INDLUPLACE

DWELLING ON RESIDENTIAL

Audited Summarised Consolidated Financial Statements 2021

Summarised consolidated

Audited annual results

FOR THE YEAR ENDED 30 SEPTEMBER 2021

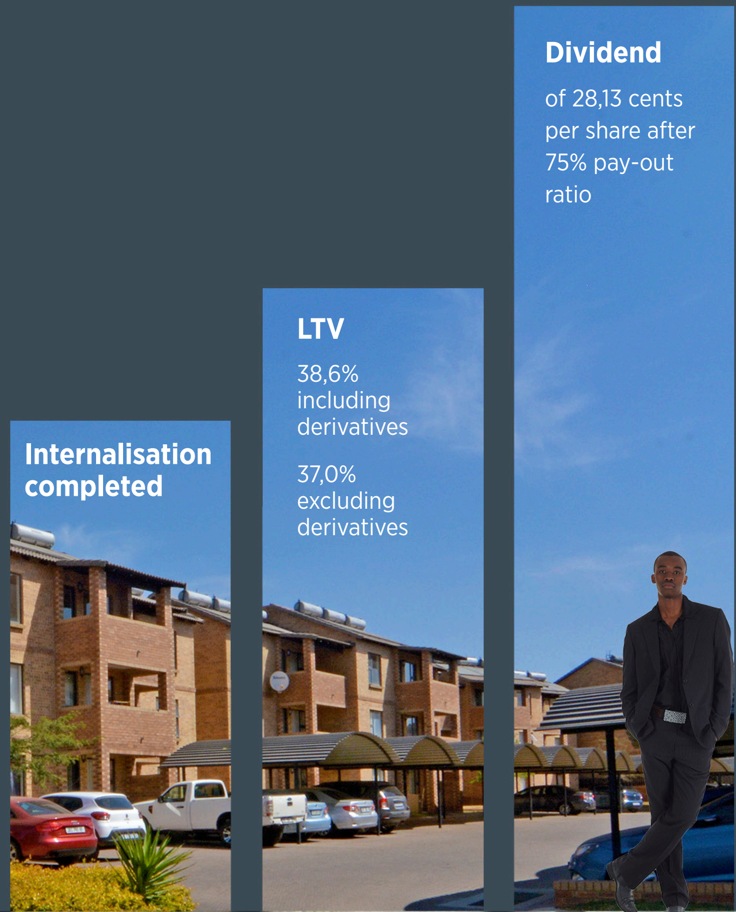
INDLUPLACE PROPERTIES LIMITED
(Incorporated in the Republic of South Africa)
(Registration number: 2013/226082/06)
JSE share code: ILU ISIN: ZAE000201125
(Approved as a REIT by the JSE)
("**Indluplace**" or "**the company**" or "**the Group**")

Nature of business

Indluplace is a proud South African property investor, owning a portfolio primarily focused on the affordable end of the rental residential market. The company was listed on the Main Board of the JSE in June 2015 and currently owns a portfolio of 9 199 residential units and 16 058m^2 of associated retail space. The portfolio is valued at approximately R3,5 billion, with properties situated mainly in Gauteng. At 30 September 2021 Indluplace had completed the internalisation of the entire property management function that was previously outsourced to various property management companies. The Group now directly employs in excess of 280 people providing all the services required to efficiently manage a large portfolio which is home to almost 30 000 people. The staff complement includes building based and head office staff, ensuring that tenants are given superior service, buildings are clean and well maintained and properties deliver results which enable the company to pay sustainable dividends to investors.

Overview

The impact of the Covid-pandemic on the economy, our tenants and the company has been severe and continued well into 2021. The decision to proceed in this environment with the massive task of setting up a subsidiary, Indluplace Property Services to undertake the property management of our portfolio, was taken in the best interest of the long-term sustainability of the company. The aim was to keep the performance of the properties stable during this difficult transition and this has been achieved. The residential letting environment was and remains extremely competitive and, while we concluded a considerable number of new leases to qualifying tenants, the similarly higher tenant turn-over meant that our overall average occupancy numbers were slightly down for the year.



Summarised

Distributable income analysis

FOR THE YEAR ENDED 30 SEPTEMBER 2021

R	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Contractual rental income	490 138 346	527 333 172
Net property expenses	(224 499 087)	(211 775 617)
Net property income	**265 639 259**	**315 557 555**
Distributable income		
Amount available for distribution (pre taxation)	**117 806 099**	**170 549 659**
Distributed for the six months ended:		
6 months ended - 31 March	**-**	**-**
6 months ended - 30 September	**88 354 574**	**140 567 201**
Amount declared for the half year ended 30 September	**88 354 574**	**140 567 201**
Dividend for the six months ended:	Cents	
31 March	**-**	**-**
30 September	**28,13096**	**44,01572**
Dividend for the year ended 30 September	**28,13096**	**44,01572**
Property expense ratio - Net (%)	45,80	40,16
Property expense SA REIT cost to income ratios - Gross (%)	60,61	55,80
SA REIT administrative costs to income (%)	4,72	4,66
Net asset value per share (REIT BPR)	709,55	792,39
Net asset value per share (cents)	697,60	768,65
Number of shares used in the calculation of the dividends for the 12 months ended:		
30 September	314 082 990^	319 356 799^

^ - per IFRS 2, 22 440 285 shares used to partially fund the October 2017 acquisition have been excluded from the number of shares in issue.

Commentary

Revenue

Contractual rental income has decreased from R527,3 million at 30 September 2020 to R490,1 million at 30 September 2021. The decrease is attributable to the 4,4% increase in average vacancies to 11,8% in the current financial year compared to the prior period, combined with the delayed start to the academic year which impacted negatively on revenue generated by student accommodation.

There were no significant deferrals in the current financial year.

Property portfolio

		30 SEPTEMBER 2021	30 SEPTEMBER 2020
Residential (including student units)	Buildings	132	147
	Units	9 199	9 668
	Vacancy (%)	12,8%	11,3%
Retail	GLA – m^2	16 058	18 870
	Vacancy (%)	7,1%	12,3%

Residential unit spread	%
Johannesburg suburbs	45
Johannesburg Inner city	33
Pretoria/Midrand	11
Emalahleni	5
Vanderbijlpark	5
Durban	<1
Bloemfontein	1
Total	**100**

Residential unit category	%
Rooms	6
Bachelors	15
One bed	19
Two bed	49
Three bed	9
Other	2
Total	**100**

Vacancies

The residential vacancy rate of 12,8% at the end of September 2021 or 11,8% on average for the year, was mainly due to the increased churn at the back end of 2020. The average vacancy rate over the second half of the year of 12,3% is higher than the 11,3% over the first half of the year. The historical churn of about 3% increased to about 5% over the last six months.

Operating costs

Property operating costs have increased from R330,3 million to R336,7 million. The increase is mainly as a result of higher than inflationary municipal cost increases especially in the student portfolio where the municipal expenses are covered by way of increased rental income, offset by decreased provisions for bad debts.

The net expense ratio and SA REIT cost to income ratios have increased to 45,80% and 60,61% from 40,16% and 55,8% respectively, mainly as a result of the lower contractual rental income.

Administration costs

Administration costs have decreased from R30,1 million at 30 September 2020 to R28,4 million at 30 September 2021 as a result of the internalisation of the property management function. With the previous hybrid model, various property related costs were covered by head office staff.

Finance income

	30 September 2021	30 September 2020
Interest on Share Purchase and Option Scheme	5 204 569	10 464 746
Interest received	1 257 564	5 682 472
Total	**6 462 133**	**16 147 218**

Finance income has decreased from R16,1 million to R6,5 million for the year ended 30 September 2021 as a result of the decreased interest received in terms of the Share Purchase and Option Scheme. The year on year comparison for interest is distorted as a result of the first half of the prior year not being materially impacted by the Covid-pandemic.

Finance charges

	30 September 2021	30 September 2020
Interest paid on secured financial liabilities and swaps	125 043 442	130 691 983
Interest charge on cash balances and municipal accounts	844 661	359 294
Total	**125 888 103**	**131 051 277**

While Indluplace did not pay a dividend for the first half of the year, the benefit of interest earned on cash placed in the company's revolving access facilities, was somewhat offset by the lower interest rates earned in the current financial year.

Taxation and deferred tax

As a result of the Board having implemented a pay-out ratio, so as to meet the minimum distribution requirements in terms of the JSE Listings Requirements, a deferred tax asset was raised to account for the future tax consequences of tax payable in the future.

Investment property

The strategy of ensuring that the portfolio is well maintained and able to attract quality tenants is underway.

This entails a capital expenditure programme which covers a range of areas including internet connectivity, supplementing the council water supply at certain buildings and the refurbishment of various buildings.

In line with our strategy of disposing of the non-core smaller properties, 22 properties with a combined value of R74,2 million were transferred during the year. Of the 22 properties transferred during the year, 21 were disposed of for R71,7 million at a discount of under 5% to book value with the remaining property being disposed of for R3,3 million. The average yield amounts to 11,8%. A further 20 properties with a value of R163,5 million are available for sale of which 16 with a value of R130,0 million are under offer.

Fair value sensitivity

A vacancy movement of 0,5% would have an impact of R21,6 million on fair value. A capitalisation rate movement of 0,25% would have an impact of R78,5 million on fair value.

Share Purchase and Option Scheme

The loans granted in terms of the Share Purchase and Option Scheme are held at fair value in accordance with IFRS 9 - "Financial Instruments" and have been adjusted to fair value which approximates the share price at the end of the reporting period.

Trade and other receivables

Trade and other receivables decreased from R104,3 million at 30 September 2020 to R49,4 million. Net trade receivables of R6,1 million are included in the 31 September 2021 balance. Following the internalisation of the property management function, cash previously held in property managers' trust accounts (2020 - R48,3 million) is now reflected under cash and cash equivalents on the balance sheet. The balance included under receivables includes interest on the Share Purchase and Option Scheme, as well as various adjustment accounts, amounts owed by municipalities, including deposits. The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The adoption of this new standard has not resulted in a significant effect on the audited financial results for 30 September 2021.

Cash and cash equivalents

Cash and cash equivalents increased from R55,9 million at 30 September 2020 to R90,6 million at 30 September 2021, with approximately R48,3 million resulting from the internalisation of the property management function as this was previously included under trade and other receivables. At 30 September 2021, Indluplace was able to draw down on R150 million in terms of its access facilities.

Secured financial liabilities and derivative instruments

Secured financial liabilities reduced from R1,44 billion to R1,39 billion a portion of the proceeds from disposals has been used to pay off term facilities. Cash of R150 million has been placed in the access facilities.

Secured financial liabilities

Bank	Expiry	Amount RCF	Amount Term	Amount Total	Rate RCF	Rate Term
ABSA	5 October 2022		302 142 857	**302 142 857**		JIBAR + 2,2%
Investec	5 October 2022		302 142 857	**302 142 857**		JIBAR + 2,2%
ABSA	16 November 2023	100 000 000	310 235 712	**410 235 712**	Prime - 0,9%	JIBAR + 2,4%
Investec	16 November 2023	50 000 000	165 459 046	**215 459 046**	Prime - 1,0%	JIBAR + 2,3%
ABSA	16 November 2024		79 833 094	**79 833 094**		JIBAR + 2,55%
Investec	16 November 2024		79 833 094	**79 833 094**		JIBAR + 2,4%
ABSA	16 November 2025		75 401 901	**75 401 901**		JIBAR + 2,7%
Investec	16 November 2025		75 401 901	**75 401 901**		JIBAR + 2,5%
Total facilities		**150 000 000**	**1 390 450 462**	**1 540 450 462**		
Available facilities		**150 000 000**	**-**	**150 000 000**		
Drawn at year end		-	1 390 450 462	1 390 450 462		
Deferred finance costs				(2 225 159)		
Total				**1 388 225 303**		

Hedgings/Swaps	Maturity	Notional	Fixed Rate
ABSA	7 October 2024	275 025 021	7,07%
Investec	7 October 2024	275 025 021	7,07%
ABSA	7 October 2024	28 484 987	7,13%
Investec	7 October 2024	28 484 987	7,13%
ABSA	7 October 2024	144 979 382	7,68%
Investec	7 October 2024	144 979 382	7,68%
ABSA	7 January 2025	50 000 000	6,55%
Investec	7 January 2025	50 000 000	6,55%

Trade and other payables

Trade and other payables increased from R107,1 million at 30 September 2020 to R114,6 million at 30 September 2021. Trade payables and accruals of R63,4 million, prepayment of tenant rentals of R22,6 million, deposits from tenants amounting to R27,4 million and R1,2m for VAT are included in the aforesaid balance.

Change in directorate

Following his resignation from the Board of Arrowhead Properties Limited, Selwyn Noik became an independent non-executive director of the Company in February 2021.

Prospects

Indluplace achieved most of its strategic objectives for the 2021 financial year. Sustainable value has been created in the property management business. The benefits of standardised systems and procedures, more direct influence on the team's performance and a very experienced and motivated management team, should impact positively on the company's future.

The company operates in a difficult economic environment, exacerbated by local municipalities' inability to deliver consistent service at affordable rates. While stable collection rates and occupancy numbers indicate that our units are defensive in nature and in demand by quality tenants, the performance of the portfolio is largely dependent on our tenant base thriving and growing. The current signs of an improvement in occupancies bodes well for the company but is not a prediction of meaningful improvement in the short-term.

Our collection rates, Statement of Financial Position and debt facilities are all in a strong, stable position. Our disposal programme is on track albeit at a slow rate, and the roll-out of several capital expenditure projects is underway.

The environment remains unpredictable and management will remain focused on ensuring that our properties and service to tenants enable us to retain and attract quality tenants. Due to the evolving and uncertain economic environment, we are not in a position to provide guidance on distribution per share for the next financial year.

Annual general meeting

Indluplace's annual report for the year ended 30 September 2021, containing a notice of annual general meeting and incorporating the audited annual financial statements for the year ended 30 September 2021, will be distributed in due course.

Payment of dividend for the year ended 30 September 2021

The board has declared a gross dividend of 28,13096 cents per share (dividend number 16) for the year ended 30 September 2021, in accordance with the following timetable:

Last date to trade cum dividend	Monday, 13 December 2021
Shares trade ex-dividend	Tuesday, 14 December 2021
Record date	Friday, 17 December 2021
Payment date	Monday, 20 December 2021

Shares may not be dematerialised or rematerialised between Tuesday, 14 December 2021 and Friday, 17 December 2021, both days inclusive.

Payment of the dividend will be made to shareholders on Monday, 20 December 2021. In respect of dematerialised shares, the dividend will be transferred to the Central Securities Depository Participant (CSDP)/ broker accounts on Monday, 20 December 2021. Certificated shareholders' dividend payment will be deposited on or about Monday, 20 December 2021.

Tax treatment of dividend

In accordance with Indluplace's status as a REIT, shareholders are advised that the dividend meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act, No. 58 of 1962 ("**Income Tax Act**"). The distribution on shares will be deemed to be a dividend, for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The dividend received by or accrued to South African tax residents must be included in the gross income of such shareholders and will not be exempt from income tax (in terms of the exclusion to the general dividend exemption, contained in paragraph (aa) of section 10(1)(k)(i) of the Income Tax Act) because they are dividends distributed by a REIT. This dividend is, however, exempt from dividends withholding tax in the hands of South African tax resident shareholders, provided that the South African resident shareholders furnished the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shares, or the company, in respect of certificated shares:

a) a declaration that the dividend is exempt from dividends tax; and

b) a written undertaking to inform the CSDP, broker or the company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner cease to be the beneficial owner, both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend, if such documents have not already been submitted.

Dividends received by non–resident shareholders will not be taxable as income and instead will be treated as ordinary dividends which are exempt from income tax in terms of the general dividend exemption in section 10(1)(k)(i) of the Income Tax Act. Any dividend received by a non–resident from a REIT is subject to a dividend withholding tax of 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("**DTA**") between South Africa and the country of residence of the shareholders. Assuming dividend withholding tax will be withheld at a rate of 20%, the net dividend amount due to non–resident shareholders is 22,50477 cents per share. A reduced dividend withholding rate in terms of the applicable DTA, may only be relied on if the non–resident shareholders have provided the following forms to their CSDP or broker, as the case may be, in respect of uncertificated shareholders, or the company, in respect of certificated shareholders:

a) a declaration that the dividend is subject to a reduced rate as a result of the application of a DTA; and

b) a written undertaking to inform their CSDP, broker or the company, as the case may be, should the circumstances affecting the reduced rate change or the beneficial owner cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Non–resident shareholders are advised to contact their CSDP, broker or the company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the dividend if such documents have not already been submitted, if applicable.

Shares in issue at the date of declaration of this dividend: 336 523 275

Indluplace's income tax reference number: 9390/649/177

Dividend declaration after reporting date

In line with IAS 10 Events after the Reporting Period, the declaration of the dividend occurred after the end of the reporting period, resulting in a non– adjusting event which is not recognised in the financial statements.

Litigation statement

There are no legal or arbitration proceedings, including any proceedings that are pending or threatened, of which Indluplace is aware, that may have or have had in the recent past, being the previous 12 months, a material effect on the group's financial position.

Basis of preparation

These summarised consolidated audited annual financial statements for the year ended 30 September 2021 ("**summarised results**") have been prepared in accordance with the requirements of International Financial Reporting Standards, the SAICA Financial Reporting Guides as issued by the Financial Practices Committee as issued by the Financial Reporting Standard Council, IAS 34: Interim Financial Reporting, the JSE Listings Requirements and the requirements of the South African Companies Act, No.71 of 2008. The accounting policies applied in the preparation of these summarised results are consistent with those of the previous annual financial statements. These summarised results have been prepared under the supervision of Terry Kaplan CA (SA), Indluplace's Financial Director.

These summarised results have been extracted from audited annual financial statements but are not audited. The directors take full responsibility for the preparation of the summarised results and for ensuring that the financial information has been correctly extracted from the underlying audited annual financial statements. The auditors, BDO South Africa Incorporated have issued an unqualified opinion on the annual financial statements for the year ended 30 September 2021 and a copy of the audit opinion, together with the underlying audited annual financial statements are available for inspection at the company's registered office, and available on the company's website at https://www.indluplace.co.za/downloads/2021/results/indluplace-afs-2021.pdf

The auditor's report does not necessarily report on all of the information contained in this announcement/financial results. Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's report together with the accompanying financial information from the issuer's registered office.

Condensed consolidated statement of

Comprehensive income

FOR THE YEAR ENDED SEPTEMBER 2021

R	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Property portfolio revenue		
Contractual rental income	490 138 346	527 333 172
Recoveries	112 175 598	118 544 581
Straight line rental income accrual	(1 433 425)	(2 866 418)
Total revenue	**600 880 519**	**643 011 335**
Operating costs	(336 674 685)	(330 320 198)
Administration costs	(28 407 190)	(30 103 836)
Net operating profit	**235 798 644**	**282 587 301**
Change in fair value - Indluplace Share Purchase and Options Scheme	6 817 106	(37 326 780)
Changes in fair values	(219 051 061)	(457 879 865)
Profit / (loss) from operations	**23 564 689**	**(212 619 344)**
Net finance charges	(119 425 970)	(114 904 060)
Finance charges	(125 888 103)	(131 051 277)
Finance income	6 462 133	16 147 217
Loss before taxation	**(95 861 281)**	**(327 523 404)**
Taxation	(12 318 523)	19 088 748
Total comprehensive loss for the year	**(108 179 804)**	**(308 434 656)**
Reconciliation of earnings, headline earnings and distributable earnings		
Loss for the year attributable to equity holders	(108 179 804)	(308 434 656)
Change in fair value of investment properties	269 617 913	360 381 908
Headline profit attributable to equity holders	**161 438 109**	**51 947 252**
Number of shares in issue at year end	314 082 990	319 356 799
Weighted average number of shares in issue used for the calculation of earnings and headline earnings per share	314 961 958	319 716 078
Weighted average number of shares in issue used for the calculation of diluted earnings and diluted headline earnings per share	317 767 578	320 885 689
Basic loss per share (cents)	(34,35)	(96,47)
Diluted loss per share (cents)	(34,35)	(96,12)
Headline earnings per share (cents)	51,26	16,25
Diluted headline earnings per share (cents)	50,80	16,19
Dividends per share (cents)	28,13096	44,01572

Condensed consolidated statement of

Financial position

FOR THE YEAR ENDED 30 SEPTEMBER 2021

R	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Assets		
Non-current assets	**3 443 618 015**	**3 853 033 397**
Investment property	3 352 662 311	3 764 722 708
Fair value of property portfolio for accounting purposes	3 351 111 092	3 761 738 064
Straight line rental income accrual	1 551 219	2 984 644
Property, plant and equipment	4 482 986	43 839
Right of use Assets - IFRS 16	4 603 833	-
Loans to participants of Indluplace Share Purchase and Option Scheme	61 979 054	56 058 496
Deferred tax assets	19 889 831	32 208 354
Current assets	**148 741 941**	**226 657 651**
Trade and other receivables	49 409 271	104 292 479
Property loan receivable	8 660 975	50 439 905
Cash and cash equivalents	90 671 695	55 945 626
Loans to participant of Indluplace Share Purchase and Option Scheme	-	15 979 641
Non-current assets held for sale	**163 535 296**	**43 202 500**
Total assets	**3 755 895 252**	**4 122 893 548**
Equity and liabilities		
Shareholders' interest	**2 191 028 233**	**2 454 750 973**
Stated capital	3 026 423 255	3 043 299 444
Share based payment reserve	22 674 733	20 795 600
Accumulated loss	(858 069 755)	(609 344 071)
Other non-current liabilities	**1 449 205 537**	**1 397 965 054**
Secured financial liabilities	1 388 225 303	1 289 947 320
Derivative instuments	57 450 711	108 017 734
Lease liability - IFRS 16	3 529 523	-
Current liabilities	**115 661 482**	**270 177 520**
Trade and other payables	114 585 603	107 057 915
Secured financial liabilities	-	150 000 000
Lease liability - IFRS 16	1 075 879	-
Taxation payable	-	13 119 605
Total equity and liabilities	**3 755 895 252**	**4 122 893 548**
Number of shares in issue	314 082 990	319 356 799
Net asset value per ordinary share (cents) - REIT BPR	709,55	792,39

Statement of

Changes in equity

FOR THE YEAR ENDED 30 SEPTEMBER 2021

R	STATED CAPITAL	RETAINED EARNINGS	SHARE BASED PAYMENT RESERVE	TOTAL
Group				
Balance at 30 September 2019	**3 051 853 350**	**(169 916 706)**	**19 993 467**	**2 901 930 111**
Share buy-backs	(8 553 906)	-	-	(8 553 906)
Total comprehensive loss for the year	-	(308 434 656)	-	(308 434 656)
Share based payments	-	-	802 133	802 133
Dividends	-	(130 992 709)	-	(130 992 709)
Balance at 30 September 2020	**3 043 299 444**	**(609 344 071)**	**20 795 600**	**2 454 750 973**
Total comprehensive loss for the year	-	(108 179 804)	-	(108 179 804)
Share buy-backs	(16 876 189)	-	-	(16 876 189)
Share based payments	-	-	1 879 133	1 879 133
Dividends	-	(140 545 880)	-	(140 545 880)
Balance at 30 September 2021	**3 026 423 255**	**(858 069 755)**	**22 674 733**	**2 191 028 233**

Condensed consolidated statement of

Cash flows

FOR THE YEAR ENDED 30 SEPTEMBER 2021

R	2021	2020
Cash flows from operating activities		
Cash generated from operations	341 985 080	330 254 505
Finance charges	(125 888 103)	(131 051 277)
Finance income	6 462 133	16 147 217
Taxation paid	(13 119 605)	-
Dividends paid	(140 545 880)	(130 992 710)
Net cash from operating activities	**68 893 625**	**84 357 735**
Cash flows from investing activities		
Acquisition of property, plant and equipment	(4 967 004)	(21 711)
Acquisition of investment property	(32 024 425)	(33 620 001)
Proceeds from disposal of investment property	52 700 687	37 452 944
Net cash from investing activities	**15 709 256**	**3 811 232**
Cash flows from financing activities		
Share buy back	-	(8 553 930)
Proceeds from borrowings	79 000 000	-
Repayment of borrowings	(128 549 538)	(40 150 241)
Payment on lease liabilities	(327 276)	-
Net cash from financing activities	**(49 876 813)**	**(48 704 171)**
Total cash movement for the year	**34 726 072**	**39 464 796**
Cash at the beginning of the year	55 945 626	16 480 830
Total cash at end of the year	**90 671 695**	**55 945 626**

Condensed

Segmental analysis

Indluplace has four reportable segments based on the geographic split of the portfolio which are the entity's strategic business segments. For each strategic business segment, the entity's executive directors review internal management reports on a monthly basis. All segments are located in South Africa. There are no single major tenants. The following summary describes the operations for each of the entity's reportable segments.

R	GAUTENG	FREE STATE	MPUMALANGA	KWAZULU NATAL	TOTAL
Year ended September 2021					
Property portfolio					
Contractual rental icome and recoveries	567 127 493	3 639 334	29 650 524	1 896 593	602 313 944
Straight line rental income accrual	(1 433 425)	-	-	-	(1 433 425)
Total revenue	**565 694 068**	**3 639 334**	**29 650 524**	**1 896 593**	**600 880 519**
Operating costs	(322 581 447)	(1 166 241)	(11 771 465)	(1 155 532)	(336 674 685)
Net property income	**243 112 621**	**2 473 093**	**17 879 059**	**741 061**	**264 205 834**
Administration costs					(28 407 190)
Net operating expenses					**235 798 644**
Changes in fair values					(212 233 955)
Profit from operations					**23 564 689**
Net finance charges					**(119 425 970)**
Finance income					6 462 133
Finance charges					(125 888 103)
Profit before taxation					**(95 861 281)**
Taxation					(12 318 523)
Total comprehensive income for the year					**(108 179 804)**
Reportable segment assets	3 369 257 516	25 987 597	225 192 151	8 322 786	3 628 760 050
Corporate segment assets	-	-	-	-	127 135 202
Reportable segment liabilities	(107 268 861)	(339 650)	(6 260 032)	(716 760)	(114 585 303)
Corporate segment liabilities	-	-	-	-	(1 450 281 416)
	3 261 988 655	**25 647 947**	**218 932 119**	**7 606 026**	**2 191 028 533**

R	GAUTENG	FREE STATE	MPUMALANGA	KWAZULU NATAL	TOTAL
Year ended September 2020					
Property portfolio revenue					
Rental income and recoveries	609 247 109	3 556 615	29 901 852	3 172 177	645 877 753
Straight line rental income accrual	(2 866 418)	-	-	-	(2 866 418)
Total revenue	**606 380 691**	**3 556 615**	**29 901 852**	**3 172 177**	**643 011 335**
Operating costs	(315 105 542)	(1 139 165)	(11 920 393)	(2 155 097)	(330 320 197)
	291 275 149	**2 417 450**	**17 981 459**	**1 017 080**	**312 691 138**
Administration costs					(30 103 836)
Net operating expense					**282 587 301**
Changes in fair values					(495 206 645)
Profit from operations					**(212 619 344)**
Net finance charges					**(114 904 060)**
Finance charges					(131 051 277)
Finance income					16 147 217
Profit before taxation					**(327 523 404)**
Taxation					19 088 748
Total comprehensive loss for the year					**(308 434 656)**
Reportable segment assets	3 697 687 729	24 201 232	224 129 332	14 387 388	3 960 405 681
Corporate segment assets	-	-	-	-	162 487 868
Reportable segment liabilities	(246 219 480)	(634 089)	(5 881 886)	(4 322 461)	(257 057 916)
Corporate segment liabilities	-	-	-	-	(1 411 084 660)
	3 451 468 250	**23 567 143**	**218 247 446**	**10 064 927**	**2 454 750 973**

R	2021	2020
Reconciliation of comprehensive income to distributable earnings (Non IFRS unaudited disclosure)		
Headline profit attributable to equity holders	(108 179 804)	(308 434 656)
Change in fair value of derivative instruments	(50 567 024)	97 497 958
Change in fair value of properties	269 617 913	360 381 908
Change in fair value of loans to participants of Indluplace Share Purchase and Options scheme	(6 816 934)	37 326 780
Straight line rental income accrual	1 433 425	2 866 418
Deferred tax expense	12 318 523	(32 208 354)
Current tax expense	-	13 119 605
Amount avaliable for distribution	**117 806 099**	**170 549 659**
Reconciliation of amount avallable for distribution for the six months		
Amounts available for distribution to shareholders	117 806 099	170 549 659
75% payout ratio - 25% withheld	(29 451 525)	(29 982 458)
6 month ended - 31 March	-	-
6 month ended - 30 September	-	-
Amount available for distribution for the six months ended:	**88 354 574**	**140 567 201**
Dividends per share (cents)	28,13096	44,01572

Fair value hierarchy

The different levels have been defined as:

Level 1 - fair value is determined from quoted price (unadjusted in active marekets for identical assets or liabilities;
Level 2 - fair value is determined through the use of valuation techniques based on observable inputs, either directly or indirectly; and
Level 3 - fair value is determined through the use of valuation techniques using significant inputs.

The Loans to Participants of Indluplace Share Purchase and Option Scheme are valued based on level 2 model.

The derivatives instruments are valued by the various financial insittutions by discounting the future cashflows using the JIBAR swap curve.

Investment property is valued using a level 3 model.

Measurement of fair value for level 3

Investment property is measured using the discounted net cash flow method and income rate cap. Using the expected net income an appropriate capitalisation rate is applied. During the year under review, 33,3% of the property portfolio was valued externally with the balance being valued by the executive directors.

Levels of fair value measurements

	DESIGNATED AT FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
Group				
Year ended September 2021				
Investment property (including non-current assets held for sale)	3 516 197 607	-	-	3 516 197 607
Financial assets	**61 979 054**	**-**	**61 979 054**	**-**
Loans to Participants of Indluplace Share Purchase and Option Scheme	61 979 054	-	61 979 054	-
Total assets	**3 578 176 661**	**-**	**61 979 054**	**3 516 197 607s**
Financial liabilities	**57 450 711**	**-**	**57 450 711**	**-**
Interest rate swpas (Note 21)	57 450 711	-	57 450 711	-
Total liabilities	**57 450 711**	**-**	**57 450 711**	**-**
Year ended 30 Septemeber 2020				
Investment property (including non-current assets held for sale)	3 804 940 564	-	-	3 804 940 564
Financial assets	**72 038 137**	**-**	**72 038 137**	-
Loans to Participants of Indluplace Share PUrchase and Option Scheme	72 038 147	-	72 038 137	-
Total assets	**3 876 978 701**	**-**	**72 038 137**	**3 804 940 564**
Financial liabilities	**108 017 734**	**-**	**108 017 734**	**-**
Interest rate swaps	108 017 734	-	108 017 734	-
Total liabilities	**108 017 734**	**-**	**108 017 734**	**-**

Related parties

Holding company	Arrowhead Properties Limited
Fellow subsidiaries	Vividend Income Fund Limited
	Vividend Management Group Proprietary Limited
	Gemgrow Asset Management Proprietary Limited
	Cumulative Properties Limites
	Repository Properties Proprietary Limited
	Arrowhead Charitable Trust
	Barmoss Investments Proprietary Limited
	Indite Property Fund Limited
	Arrowhead Prop 1 Limited

	2021	2020
Related party balances		
Directors emoluments:		
Executive directors	9 674 621	10 505 473
Non-executive directors	2 861 724	2 061 337
	12 536 345	**12 566 810**
Load accounts - Owing (to) by related parties		
Loans to Participants of Indluplace Share Purchase and Option Scheme	61 979 054	72 038 137
Interest on Directors loans	(5 204 569)	(10 464 746)
Dividends paid to holding company	53 893 676	84 325 656
Management fees paid to holding company	2 577 435	2 700 000
Dividends paid to participants of the Indluplace Share Purchase and Option Schemes	10 464 746	8 913 438

REIT

BPR Ratios

(NON IFRS DISCLOSURE)

R	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Profit or loss per IFRS Statement of Comprehensive Income (SOCI)	(108 179 804)	(308 434 656)
Adjusted for:		
Accounting/specific adjustments:	**276 552 926**	**381 486 357**
- Fair value adjustments to:	262 800 979	397 708 688
Investment property	269 617 914	360 381 908
Fair value loss on loans to participants of Group share purchase option schemes	(6 816 935)	37 326 780
- Non–distributable deferred tax movement recognised in profit or loss	12 318 523	(32 208 354)
- Non–distributable income tax movement recognised in profit or loss	-	13 119 605
- Straight-lining operating lease adjustment	1 433 425	2 866 418
Foreign exchange and hedging items:	**(50 567 024)**	**97 497 958**
- Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(50 567 024)	97 497 958
SA REIT FFO:	**117 806 099**	**170 549 659**
Allocated to Shares	117 806 099	169 212 457
Number of shares outstanding at end of period (net of treasury shares)	314 082 990	319 356 799
Equals total dividend	**117 806 099**	**170 549 659**
Thus balance allocated to the shares:	117 806 099	170 549 659
Available dividend per share	**37,5080**	**53,4041**

REIT

Net Asset Value

R	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Reported NAV attributable to the parent	2 191 028 233	2 454 750 973
Adjustments:		
Fair value of certain derivative financial instruments	57 450 711	108 017 735
Deferred tax	(19 889 831)	(32 208 354)
SA REIT NAV:	**2 228 589 113**	**2 530 560 354**
Thus balance allocated to the shares:	2 228 589 113	2 530 560 354
Number of shares outstanding at end of period (net of treasury shares)	314 082 990	319 356 799
SA REIT NAV per share:	**709,55**	**792,39**

REIT

Cost-to-income ratio

R	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Expenses		
Operating expenses per IFRS income statement (includes municipal expenses)	336 674 685	330 320 198
Administration expenses per IFRS income statement	28 407 190	30 103 836
Operating costs	**365 081 875**	**360 360 161**
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	490 138 346	527 333 172
Utility and operating recoveries per IFRS income statement	112 175 598	118 544 581
Gross rental income	**602 313 944**	**645 877 753**
SA REIT cost-to-income ratio	**60,61%**	**55,80%**

REIT

Administrative Cost-to-income ratio

R	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Expenses		
Administration expenses per IFRS income statement	28 407 190	30 103 836
Administrative costs	**28 407 190**	**30 103 836**
Rental income		
Contractual rental income per IFRS income statement (excluding straight-lining)	490 138 346	527 333 172
Utility and operating recoveries per IFRS income statement	112 175 598	118 544 581
Gross rental income	**602 313 944**	**645 877 753**
SA REIT administrative cost-to-income ratio	**4,7%**	**4,7%**

REIT

Loan-to-value

R	30 SEPTEMBER 2021	30 SEPTEMBER 2020
Gross debt	1 388 225 303	1 420 947 320
Less:		
Cash and cash equivalents	(60 694 376)	(55 945 626)
Cash and cash equivalents Property manager accounts	-	(19 003 098)
Add:		
Derivative financial instruments	57 450 711	108 017 735
Net debt	**1 384 981 638**	**1 454 016 331**
Total assets – per Statement of Financial Position	3 755 895 252	4 122 893 548
Less:		
Cash and cash equivalents	(60 694 376)	(55 945 626)
Tenant deposits	(29 977 319)	-
Deferred tax	(19 889 831)	(32 208 354)
Right of use asset	(4 603 833)	-
Trade and other receivables	(49 409 271)	(85 289 381)
Trade and other receivables - Gross	(49 409 271)	(85 289 381)
Carrying amount of property-related assets	**3 591 320 622**	**3 949 450 187**
Loan-to-value (ito REIT BPR)	**38,56%**	**36,82%**

By order of the Board
17 November 2021

Directors T Adler (Chairperson)*, C Abrams*^, C de Wit (CEO), T Kaplan (CFO), G Harris (COO), S Noik*^, A Rehman*^ (Lead independent director), N Tetyana.*^

* Non–executive, ^ Independent. All directors are South African.

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Computershare Investor Services Proprietary Limited

Sponsor
Java Capital

Company secretary
CIS Company Secretaries Proprietary Limited

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