per share
62.00 cents
Increase of **3.3%**

Cash generated from operating activities (before dividend payment) of
R269.4 million
(HY2024: R214.7 million)

Portfolio value including 100% of equity accounted joint venture
R11.3 billion
(HY2024: R11.2 billion)

Loan-to-value (LTV) maintained within target range (REIT BPR)
38.5%
(FY2024: 39.2%)

Net asset value (NAV) per share of
R24.26
(HY2024: R24.11)

All-in weighted average cost of funding of
9.4%
(HY2024: 9.2%)

Core vacancies at
13.7%
(HY2024: 15.3%)

Collections averaged
97.7%
of billings
(HY2024: 97.4%)

Acquisition of
R8.0 million
complementary and strategically located office space

Launched
Yethu City on Sisulu

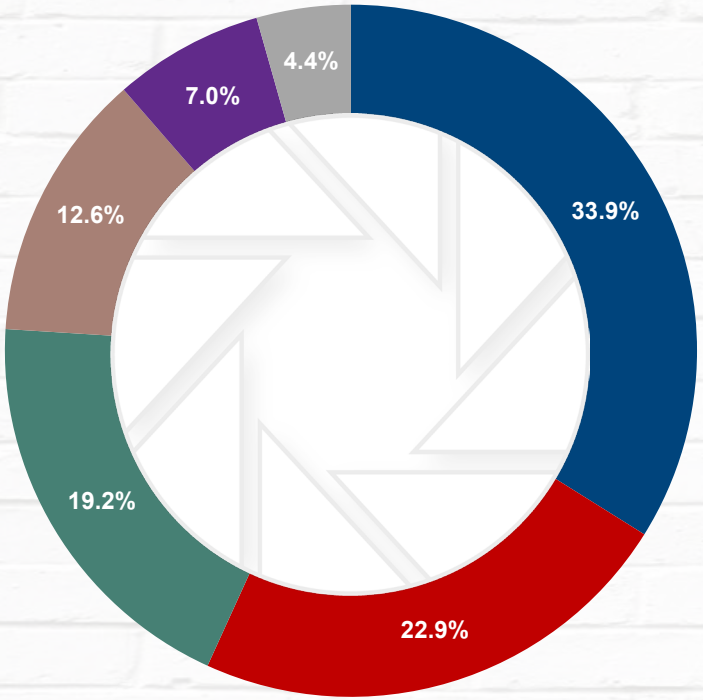
Disposals of **10** non-core properties for
R51.4 million at
exit yield of **8.4%**

Completed solar installations at **The Park** and **Yethu City** with two more nearing completion

Rental income analysis

A well-diversified portfolio in Gauteng

Rental income by sector 28 February 2025



Residential (HY2024: 33.9%)

Retail – street shops (HY2024: 23.5%)

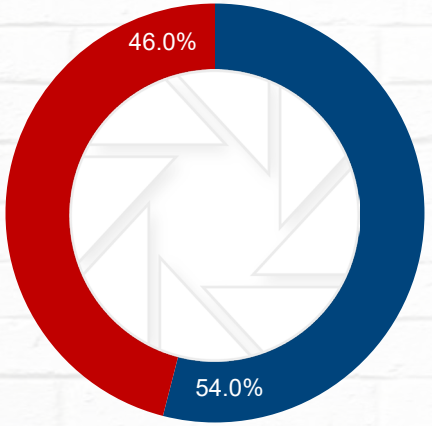
Offices (HY2024: 18.3%)

Retail – Shopping centres (HY2024: 12.4%)

Industrial (HY2024: 7.2%)

Parking (HY2024: 4.5%)

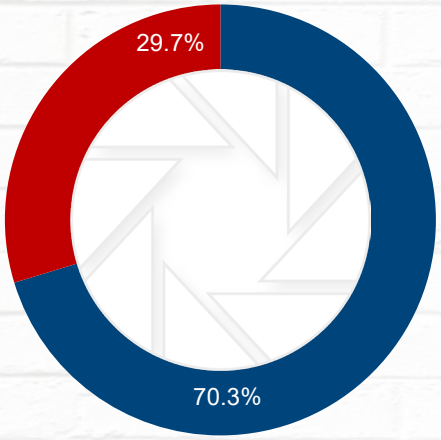
CBD vs non-CBD rental income (%)



CBD (HY2024: 54.6%)

Non-CBD (HY2024: 45.4%)

Tshwane versus Johannesburg rental income (%)



Tshwane and surrounds (HY2024: 70.0%)

Johannesburg and surrounds (HY2024: 30.0%)

** The above property portfolio information includes 100% of our interest in the joint venture*

Our portfolio performance: **Residential**



JEFF'S PLACE

Residential portfolio overview

Resilient demand amid tenant affordability pressures

	As at 28 February 2025	As at 29 February 2024
Split of residential units	**9 349**	9 242
Johannesburg (%)	**31**	36
Tshwane (%)	**69**	64
Rental income (R'million)	**266**	254
Rental income growth (%)	**4.9**	5.1
Rental income growth (like-for-like) (%)**	**5.1**	5.1
Total and core vacancies (% of GLA)	**8.4**	8.0
Tshwane (excl. Hatfield)	**7.7**	7.2
Hatfield Tshwane	**12.0**	15.1
Johannesburg	**9.5**	8.8
Kempton Place	**3.9**	2.3
Average length of stay – excl The Fields (months)	**26.0**	23.6
Average rental per month per unit (R)	**4 950**	4 700

- Above inflation rental growth consistent with the prior period
- Octodec's well-located, secure, and well-maintained properties remain attractive to our tenant base
- Johannesburg vacancies impacted by unrepaired damage on Lilian Ngoyi street (repair date anticipated to be completed by August 2025)
- Enhanced student offering and pre-approval of NSFAS funded students improved occupancy at The Fields
- The launch of the Yethu City concept in February 2025 offers a tailored solution to tenant affordability constraints, with revenue to reflect in the second half of the year

*** Excludes buildings sold*

Residential portfolio update

A snapshot of our quality offering addressing various market needs

Pretoria – One on Mutual

	HY2025
Number of units	142
Occupancy % (in units)	98
Average rental per month per unit (R)	6 400



Pretoria – Sharon's Place

	HY2025
Number of units	399
Occupancy % (in units)	95
Average rental per month per unit (R)	5 350



Pretoria – Yethu City on Sisulu

	HY2025
Number of beds	199
Occupancy % (in units)	39
Average rental per month per bed (R)	3 120



Residential portfolio update

Maintaining asset quality in focus

Pretoria – Corner Place

	HY2025
Number of units	112
Occupancy % (in units)	96
Average rental per month per unit (R)	5 350



Johannesburg – Ricci's Place

	HY2025
Number of units	281
Occupancy % (in units)	90
Average rental per month per unit (R)	4 350



Our portfolio performance: **Commercial**



Retail – shopping centres overview

Proactive management of tenant mix delivers value

	As at 28 February 2025	As at 29 February 2024
Rental income (R'million)	**99**	93
Rental income growth (%)	**6.2**	2.7
Rental income growth (like-for-like) (%)**	**6.2**	2.7
Total vacancies (% of GLA)	**6.6**	6.8
Core vacancies (% of GLA)	**6.6**	6.6
Average length of stay (months)	**87.2**	76.5

- Rental growth of 6.2% achieved mainly due to the replacement of the space vacated by Westpack Lifestyle Centre at Woodmead Value Mart and improved tenant mix/ upgrades at Waverley Plaza
- Portfolio (excluding Killarney Mall) 99.2% let
- Killarney Mall strategically identified for asset recycling and discussions underway with interested parties

*** Excludes buildings sold*





BURGER KING, PREMIUM TOWERS

Retail – street shops overview

Resilient trading among infrastructure and economic challenges

	As at 28 February 2025	As at 29 February 2024
Rental income (R'million)	**180**	179
Rental income growth (%)	**0.6**	0.6
Rental income growth (like-for-like) (%)**	**1.4**	1.7
Total vacancies (% of GLA)	**20.4**	22.3
Core vacancies (% of GLA)	**12.6**	17.5
Average length of stay (months)	**55.1**	45.2

- Distinct portfolio of street retail in high footfall Tshwane and Johannesburg CBDs offering visibility and accessibility to retailers
- Rental income growth mainly impacted by the Johannesburg portfolio largely due to unrepaired damage on Lilian Ngoyi Street
  - Several tenants in buildings directly exposed to the site are unable to operate sustainably
  - Actively working to retain tenants, until the road is repaired
- A large asset in Eloff Street, previously reflected in core vacancies has been mothballed and earmarked for disposal

*** Excludes buildings sold*

Some of the top national retailers across our portfolio



Offices overview

Portfolio remains stable, with scope for disposals or conversions

	As at 28 February 2025	As at 29 February 2024
Rental income (R'million)	**151**	137
Rental income growth (%)	**9.8**	(2.1)
Rental income growth (like for like) (%)**	**9.8**	(1.4)
Total vacancies (% of GLA)	**38.4**	39.6
Core vacancies (% of GLA)	**23.4**	24.8
Average length of stay (months)	**40.6**	38.0

- This sector remains challenging, although occupancies remain stable
- Rental growth of 6.4% achieved when the net lease adjustments on Government leases are excluded
- Currently awaiting signing of seven DPW lease agreements
- 12 086m² will become vacant at Capitol Towers North at the end of May 2025, representing a R4.0 million loss of annual rental income
- Actively working on disposing or repurposing vacant office buildings to extract value

*** Excludes buildings sold*





THE TANNERY

Industrial Overview

Steady demand with improved performance

	As at 28 February 2025	As at 29 February 2024
Rental income (R'million)	**55**	54
Rental income growth (%)	**2.7**	–
Rental income growth (like for like) (%)**	**5.1**	2.4
Total vacancies (% of GLA)	**9.4**	10.6
Core vacancies (% of GLA)	**8.7**	10.1
Average length of stay (months)	**52.2**	45.4

- The industrial portfolio consists of smaller warehouses and mini-industrial units
- This portfolio experienced good demand resulting in a decrease in vacancies and improved rental income growth

*** Excludes buildings sold*

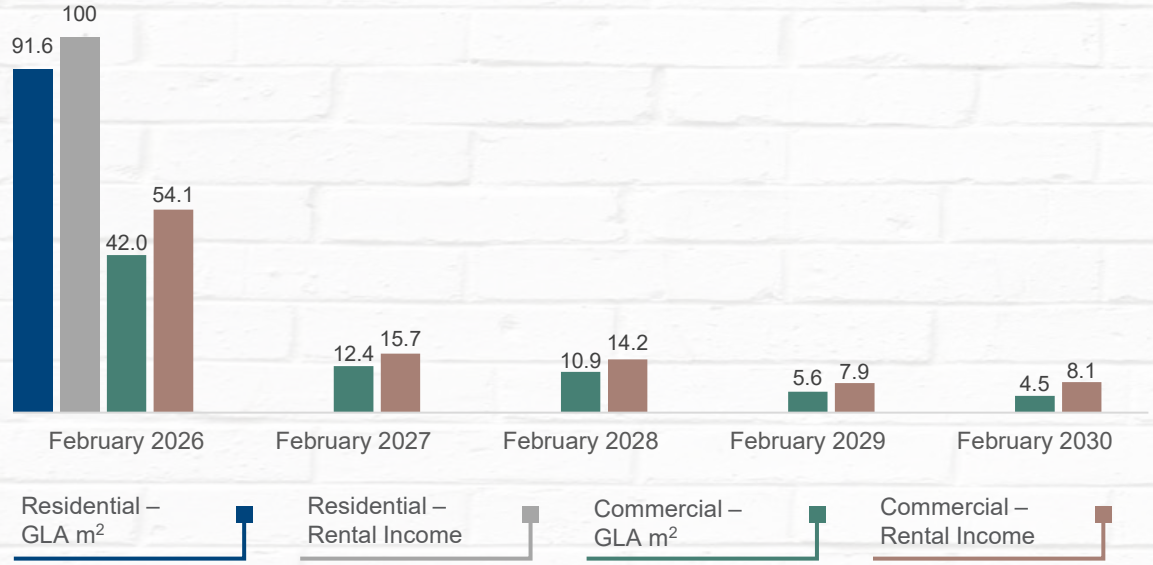
Material expired / expiring leases > 5 000m²

at 28 February 2025

Building	Tenant	Lease expiry	GLA (m²)	Renewal status
Louis Pasteur	Louis Pasteur Private Hospital	February 2025	15 446	Tenant currently on a monthly tenancy at a 10% escalation while renewal negotiations are underway.
Capitol Towers North	City of Tshwane Metropolitan Municipality	May 2012	12 086	Notice received that tenant will vacate at the end of May 2025. Actively investigating reletting, repurposing, or disposal.
Centre Walk	Department of Rural Development and Land Reform	March 2024	9 528	Tenant currently on a monthly tenancy at a 6% escalation while awaiting lease offer from DPW.
Talkar	Transpharm	June 2025	6 873	Early indications are that the tenant will vacate July 2025. Property located outside our core zones and identified for disposal.
Govpret	Department of Justice	May 2023	5 868	Tenant currently on a monthly tenancy at a 6% escalation; one of seven DPW leases awaiting signature.
28 Church Square	National Prosecuting Authority	May 2023	5 488	Tenant currently on a monthly tenancy at a 6% escalation; one of seven DPW leases awaiting signature.
Total			55 289	

Lease expiry profile in line with historic trends

Expiries by rental income and GLA m² (%)



- Our tenant and leasing profiles are in line with historical trends and expectations
- Most of our leases are short-term, with lease periods of 12 months, typical of residential and small to medium-sized enterprises
- National tenants' leases are typically on a three-to-five-year term

Length of stay

The average stay of a residential tenant is 26.0 months, excluding Hatfield tenants who are traditionally students leasing for 10 months during the academic year.

The average length of stay of commercial tenants, measured by those tenants that have vacated in the current year, is as follows:

Retail shopping centres
87.2 months
(HY2024: 76.5 months)

Retail – street shops
55.1 months
(HY2024: 45.2 months)

Offices
40.6 months
(HY2024: 38.0 months)

Industrial
52.2 months
(HY2024: 45.4 months)

New leases and renewals increase/(reversion) by sector

at 28 February 2025

Sector	New area (m²)	New lease (%)	Renewal area (m²)	Renewal growth (%)
Residential (units)	3 370	2.6	1 691	5.6
Commercial				
Retail – street shops	13 111	2.1	59 836	1.3
Retail – shopping centres	1 966	19.8	10 442	2.2
Offices	6 566	1.7	59 056	(2.2)
Industrial	11 781	2.1	44 614	5.1
Total commercial (GLA)	32 907	4.2	173 948	0.9

- Reflects the increase or reversion percentage achieved on new leases and renewals for vacant spaces filled between 1 March 2024 and 28 February 2025.
- Represents a small percentage of the total new leases and renewals concluded, however provides a more accurate analysis on a like-for-like basis.
- The residential portfolio has experienced positive increases on renewals. The lower increase on new residential leases reflects the annual escalation annually and hence approximate market rates.
- The material increase in new shopping centre leases is due to the re-let of a shop to a national tenant to improve the tenant mix and unlock value.
- The negative reversions in office renewals are mainly due to some larger government leases that were secured at lower rentals.

Collections remain strong

Total Collections at 28 February 2025

Billed

R1.18 billion

(HY2024: R1.13 billion)

Collected

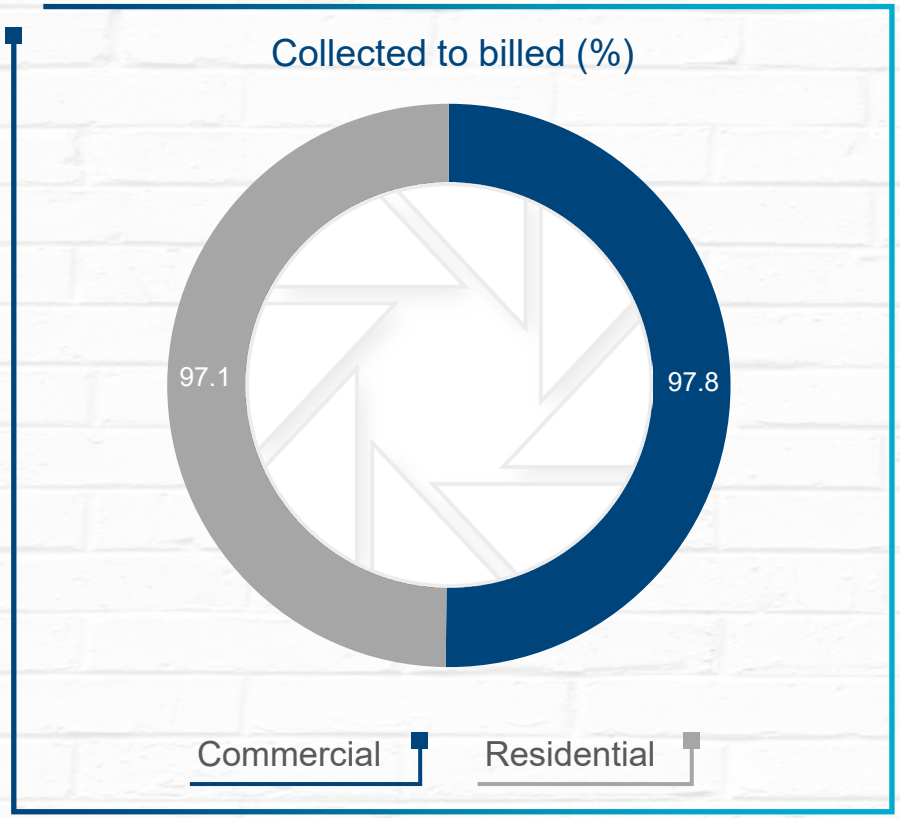
R1.16 billion

(HY2024: R1.11 billion)

Collected to billed %

97.7%

(HY2024: 97.4%)





Financial results and **Capital management**



TOM'S PLACE

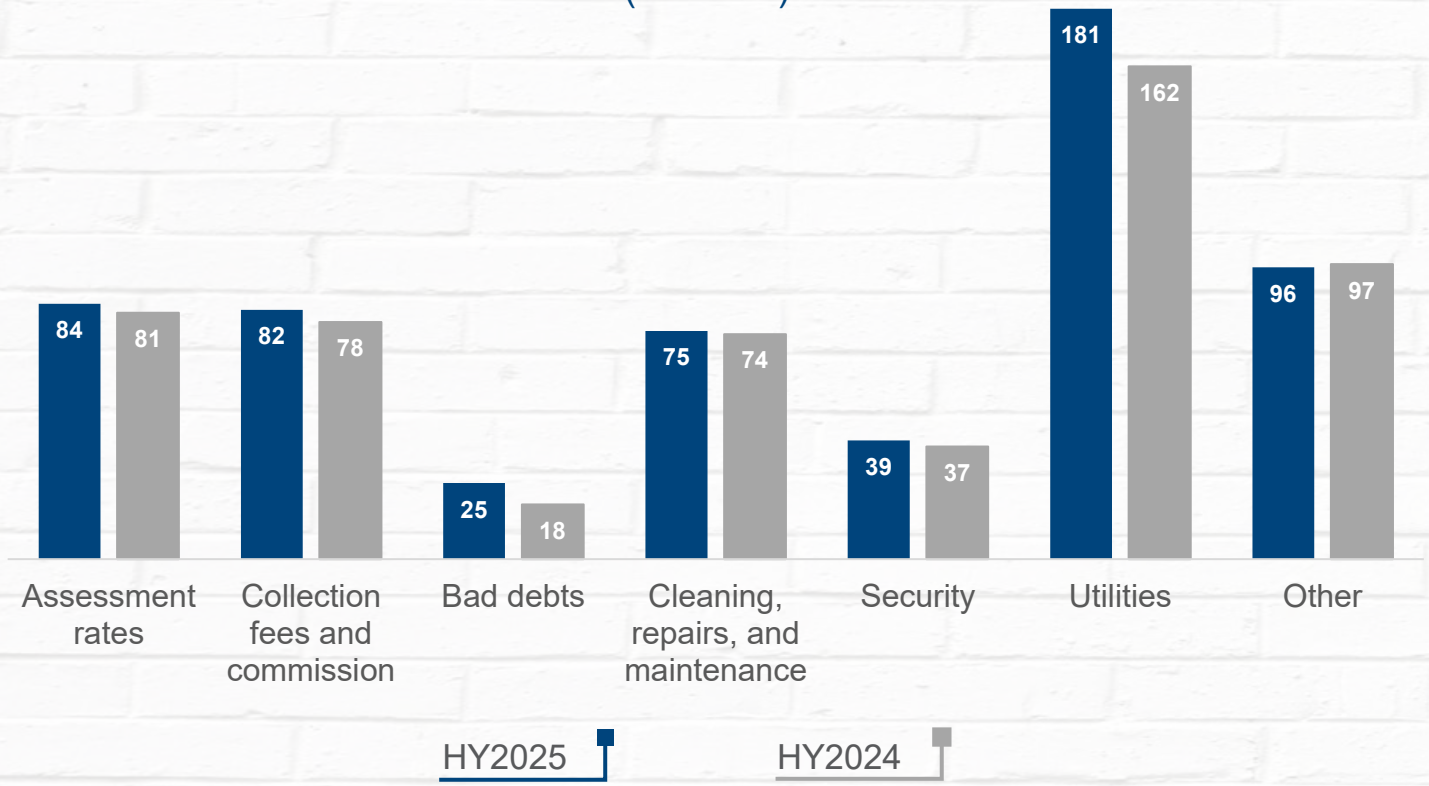
Distributable earnings (SA REIT FFO)

	% change	Unaudited 28 February 2025 R'million	Unaudited 29 February 2024 R'million
Revenue	5.2	**1 056 204**	1 004 370
Sundry income	(69.0)	**66**	213
Property operating expenses	7.1	**582 639**	544 054
Net property income	2.8	**473 631**	460 529
Administrative and corporate expenses	5.4	**(55 445)**	(52 581)
Share of income from joint venture	75.3	**4 399**	2 509
Distributable profit before finance costs	3.0	**422 585**	410 457
Net finance costs	5.6	**(200 893)**	(190 194)
Distributable profit before tax	0.6	**221 692**	220 263
Current tax	100.0	**39**	(724)
Distributable income attributable to shareholders	1.0	**221 731**	219 539
Weighted average number of shares		**266 197 535**	266 197 535
Distributable income per share (cents)	1.0	**83.3**	82.47

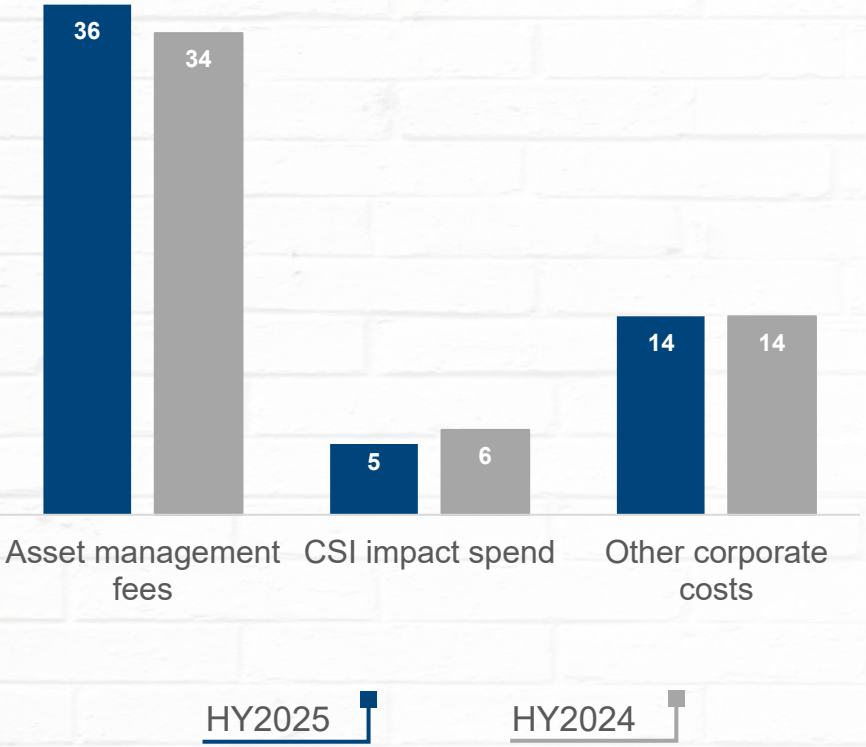
- Revenue growth of 5.2% with the Retail Shopping Centre and Office portfolios showing the highest growth
- Doubtful debts at 2.3% (HY2024: 1.8%) of rental income, due to tenant failures, and the impact of the Lilian Ngoyi Street road damage on tenants' ability to trade
  (R6.9 million increase in bad debt provisions)
- Increase in administrative cost includes enterprise-value related top up fee and FD salary off-set by a reduction in asset management fee as agreed with City Property
- Net property expense-to-rental income ratio increased to 39.0% as a result of an increase in bad debt provision
  (HY2024: 38.0%)
- Weighted average all-in cost of borrowings increased to 9.4% (HY2024: 9.2%) as a result of maturing swaps

Distributable earnings [continued]

Property expenditure spread (R'million)



Administration cost spread (R'million)



- Increase in cleaning costs driven by higher than inflation regulatory increase in wages
- Above inflation increases in electricity passed onto tenants where possible, but creating tenant sustainability pressures
- Increase in bad debts impacted by tenants exposed to Lilian Ngoyi Street
- Asset management fee increased by CPI plus top up fee of R0.8 million

Abridged condensed consolidated statement of financial position

Assets	Unaudited 28 February 2025 R'million	Audited 31 August 2024 R'million
Non-current assets		
Investment property	**10 588 000**	10 515 700
Investment in joint ventures	**54 519**	46 749
Furniture, fittings, and equipment	**3 580**	3 230
Derivative financial instruments	**607**	–
Current assets	**300 824**	268 088
Investment property held for sale	**544 100**	570 200
Total Assets	**11 419 630**	11 403 967

	Unaudited 28 February 2025 %	Audited 31 August 2024 %
Weighted average capitalisation rate	9.9	9.9
Weighted average long-range vacancy factor	8.3	8.1
Weighted average expense ratio	31.2	30.8

- 226 properties at fair value increase of 0.3%
  Average value per property increased by 3.7% to R50 million
- Disposal of ten properties for a net consideration of R49 million. Earnings neutral, but contributing positively to covenant metrics
- Increase in current assets due to increase in cash balance by R47 million
- Arrears and doubtful debt provisions at acceptable levels, with arrears at 4.7% (16.9 days) of gross revenue
  (FY2024: 4.0%)

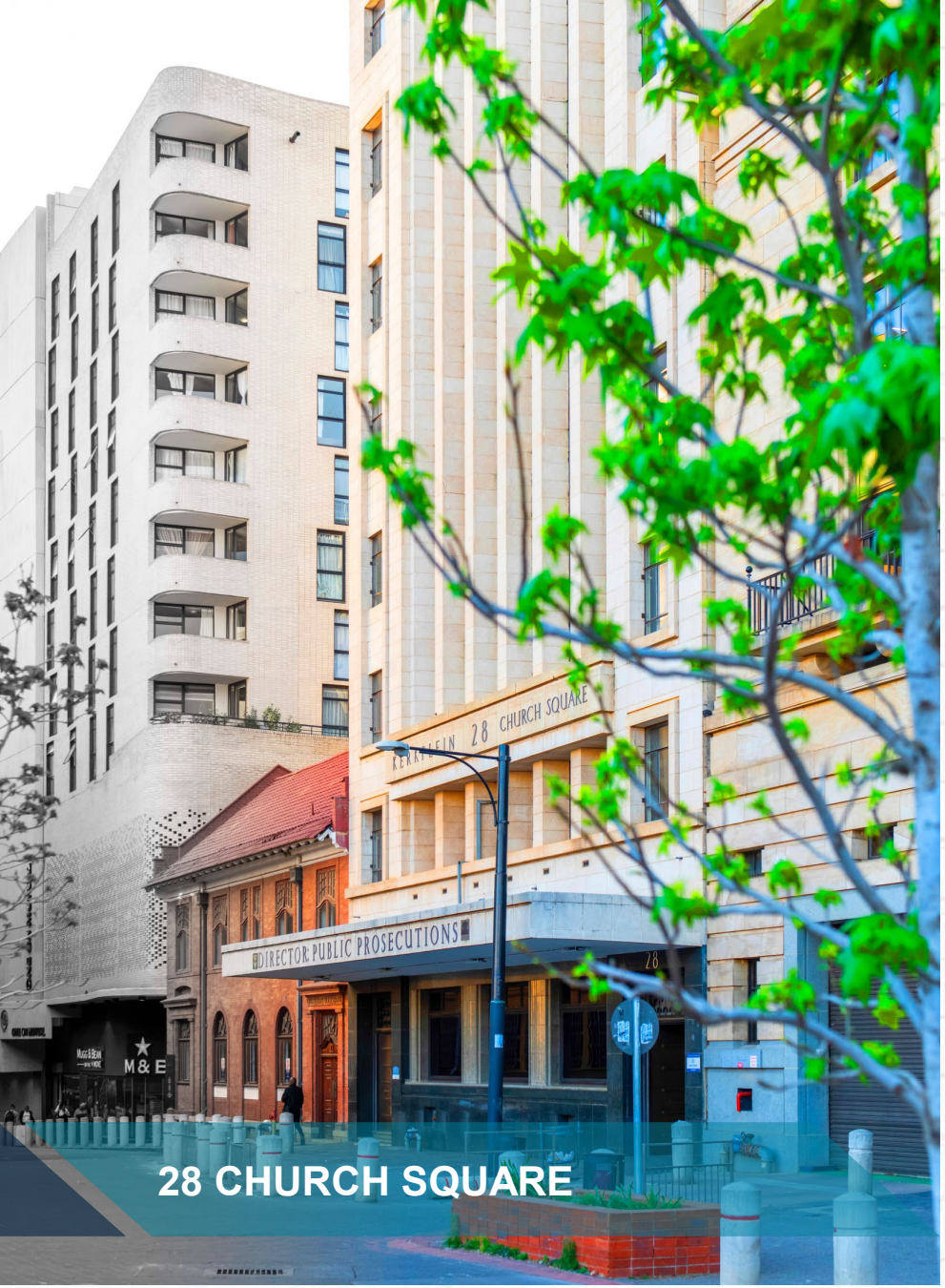
Abridged condensed consolidated statement of financial position [continued]

Equity and Liabilities	Unaudited 28 February 2025 R'million	Audited 31 August 2024 R'million
Equity	**6 471 044**	6 416 238
Non-current liabilities	**3 983 876**	3 041 694
Interest-bearing borrowings	**3 815 710**	2 881 690
Deferred taxation	**157 079**	147 143
Lease liabilities	**10 851**	10 868
Derivative financial instruments	**236**	1 993
Current liabilities	**1 036 710**	1 946 035
Interest-bearing borrowings	**581 290**	1 527 476
Taxation payable	**–**	170
Lease liabilities	**34**	32
Trade payables	**455 198**	418 357
Derivative financial instruments	**188**	–
Total equity and liabilities	**11 403 697**	11 490 519
Shares in issue ('000)	**266 198**	266 198
Net asset value (NAV) per share (Rands)	**24.26**	23.97
Loan to investment value (LTV) ratio (%)	**38.5**	39.2

- Borrowings stable at R4.4 billion compared to prior year (FY2024: R4.4 billion)
- R1.0 billion in facilities refinanced for tenors between three and four years at improved margins

- Payables includes tenant deposits of R92 million, rental in advance of R59 million and the balance represents trade payables

- LTV reduced to 38.5% at 28 February 2025 from 39.2% at 31 August 2024
- (based on SA REIT NAV and LTV)



28 CHURCH SQUARE

Capital allocation and requirements

Asset recycling and redeployment

- Sold and transferred ten properties for R49 million net of commission
- Killarney Mall held for sale
- Objective is to dispose of all non-core and assets <R10 million or mothballed properties
- Objective is to acquire assets in excess of R100m, unless strategic

Deployment of capital for the period

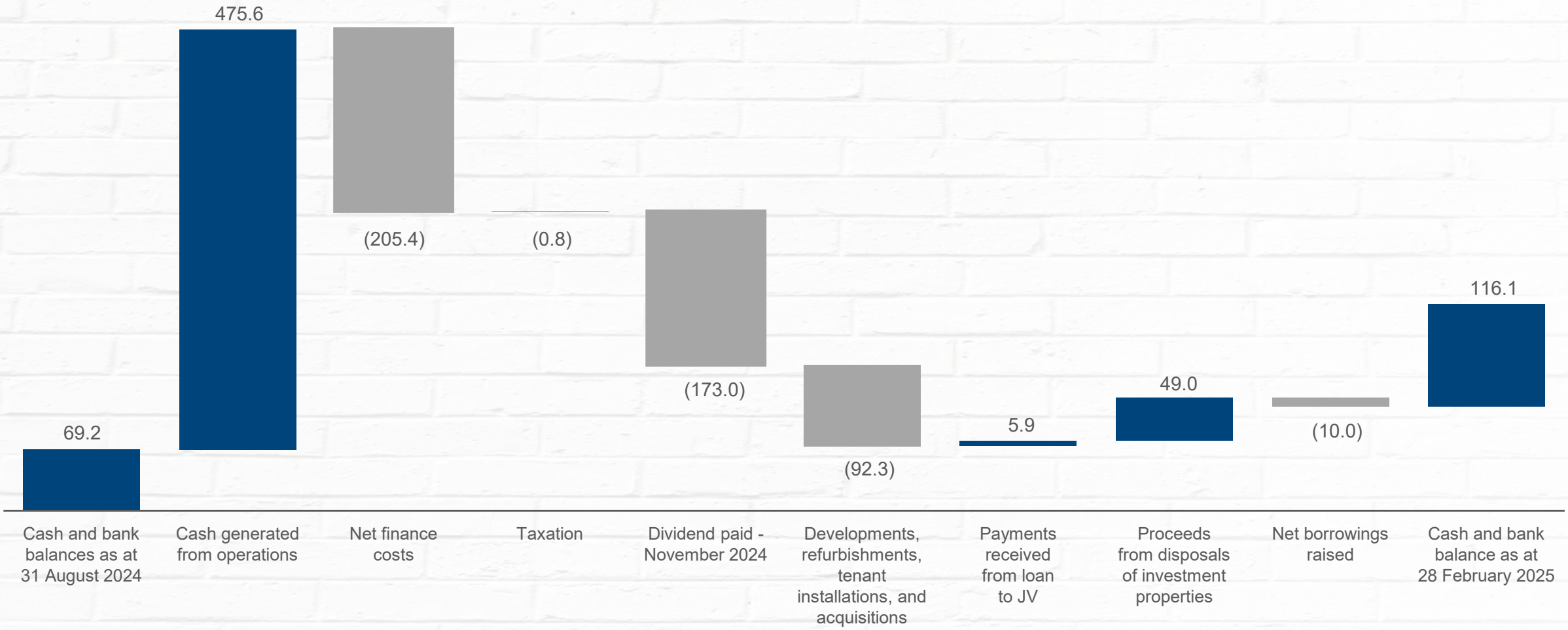
- Yethu City completed R50 million project – R29 million in current period.
- Solar projects +/- R15 million
- Property upgrades +/- R35 million
- Acquired a strategic office building for R8.0 million

Future short- to medium-term deployment of capital

- Property upgrades and activation of vacant spaces to year-end +/- R64 million
- Gezina upgrade (expansion & solar) +/- R70 million – value and earnings accretive
  - Project to start post the interim period, with expected completion in FY2026
- Uncommitted future projects in the next 12 to 18 months of +/- R200 million
- *Funding of capital spend from profit retention and disposal of non-core properties*

Cash generated from operations

Cash flow bridge for the period ended 28 February 2025 (R'million)



Borrowings

Assets	Unaudited 28 February 2025 R'billion	Weighted average interest rate per annum %
Bank loans – secured	4 062.2	9.5
Domestic Medium-Term Note (DMTN) Programme – unsecured	334.8	9.5
Total borrowings	4 397.0	9.5
Cost of swaps	–	(0.1)
Total borrowings	**4 397.0**	**9.4**
Unutilised banking facilities		
HY2025	**691.8**	
FY2024	679.0	

Debt carefully managed within internal targets set

- LTV at 39.5%
- Interest cover ratio (ICR) at 2.14x

Bank covenants:

- Group maximum LTV ratio range 50% – 55%
- Group minimum ICR ratio range of 1.80x – 2.00x

Sufficient unutilised facilities and cash resources available for capital management and commitments

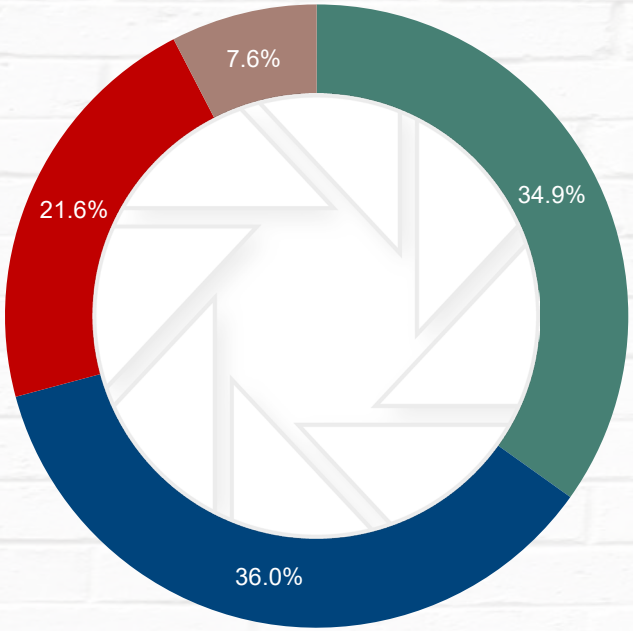
- Weighted average tenor of borrowings of 2.6 years (FY2024: 2.4 years)
- Weighted average swap tenor of 1.2 years (FY2024: 1.0 years)

Global Credit Rating's long and short-term national scale ratings unchanged at A-(ZA) and A2(ZA) respectively, with negative outlook

Diversified sources of funding

Successful refinancing of expiries

28 February 2025



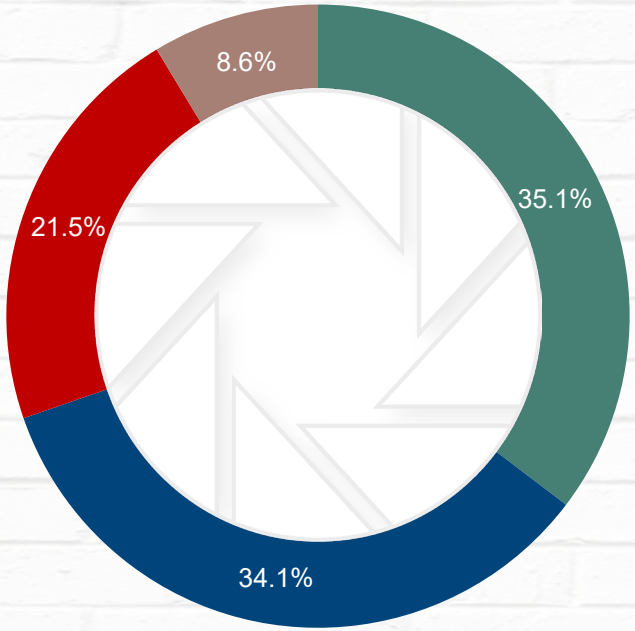
R1 533 million
Nedbank

R1 581 million
Standard Bank

R948 million
ABSA

R335 million
DMTN Programme
Issuance listed

31 August 2024



R1 548 million
Nedbank

R1 532 million
Standard Bank

R949 million
ABSA

R380 million
DMTN Programme
Issuance listed

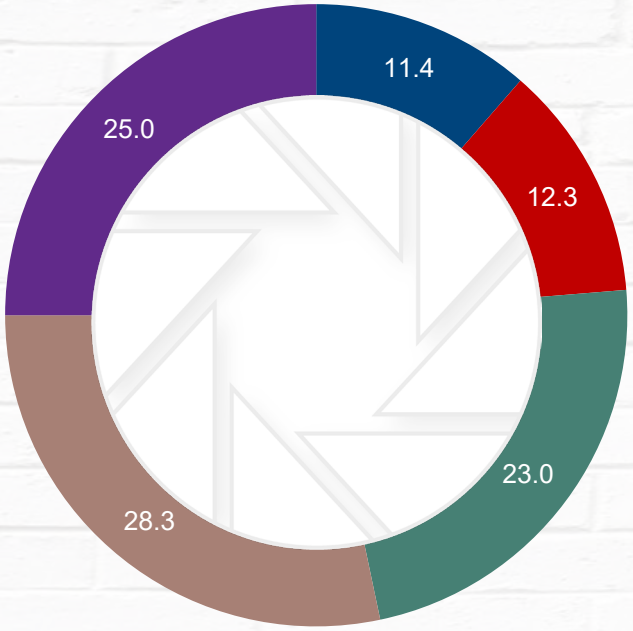
Successful refinancing of facilities:

- Refinance of three ABSA credit facilities with tenors of four years (total R600 million)
- Refinance of two SBSA credit facilities for three years (total R370m)
- Corporate bonds
  - R200 million repaid
  - R155 million raised for three years at improved margins

Funding expiry profile

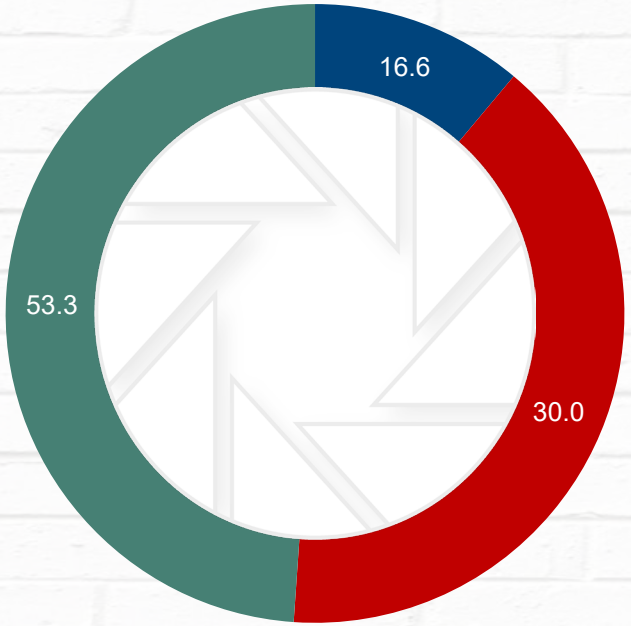
Hedging strategy considers interest rate cycle

Loan expiry profile
(R'million and %)



2025 R500
2026 R539
2027 R1 013
2028 R1 243
2029 R1 102

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



2025 R250
2026 R900
2027 R1 100

The weighted average term to expiry of the loans and interest rate derivatives is currently 2.6 years (FY2024: 2.4 years) and 1.2 years (FY2024: 1.0 years), respectively

At 28 February 2025, 51.1% of Octodec's borrowings were hedged (FY2024: 68.0%)

Facility agreements being finalised to refinance a further R650 million maturing in 2025

Strategy is to extend swap maturities, taking into account the interest rate cycle in the next 24 months and to maintain the hedging position between 50% – 60%

R650 million in forward-starting swaps entered into for two years

Our commitment to operating responsibly



YETHU CITY ON SISULU

Solar installations demonstrating environmental stewardship

Number of installations completed to date

10

(Total capital investment of R65.3 million)

kWh production

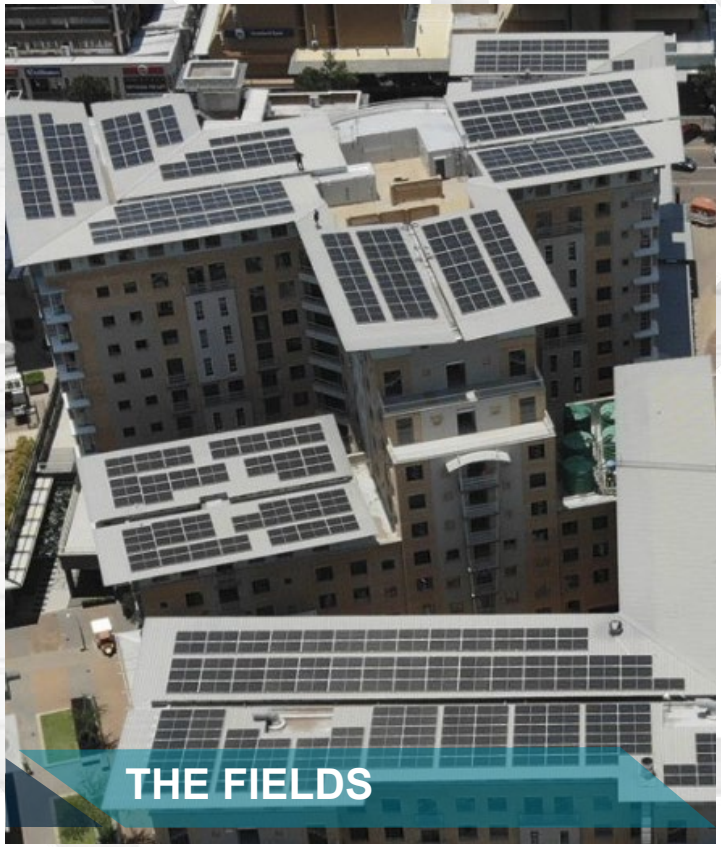
2 462 925

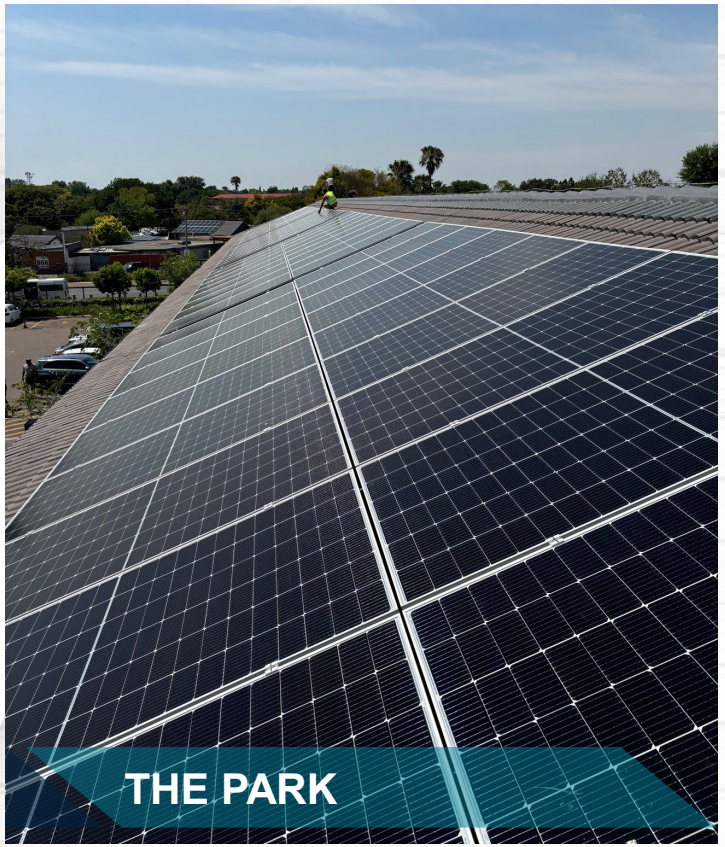
(February 2025 YTD)

Estimated savings for the period (R)

3 985 531

(February 2025 YTD)







Projects demonstrating social commitment

Our initiatives have created significant community change, fulfilling 33 dreams with Reach for a Dream through room makeovers and hospital visits, and providing 3.6 million meals through Feed the Future to ECD centres in our areas. We invested R1.28 million in supplier development, R0.98 million in Project Street Guards, and R0.43 million in CBD cleaning, highlighting our commitment to upliftment and shared value.

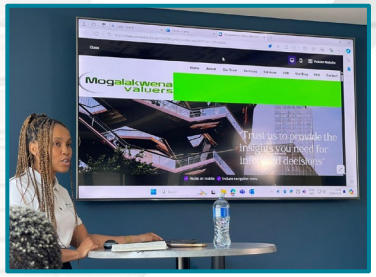

























Outlook and **Prospects**



THE FIELDS

Tempered optimism in outlook

Outlook and prospects

- Increase in business confidence, following the creation of the Government of National Unity and halt to loadshedding
- Geopolitical risks are creating uncertainty, with the local GNU appearing to have difficulties in staying the course
- Interest rate reduction cycle (although not expected to be deep) is expected to contribute to economic growth with reduced pressure on consumers and businesses alike, creating opportunities for Octodec through:
- A reduction in the cost of funding, and enhanced ability to unlock value through redevelopments
- A supportive operating environment for growth in rental income
- Increased demand from potential buyers of properties earmarked for sale
- Excited at the prospects of Yethu City pilot project which could serve as a scalable blueprint for future development of vacant buildings
- Undertaking a strategic review of the portfolio to focus on properties that yield sustainable returns
- Have adopted a more aggressive approach to recycling of properties, disposing non-core and smaller assets
- Expected vacancy at the end of May with City of Tshwane Metropolitan Municipality vacating 12 086m² of office space; actively exploring opportunities for reletting, repurposing, or disposal
- Interim insurance proceeds relating to the Lilian Ngoyi Street event of R4.0 million received in April 2025
- Revised full-year guidance for distributable income growth to between 2.0% and 4.0%




Hey Neighbor







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YETHU CITY ON SISULU

Growth opportunity in Yethu City on Sisulu

- Yethu City is an innovative co-living pilot offering quality, well-priced urban housing
- Key features of the “Yethu City” brand:
  - Well-designed co-living spaces
  - Lower rental entry point compared to our other residential accommodation
  - All-inclusive rental of sharing rooms at R2 800 and private rooms at R3 600
  - Solar power and heat pump system, reducing reliance on council
  - Access control, facilities, and utilities managed using smart technology
- Residential occupancy rate better than expected – from launch date, occupancy increased to 39% at 28 February 2025, and 97% by reporting date
- Total capital investment of R50 million will yield an initial expected return of 11% to 12%
- Exploring various opportunities for expanding the product into other vacant properties





Questions
and answers

CORNER PLACE

Our Vision

To innovate and create sustainable economic value by investing in a multisector property portfolio. We remain cognisant of our role as a responsible corporate citizen and aim to achieve our vision, ambition and purpose in a manner that takes the interests of all our stakeholders into account.