INDLUPLACE

DWELLING ON RESIDENTIAL

Summarised Audited Consolidated

Financial Statements 2022

Dividend increased by **13,6%** compared to 2021

LTV of **38,45%**

Improvement in residential occupancies to **91,5%**

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")

Summarised audited consolidated

Annual results

for the year ended 30 September 2022

Nature of business

Indluplace is a proud South African property investor, owning a portfolio primarily focused on the affordable end of the residential rental market. The company was listed on the Main Board of the JSE in June 2015 and currently owns a portfolio of 9 249 residential units and 15 549m^2 of associated retail space. The portfolio is valued at approximately R3,4 billion, with properties situated mainly in Gauteng. The Group 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. These include building based staff as well as all head office departments to ensure tenants are given superior service, buildings are clean and well maintained and properties deliver financial results to enable the group to pay regular dividends to investors.

Overview

Indluplace achieved most of its strategic objectives that the Board set for the 2022 financial year. Sustainable value has been created in the property management business with the internalized property management capability operational for a full financial year. The student portfolio in Vanderbijlpark was subject to various negative factors as the universities transitioned away from head leases. Unfortunately the student portfolio's letting performance disappointed, but we have introduced various management improvements and are confident of a much improved 2023.

The benefits of standardised systems and procedures, more direct influence on the team's performance and a very experienced and motivated management team, have already made a positive impact on performance. While stable collection rates and occupancy numbers indicate that our units are defensive in nature and are in demand by quality tenants, the performance of the portfolio is largely dependent on our tenant base thriving and growing.

Summarised Distributable income analysis

For the year ended 30 September 2022

R/ Audited	30 SEPTEMBER 2022	30 SEPTEMBER 2021
Contractual rental income	465 091 988	490 138 346
Net property expenses	(196 746 325)	(224 499 087)
Net property income	**268 345 663**	**265 639 259**
Distributable income		
Amount available for distribution (pre taxation)	118 085 390	117 806 099
Distributed for the six months ended:		
31 March	41 344 314	-
30 September	59 028 267	88 354 574
Amount declared for the year ended 30 September	**100 372 581**	**88 354 574**
Dividend for the six months ended:	Cents	
31 March	13,16350	-
30 September	18,79384	28,13096
Dividend for the year ended 30 September	**31,95734**	**28,13096**
Property expense ratio - Net (%)	42,30	45,80
Property expense SA REIT cost to income ratio - Gross (%)	59,82	60,61
SA REIT administrative costs to income (%)	5,70	4,72
Net asset value per share (REIT BPR) (cents)	637,04	681,42
Net asset value per share (cents)	660,61	697,60
Number of shares used in the calculation of the dividends for the 12 months ended:		
30 September	314 082 990	314 082 990

^ - 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 R490,1 million at 30 September 2021 to R465,1 million at 30 September 2022. R13,5 million of the decrease is attributable to the disposal of 13 properties over the year combined with the units in Annlin Place. R13,1 million is attributable to the poor uptake of student beds in the Vanderbijlpark student properties where the Universities moved from head leases in the prior year to individual leases with students in the current year. With the improvement in average vacancies, the balance of the portfolio contributed an improvement of just under R2 million.

There were no significant Covid rental allowances in the current financial year.

Property portfolio

Retail

30 September	GLA	Vacancy (m²)
2022	15 549	8,9%
2021	16 058	7,1%

Residential

30 September	Buildings	Units	Vacancy (unit)	Vacancy (student beds)
2022	125	9 249	8,5%	50%
2021	132	9 199	12,8%	0%

The students vacancy at 30 September 2022 amounts to 50% spread over 480 units/2 458 beds

Residential unit spread

Johannesburg suburbs	46%
Johannesburg Inner city	33%
Pretoria/Midrand	10%
Emalahleni	5%
Vanderbijlpark	5%
Bloemfontein	1%
Total	**100%**

Residential unit category

Rooms	8%
Bachelors	15%
One bed	19%
Two bed	48%
Three bed	8%
Other	2%
Total	**100%**

The residential vacancy rate of 8,5% at the end of September 2022 and 10,7% on average for the year, improved compared to the prior year's 12,8% as a result of intensive focus by the internal letting team. Due to sustained improvement in occupancies in the second half of the year, the group was able to introduce minor rental increases towards the end of the financial year.

The student portfolio, with 2 458 beds, was negatively impacted as the universities transitioned away from head leases. Despite various interventions the occupancy rate settled at around 45% which had a negative effect on the net income.

Property expenses

Property operating costs have decreased from R336,7 million to R315,8 million. The decrease is a combination of the impact of disposal of properties and prudent management of expenses. While we have managed to pass on, and in some cases absorb the higher than inflationary municipal cost increases, the punitive changes in billing methodology continues to put pressure on the Group as well as our tenants. Bad debts and legal fees have also decreased compared to the previous highs experienced during the Covid pandemic, highlighting the strength of the internal collections team.

The net expense ratio and SA REIT cost to income ratios have decreased to 59,82% and 42,30% from 60,61% and 45,80% respectively. This was achieved through improved occupancies, decreased legal fees and bad debts, and strict management of expenses, despite the negative letting result from the student portfolio and high increases in municipal costs.

Administrative costs

Administrative costs have increased from R28,4 million at 30 September 2021 to R33,5 million at 30 September 2022. The increase is as a result of the IFRS 2 share based payment charges combined with the new internalised structure which we expect to normalise going forwards.

Finance income

	30 SEPTEMBER 2022	30 SEPTEMBER 2021
Interest on Share Purchase and Option Scheme	5 912 495	5 204 569
Interest received	269 063	1 257 564
Total	**6 181 558**	**6 462 133**

Finance income has decreased from R6,5 million to R6,2 million for the year ended 30 September 2022 as a result of Indluplace earning less interest on cash holdings as a result of paying an interim dividend during the current financial year. The interest received in terms of the Share Purchase and Option Scheme has increased as a result of the increased pay-out ratio.

Finance charges

	30 SEPTEMBER 2022	30 SEPTEMBER 2021
Interest paid on secured financial liabilities and swaps	121 301 549	122 492 361
Interest charge on cash balances and municipal accounts	3 072 234	2 551 081
Amortisation of structuring fee	934 351	844 661
Total	**125 308 134**	**125 888 103**

Interest paid is broadly in line with prior years. The interest on municipal accounts is as a result of various disputes with council and once resolved, will manifest in savings in the income statement.

Taxation and deferred tax

The Board implemented an 85% pay-out ratio in the current year (2021: 75%) and due to various assessed losses, no taxation was payable in the current year.

Investment property

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

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.

The disposal of non-core properties, being mostly smaller assets in specific areas, is on-going. A further 13 properties have been transferred this year yielding about R63,2 million. This includes 24 sectional title units that were sold individually. A further three properties have been sold for R41 million with transfers expected in the 2023 financial year. We also expect the remainder of the sectional title units in Annlin Place to be sold in the new year (R35 million). Sales for 2023 are being concluded close to book value. Discussions are underway for the disposal of the student portfolio.

Fair value sensitivity

A vacancy movement of 1% would have a R51,5 million fair value movement.

A capitalisation rate movement of 0,25% would have been between R71 million to R81 million fair value movement.

Share Purchase and Option Scheme

The loans issued in terms of the discontinued 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 R49,4 million at 30 September 2021 to R40,6 million. Net trade receivables of R10,7 million are included in the 30 September 2022 balance. The balance includes various adjustment accounts, and 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.

Cash and cash equivalents

Cash and cash equivalents decreased from R90,7 million at 30 September 2021 to R59,7 million at 30 September 2022. At 30 September 2022, 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 R1,39 billion to R1,36 billion as part of the proceeds from disposals have been used to pay off term facilities. Cash of R150 million has been placed in the access facilities.

Post year end, the ABSA and Investec facilities of R302 million each maturing on 5 October 2022, were renewed. The ABSA facility was renewed for 3 and 4 years split R225 million and R77 million respectively. While Nedbank was brought in as a new lender, to diversify the group’s exposure to the banks, Investec continues to remain a funder. Nedbank provided two facilities of R146 million comprising 2 and 4 year money, and an additional R10 million access facility.

Secured financial liabilities

		Amount			Rate	
Bank	**Expiry**	**RCF**	**Term**	**Total**	**RCF**	**Term**
ABSA	5 October 2022		302 142 858	302 142 858		JIBAR + 2,2%
Investec	5 October 2022		302 142 857	302 142 857		JIBAR + 2,2%
ABSA	16 November 2023	100 000 000	304 683 109	404 683 109	Prime - 0,9%	JIBAR + 2,4%
Investec	16 November 2023	50 000 000	162 499 192	212 499 192	Prime - 1,0%	JIBAR + 2,3%
ABSA	16 November 2024		75 575 931	75 575 931		JIBAR + 2,55%
Investec	16 November 2024		75 576 735	75 576 735		JIBAR + 2,4%
ABSA	16 November 2025		66 887 240	66 887 240		JIBAR + 2,7%
Investec	16 November 2025		66 889 013	66 889 013		JIBAR + 2,5%
Total facilities		150 000 000	1 356 396 935	1 506 396 935		
Available facilities		(150 000 000)	-	(150 000 000)		
Drawn at year end		-	1 356 396 935	1 356 396 935		
Deferred finance costs				(1 290 810)		
Total				**1 355 106 125**		

Hedging/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 decreased from R114,6 million at 30 September 2021 to R90,7 million at 30 September 2022. Trade payables and accruals of R45,8 million, prepayment of tenant rentals of R21,4 million, and deposits from tenants amounting to R23,5 million are included in the aforesaid balance.

Prospects

Our collection rates, Statement of Financial Position and debt facilities are all in a strong, stable position. We have consistently shown an ability to attract high numbers of new tenants.

Although we have seen a gradual improvement in occupancies and our ability to pass modest rental escalations on to tenants, the environment is still unpredictable. Management will remain focused on ensuring that our properties and service to tenants enable us to retain and attract quality tenants and to ensure that the properties are managed as efficiently as possible. The group will focus on ensuring council accounts and increases are managed and the recovery of council expenses from tenants maximised. While we remain positive about our ability to grow distributions, ensuring improved occupancies in our student portfolio is critical. 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 2022, containing a notice of annual general meeting and incorporating the audited annual financial statements for the year ended 30 September 2022, will be distributed in due course.

Payment of final dividend for the year ended 30 September 2022

The board has declared a gross dividend of 18,79384 cents per share (dividend number 18) for the six months ended 30 September 2022. Together with the dividend declared for the six months ended 31 March 2022 of 13,16350 per share, the total dividend for the full year ended 30 September 2022 amounts to 31,95734 cents per share. The dividend declared for the six months ended 30 September 2022 will be paid in accordance with the timetable set out below:

Last date to trade cum dividend
Monday, 12 December 2022

Shares trade ex-dividend
Tuesday, 13 December 2022

Record date
Thursday, 15 December 2022

Payment date
Monday, 19 December 2022

Shares may not be dematerialised or rematerialised between Tuesday, 13 December 2022 and Thursday, 15 December 2022, both days inclusive.

Payment of the dividend will be made to shareholders on Monday, 19 December 2022. In respect of dematerialised shares, the dividend will be transferred to the Central Securities Depository Participant (CSDP) / broker accounts on Monday, 19 December 2022. Certificated shareholders' dividend payment will be deposited on or about Monday, 19 December 2022.

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 dividend 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 above mentioned 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 dividend withholding tax at 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 15,03507 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 above mentioned 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 audited consolidated financial statements for the year ended 30 September 2022 ("**summarised results**") have been prepared in accordance with the requirements of International Financial Reporting Standards, the Financial Reporting pronouncements as issued by the Financial Reporting Standards 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 BComm, BAcc, CA (SA), Indluplace's Financial Director.

These summarised results have been extracted from audited 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 financial statements. The auditors, BDO South Africa have issued an unqualified opinion on the financial statements for the year ended 30 September 2022 and a copy of the audit opinion, together with the underlying audited 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/2022/results/indluplace-afs-2022.pdf.

Condensed consolidated

Statement of comprehensive income for the year ended

R	30 September 2022	30 September 2021
Property portfolio revenue		
Contractual rental income	465 091 988	490 138 346
Recoveries	119 013 153	112 175 598
Straight line rental income accrual	(412 482)	(1 433 425)
Total income	**583 692 659**	**600 880 519**
Property expenses	(315 759 478)	(336 674 685)
Administrative costs	(33 479 985)	(28 407 190)
Net operating profit	**234 453 196**	**235 798 644**
Changes in fair values	(86 829 558)	(212 233 955)
Profit from operations	**147 623 638**	**23 564 689**
Net finance charges	(119 126 576)	(119 425 970)
Finance income	6 181 558	6 462 133
Finance charges	(125 308 134)	(125 888 103)
Profit / (loss) before taxation	**28 497 062**	**(95 861 281)**
Taxation	(17 321 988)	(12 318 523)
Profit / (loss) for the year	**11 175 074**	**(108 179 804)**
Other comprehensive income	-	-
Total comprehensive income / (loss) for the year	**11 175 074**	**(108 179 804)**
Reconciliation of earnings / (loss), headline earnings and distributable earnings		
Profit / (loss) for the year attributable to equity holders	11 175 074	(108 179 804)
Change in fair value of properties	139 115 083	269 617 913
Headline profit attributable to equity holders	**150 290 157**	**161 438 109**
Number of shares in issue at year end	314 082 990	314 082 990
Number of shares used for the calculation of distribution per share	314 082 990	314 082 990
Weighted average number of shares in issue used for the calculation of earnings and headline earnings per share	317 254 169	314 961 958
Weighted average number of shares in issue used for the calculation of diluted earnings and diluted earnings per share	314 082 990	317 767 578
Basic earnings / (loss) per share (cents)	3,56	(34,35)
Diluted earnings / (loss) per share (cents)	3,52	(34,35)
Headline earnings per share (cents)	47,85	51,26
Diluted headline earnings per share (cents)	47,37	50,80
Dividends per share (cents) – Available	37,59688	37,50795
Dividends per share (cents) – Declared	31,95734	28,13096

Condensed consolidated

Statement of financial position

As at 30 September 2022

	R	30 September 2022	30 September 2021
ASSETS	**Non-current assets**	**3 339 355 733**	**3 443 618 015**
	Investment property	3 272 830 224	3 352 662 311
	Fair value of property portfolio for accounting purposes	3 271 691 487	3 351 111 092
	Straight line rental income accrual	1 138 737	1 551 219
	Property, plant and equipment	3 527 101	4 482 986
	Right-of-Use Assets - IFRS 16	3 616 697	4 603 833
	Derivative instruments	12 410 964	-
	Loans to participants of Indluplace Share Purchase and Option Scheme	44 402 904	61 979 054
	Deferred tax assets	2 567 843	19 889 831
	Current assets	**101 899 020**	**148 741 941**
	Trade and other receivables	40 570 293	49 409 271
	Property loan receivable	1 651 911	8 660 975
	Cash and cash equivalents	59 676 816	90 671 695
	Non current assets held-for-sale	**83 200 999**	**163 535 296**
	Total assets	**3 524 455 752**	**3 755 895 252**
EQUITY AND LIABILITIES	Shareholders' interest	**2 074 850 707**	**2 191 028 233**
	Stated capital	3 026 423 255	3 026 423 255
	Share-based payment reserve	25 021 021	22 674 733
	Accumulated loss	(976 593 569)	(858 069 755)
	Non current liabilities	**753 273 006**	**1 449 205 537**
	Secured financial liabilities	750 820 411	1 388 225 303
	Derivative instruments	-	57 450 711
	Lease liability - IFRS 16	2 452 595	3 529 523
	Current liabilities	**696 332 039**	**115 661 482**
	Trade and other payables	90 671 164	114 585 603
	Lease liability - IFRS 16	1 375 161	1 075 879
	Secured financial liabilities	604 285 714	-
	Total equity and liabilities	**3 524 455 752**	**3 755 895 252**

Statement of changes in equity

For the year ended 30 September 2022

R	Stated capital	Accumulated loss	Share-based payment reserve	Total
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-back	(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**
Total comprehensive income for the year	-	11 175 074	-	11 175 074
Share-based payments	-	-	2 346 288	2 346 288
Dividends	-	(129 698 888)	-	(129 698 888)
Balance at 30 September 2022	**3 026 423 255**	**(976 593 569)**	**25 021 021**	**2 074 850 707**

Consolidated

Statement of cash flow

For the year ended 30 September 2022

R	30 September 2022	30 September 2021
Net cash from operating activities	**(16 547 798)**	**68 893 625**
Cash generated from operations	229 615 816	341 985 080
Dividends paid	(129 698 888)	(140 545 880)
Finance charges paid	(124 373 783)	(125 888 103)
Finance income received	7 909 057	6 462 133
Taxation paid	-	(13 119 605)
Net cash from investing activities	**(11 355 906)**	**15 709 257**
Acquisition of property, plant and equipment	(270 450)	(4 967 004)
Sale of property, plant and equipment	15 720	-
Improvements to investment property	(42 516 691)	(32 024 425)
Proceeds from disposal of investment property	31 415 515	52 700 686
Net cash from financing activities	**(3 091 175)**	**(49 876 813)**
Proceeds from secured financial liabilities	128 818 063	79 000 000
Repayment of secured financial liabilities	(131 131 592)	(128 549 538)
Repayment of lease liabilities	(777 646)	(327 275)
Net movement in cash and cash equivalents	**(30 994 879)**	**34 726 069**
Cash and cash equivalents at the beginning of the year	90 671 695	55 945 626
Cash and cash equivalents at the end of the year	**59 676 816**	**90 671 695**

Consolidated 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.

Year ended September 2022 R	Gauteng	Free State	Mpumalanga	Kwazulu Natal	Total
Property portfolio revenue					
Rental income and recoveries	545 308 535	3 625 445	34 308 573	862 588	**584 105 141**
Straight line rental income accrual	(412 482)	-	-	-	**(412 482)**
Total revenue	**544 896 053**	**3 625 445**	**34 308 573**	**862 588**	**583 692 659**
Operating costs	(303 507 102)	(1 225 923)	(11 024 727)	(1 726)	**(315 759 478)**
Net property income	**241 388 951**	**2 399 522**	**23 283 846**	**860 862**	**267 933 181**
Administrative costs					(33 479 985)
Net operating income					**234 453 196**
Changes in fair values					(86 829 558)
Profit from operations					**147 623 638**
Net finance charges					**(119 126 576)**
Finance income					6 181 558
Finance charges					(125 308 134)
Profit before taxation					**28 497 062**
Taxation					(17 321 988)
Total comprehensive income for the year					**11 175 074**
Reportable segment assets	2 969 703 002	25 885 590	451 582 810	12 150 000	3 458 321 402
Corporate segment assets	-	-	-	-	66 134 350
Reportable segment liabilities	(82 846 571)	(788 127)	(6 658 970)	(377 496)	(90 671 164)
Corporate segment liabilities	-	-	-	-	(1 358 933 881)
	2 886 856 431	25 097 463	444 923 840	11 772 504	**2 074 850 707**

Year ended September 2021 R	Gauteng	Free State	Mpumalanga	Kwazulu Natal	Total
Property portfolio revenue					
Rental income 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**
Administrative costs					(28 407 190)
Net operating income					**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)
Loss before taxation					**(95 861 281)**
Taxation					(12 318 523)
Total comprehensive loss for the year					**(108 179 804)**
Reportable segment assets	3 369 257 516	25 987 597	225 192 151	28 322 786	3 648 760 050
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	27 606 026	**2 211 028 533**

Reconciliation of comprehensive income to distributable earnings

R	30 September 2022	30 September 2021
Profit / (loss) attributable to equity holders	11 175 074	(108 179 804)
Change in fair value of derivative instruments	(69 861 675)	(50 567 024)
Change in fair value of properties	139 115 083	269 618 085
Change in fair value of loans to participants in the Indluplace Purchase and Option Scheme	17 576 150	(6 817 106)
Straight line rental income accrual	412 482	1 433 425
Deferred tax expense	17 321 988	12 318 523
Share-based payment expense	2 346 288	-
Amount available for distribution	**118 085 390**	**117 806 099**
Reconciliation of amount available for distribution for the six months		
Amounts available for distribution to shareholders	118 085 390	117 806 099
85% (2021:75%) payout ratio - 15% (2021:25%) withheld	(17 712 809)	(29 451 525)
Amount available for distribution for the period:	100 372 581	88 354 574
Dividends per share (cents)	31,95734	28,13096

Fair value hierarchy

The different levels have been defined as:

Level 1
Fair value is determined from quoted price (unadjusted in active markets 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 institutions 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 income capitalisation method. Using the expected net income an appropriate capitalisation rate is applied. During the year under review, 49 of the properties were 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
Year ended 30 September 2022				
Investment property (including non-current assets held for sale)	3 356 031 223	-	-	3 356 031 223
Financial assets				
Loans to participants of Indluplace Share Purchase and Option Scheme	44 402 904	-	44 402 904	-
Interest rate swaps	12 410 964	-	12 410 964	-
Total assets	**3 412 845 091**	**-**	**56 813 868**	**3 356 031 223**
Year ended 30 September 2021				
Investment property (including non-current assets held for sale)	3 516 197 607	-	-	3 516 197 607
Financial assets				
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**	**3 516 197 607**
Financial Liabilities				
Interest rate swaps	57 450 711	-	57 450 711	-
Total liabilities	**57 450 711**	**-**	**57 450 711**	**-**

Related parties

Holding company

Fairvest Limited (Previously known as Arrowhead Properties Limited)

Fellow subsidiaries

Fairvest Property Holdings Limited
Cumulative Properties Limited
Gemgrow Asset Management Proprietary Limited
Arrowgem Limited
Fairvest Properties Two Proprietary Limited
Moolgem Proprietary Limited
Vividend Income Fund Limited
Arrowprop 1 Limited
Fairvest Property Management Proprietary Limited
Vividend Management Group Proprietary Limited
Parow Valley Centre Proprietary Limited
Macassar Retail Centre Proprietary Limited
Fluxrub Investments No 196 Proprietary Limited
Clearwater Crossing Proprietary Limited
FPP Property Venture 103 Proprietary Limited
Libode Shopping Centre Proprietary Limited
FPP Property Venture 102 Proprietary Limited
Qumba Plaza Proprietary Limited
South View Shopping Centre Proprietary Limited
Bara Precinct Proprietary Limited
Diepkloof Leaseholder Proprietary Limited

Members of key management

Carel de Wit
Terence Kaplan
Grant Harris

R	30 September 2022	30 September 2021
Directors' emoluments		
Executive directors	18 140 468	9 674 621
Non-executive directors	5 814 287	2 861 724
	23 954 755	**12 536 345**
Loan accounts - Owing by related parties		
Loans to participants of Indluplace Share Purchase and Option Scheme	44 402 904	61 979 054
Related party transactions		
Interest on loans to participants of Indluplace Share Purchase and Option Scheme	(5 912 495)	(5 204 569)
Dividend paid to holding company	79 116 322	53 893 676
Management fee paid to holding company	1 108 696	2 577 435
Dividends paid to participants of Indluplace Share Purchase and Option Scheme	5 204 569	10 464 746
Rental paid to holding company	1 075 879	438 240

SA REIT Funds from Operations (SA REIT FFO) per share

R	30 September 2022	30 September 2021
Profit or loss per IFRS Statement of Comprehensive Income (SOCI) attributable to the parent	11 175 074	(108 179 804)
Adjusted for:		
Accounting/specific adjustments:	**174 425 703**	**276 552 927**
Fair value adjustments to:	156 691 233	262 800 979
Investment property	125 236 472	269 617 914
Investment property - Non current assets held for sale	13 878 611	-
Fair value loss on loans to participants of Group share purchase option schemes	17 576 150	(6 816 935)
Non–distributable deferred tax movement recognised in profit or loss	17 321 988	12 318 523
Straight-lining operating lease adjustment	412 482	1 433 425
Hedging items:	**(69 861 675)**	**(50 567 024)**
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	(69 861 675)	(50 567 024)
Other adjustments:	2 346 288	-
Share-based payment expense	2 346 288	-
SA REIT FFO:	**118 085 390**	**117 806 099**
Allocated to Shares	118 085 390	117 806 099
Number of shares outstanding at end of period (net of treasury shares)	314 082 990	314 082 990
Thus balance allocated to the shares:	118 085 390	117 806 099
Available dividend per share	**37,59688**	**37,50795**

SA REIT Net Asset Value (SA REIT NAV)

R		30 September 2022	30 September 2021
Reported NAV attributable to the parent		2 074 850 707	2 191 028 233
Adjustments:			
Fair value of certain derivative financial instruments		(12 410 964)	57 450 711
Dividends to be declared		(59 028 267)	(88 354 574)
Deferred tax		(2 567 843)	(19 889 831)
SA REIT NAV:	A	**2 000 843 633**	**2 140 234 539**
Thus balance allocated to the shares:		2 000 843 633	2 140 234 539
Number of shares outstanding at end of period (net of treasury shares)	B	314 082 990	314 082 990
SA REIT NAV per share:	A/B	**637,04**	**681,42**

REIT (non-IFRS disclosure)

SA REIT cost-to-income ratio

R		30 September 2022	30 September 2021
Expenses			
Operating expenses per IFRS income statement (includes municipal expenses)		315 759 478	336 674 685
Administrative expenses per IFRS income statement		33 479 985	28 407 190
Exclude:			
Depreciation expense in relation to property, plant and equipment and right-of-use assets of an administrative nature		(2 197 751)	-
Company adjustment Share-based payment expense		2 346 288	-
Operating costs	A	**349 388 000**	**365 081 875**
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)		465 091 988	490 138 346
Utility and operating recoveries per IFRS income statement		119 013 153	112 175 598
Gross rental income	B	**584 105 141**	**602 313 944**
SA REIT cost-to-income ratio	A/B	**59,82%**	**60,61%**

SA REIT administrative cost-to-income ratio

R		30 September 2022	30 September 2021
Expenses			
Administrative expenses as per IFRS income statement		33 479 985	28 407 190
Administrative costs	A	**33 479 985**	**28 407 190**
Rental income			
Contractual rental income per IFRS income statement (excluding straight-lining)		465 091 988	490 138 346
Utility and operating recoveries per IFRS income statement		119 013 153	112 175 598
Gross rental income	B	**584 105 141**	**602 313 944**
SA REIT administrative cost-to-income ratio	A/B	**5,7%**	**4,7%**

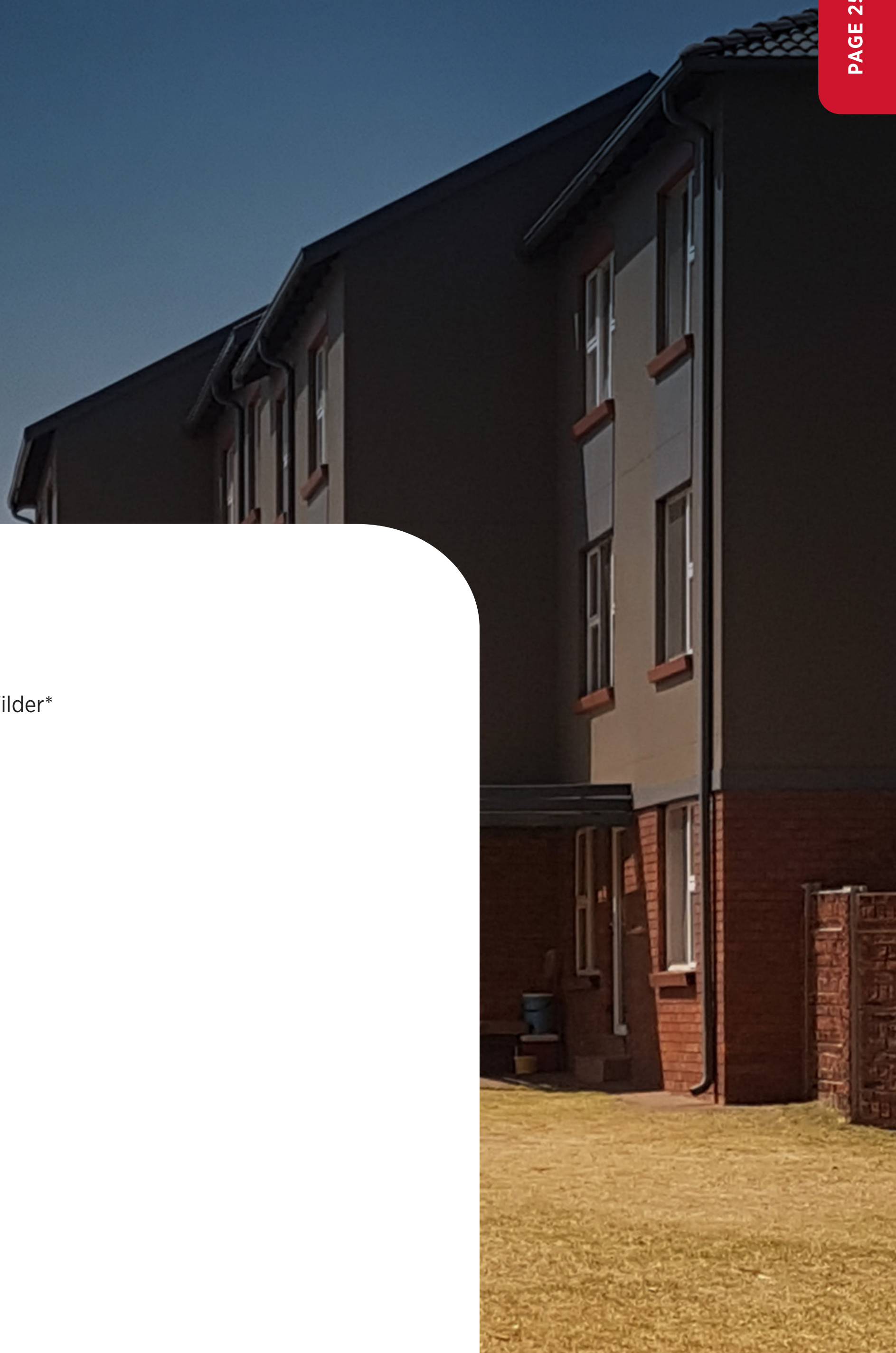
Cost of debt

R		30 September 2022	30 September 2021
Variable interest-rate borrowings			
Floating reference rate plus weighted average margin		6,6%	5,6%
Fixed interest-rate borrowings			
Weighted average fixed rate		0,0%	0,0%
Pre-adjusted weighted average cost of debt - CU:	A	**6,6%**	**5,6%**
Adjustments:			
Impact of interest rate derivatives	B	2,1%	2,5%
All-in weighted average cost of debt - CU:	A+B	**8,7%**	**8,1%**

REIT (non-IFRS disclosure)

SA REIT loan-to-value

R		30 September 2022	30 September 2021
Gross debt		1 355 106 125	1 388 225 303
Less:			
Cash and cash equivalents		(33 847 977)	(60 694 376)
Less/Add:			
Derivative financial instruments		(12 410 964)	57 450 711
Net debt	A	**1 308 847 184**	**1 384 981 638**
Total assets – per Statement of Financial Position		3 524 455 752	3 755 895 252
Less:			
Cash and cash equivalents		(33 847 977)	(60 694 376)
Tenant deposits		(25 828 839)	(29 977 319)
Derivative financial instruments		(12 410 964)	-
Deferred tax		(2 567 843)	(19 889 831)
Right-of-use asset		(3 616 697)	(4 603 833)
Trade and other receivables		(42 222 204)	(49 409 271)
Trade and other receivables - Gross		(40 570 293)	(49 409 271)
Trade and other receivables - Less property loan receivable		(1 651 911)	-
Carrying amount of property-related assets	B	**3 403 961 228**	**3 591 320 622**
SA REIT loan-to-value ("SA REIT LTV")	A/B	**38,45%**	**38,56%**



By order of the Board

23 November 2022

Directors

C Abrams*^, C de Wit (CEO), T Kaplan (FD), G Harris (COO), S Noik (Chairman)*^, A Rehman*^, N Tetyana*^, D.M. Wilder*

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

Registered office

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Transfer secretaries

Computershare Investor Services Proprietary Limited

Sponsor

Java Capital

Company secretary

CIS Company Secretaries Proprietary Limited

Website

www.indluplace.co.za