

Octodec reports double-digit interim DIPS increase driven by active portfolio and capital management

Key highlights

- Revenue increased by 2.1% to R1.08 billion
- Like-for-like rental growth of 3.4%
- Distributable income per share (DIPS) up 11.1% to 92.6 cents
- Dividend per share increased by 4.0% to 64.5 cents
- Net property income (NPI) up 1.9%
- Collections remained strong at 98.5%
- Core vacancies improved to 13.1% (HY2025: 13.7%)
- Loan-to-value (LTV) reduced to 37.3%
- 10 non-core properties disposed of for R89 million at a 7.6% exit yield

Johannesburg, 12 May 2026 – Octodec Investments Limited (“Octodec” or “the Group”) today announced its interim results for the six months ended 28 February 2026 (“HY2026”), reflecting continued progress in simplifying the portfolio, recycling capital, and improving earnings quality.

Clear progress against strategic priorities

Chief Executive Officer, Jeffrey Wapnick, said:

“We are seeing the benefits of a focused strategy coming through in our results. The business is becoming more streamlined, more efficient, and better positioned for growth as we actively reshape the portfolio and redeploy capital.”

The Group delivered double-digit growth in distributable income, supported by improved funding costs, strategic asset sales, stable property income, and continued leasing momentum across key segments.

Strategy in action and portfolio performance

Octodec continued to make meaningful progress in reshaping its portfolio through an active disposal and reinvestment programme. During the period, the Group disposed of 10 non-core properties for R88.7 million, while also announcing the disposal of Killarney Mall for R397.5 million, subject to conditions. These transactions form part of a broader initiative to reduce exposure to smaller, non-core and underperforming assets, while redirecting capital into larger, higher-quality opportunities with stronger income potential and scalability.

Deputy CEO and Chief Financial Officer, Riaan Erasmus, commented:

“We are making steady progress in reducing the long tail of smaller assets and concentrating the portfolio around properties that offer scale, stronger income profiles, and long-term relevance.”

This repositioning is supported by a solid balance sheet. The Group's loan-to-value (LTV) ratio improved to 37.3%, comfortably within the targeted range, while R1.1 billion in available facilities provides flexibility to support ongoing capital allocation. Refinancing during the period was achieved at more favourable margins and tenor, contributing to improved funding efficiency.

Solid operational performance

Operationally, the portfolio continues to perform steadily. Rental collections remained strong at 98.5%, reflecting consistent tenant engagement and cash flow stability, while vacancies trended down, particularly within the residential portfolio. Performance across the core asset base remained stable despite a mixed operating environment.

Within the portfolio, residential remains a key contributor, supported by sustained demand for well-located, affordable accommodation. Rental income increased by 5.5% during the period, vacancies reduced to 7.7%, and like-for-like rental growth of 5.7% reflects improved occupancy levels, steady rental escalations, and targeted asset enhancements.

"Demand for well-located, cost-effective accommodation remains a key underpin of our performance, particularly in our core Tshwane portfolio," Wapnick adds.

The retail portfolio showed encouraging signs of stabilisation, with street retail performance beginning to recover in key nodes, including Johannesburg, supported by improving footfall and trading conditions. Shopping centres delivered like-for-like rental growth of 7.7% with the portfolio (excluding Killarney Mall) effectively fully let.

The office portfolio remained broadly stable, with management continuing to assess select assets for potential disposal or conversion. This forms part of a broader approach to unlocking value through repositioning and repurposing. Meanwhile, the industrial portfolio delivered steady growth, with rental income increasing by 6.8%, supported by continued demand for smaller warehouse and mini-industrial space.

Unlocking Octodec's Growth Pipeline: Yethu City

Yethu City continues to demonstrate strong demand and operational success, reinforcing its role as a key strategic platform for future growth. The development was fully let within 3.5 months of launch and has maintained near- to full occupancy, while also being recognised as the Best New Affordable Housing Development at the 2025 API Summit Awards. Its success is underpinned by an integrated offering combining co-living design, smart technology, and community-focused planning.

Building on this success, Octodec is actively progressing opportunities to expand the Yethu City concept. The Group has identified a pipeline of potential conversion opportunities within its existing portfolio and is engaging with funding and development partners to support future rollout. Ongoing feasibility work continues to support the scalability of the model.

"As we streamline the portfolio, we are creating capacity to reinvest into scalable formats that align with structural demand in the urban housing market," Erasmus adds.

Capital allocation remains closely aligned to these priorities. During the period, R71 million was deployed into capital projects, focused on yield-enhancing upgrades, energy and water resilience initiatives, and improvements to tenant experience. Recent solar installations returned approximately R5.2 million in cost savings for the period. Proceeds from disposals continue to support reinvestment while maintaining balance sheet flexibility.

Outlook

Looking ahead, Octodec's medium-term focus remains on further simplifying the portfolio, accelerating disposals, and reallocating capital into higher-quality, scalable assets, while increasing exposure to defensive, high-demand sectors and improving earnings quality over time.

The Group remains constructive on the outlook, supported by improving macroeconomic conditions, continued demand for affordable and well-located space, and a clear pipeline of strategic initiatives. Octodec has upgraded its guidance for the 2026 financial year, expecting distributable income and distributions to grow by between 3% and 5%.

"Execution is increasingly visible in the shape of the portfolio and the quality of earnings. We are encouraged by the momentum in the business and the opportunities ahead. With a clearer, more focused portfolio, we believe Octodec is well positioned to build on this trajectory," concludes Wapnick.

Ends

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NOTES TO EDITORS

Octodec is a Real Estate Investment Trust ("REIT") listed on the JSE Limited ("JSE") and A2X, with a diversified portfolio of 209 residential, retail, office and industrial properties situated in the major metropolitan areas of Tshwane and Johannesburg. The portfolio including an equity accounted JV is valued at R11.2 billion as at 28 February 2026.

Jeffrey Wapnick, CEO of Octodec Investments since 1998, is responsible for the effective management of the company with a strong emphasis on the upgrades and redevelopment of properties. He holds various other directorships in unlisted companies including City Property Administration Proprietary Limited where he is the Managing Director.

The Wapnick family has a long history of experience in the property industry, and holds a significant stake in Octodec, aligning their interests with those of other shareholders. Management has played an integral role in the running of the portfolio for over 25 years and therefore has an intimate knowledge of every asset and solid relationships with tenants. City Property, as the asset and property manager, has been managing Octodec for many years and has a wealth of experience in property management, specifically in the Tshwane and Johannesburg city centres and in the residential sector.

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