



**INDLUPLACE**  
DWELLING ON RESIDENTIAL

Unaudited results for the six months ended

31 March 2023



LTV of  
**38,64%**



Improvement in residential  
 occupancies to  
**94,0%**  
 (Excluding student accommodation)



Student occupancies  
 increased to  
**98%**



**8,4%**  
 Increase in net  
 property income

Unaudited

# Results

for the six months ended 31 March 2023

## 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”)

## 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 9 282 residential units and 15 494m<sup>2</sup> 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.

## Overview

Following the successful internalisation of the property management function in 2021, the Board set targets for the company to stabilise distributions in 2022, and for it to show inflation related growth in 2023. The improvements in residential portfolio occupancies (from 89,7% in March 2022 to 94% in March 2023), the complete turn-around in the student portfolio occupancies (from 43% in March 2022 to over 98% currently), excellent collection numbers and low bad debts write-offs, as well as the good performances from all other departments, enabled us to exceed the growth target set by the Board. The second half of the financial year is traditionally stronger than the first half and we expect the current financial performance to continue and even slightly improve.

# Summarised distributable income analysis

For the six months ended 31 March 2023

R	Unaudited for the six months ended		Audited for year ended
	31 March 2023	31 March 2022	30 September 2022
Contractual rental income	241 873 041	229 633 220	465 091 988
Net property expenses	(103 433 676)	(101 974 628)	(196 746 325)
<b>Net property income</b>	<b>138 439 365</b>	<b>127 658 592</b>	<b>268 345 663</b>
<b>Distributable income</b>			
Amount available for distribution (pre taxation)	56 513 618 <sup>+</sup>	55 125 732	118 085 390
<b>Distributed for the six months ended:</b>			
31 March	- <sup>#</sup>	41 344 314	41 344 314
30 September	-	-	59 028 267
<b>Amount declared for the period</b>	<b>-</b>	<b>41 344 314</b>	<b>100 372 581</b>
<b>Dividend for the six months ended:</b>			
			<b>Cents</b>
31 March	-	13,16350	13,16350
30 September	-	-	18,79384
<b>Dividend per share</b>	<b>-</b>	<b>13,16350</b>	<b>31,95734</b>
Property expense ratio - Net (%)	42,76	44,41	42,30
Property expense SA REIT cost to income ratio - Gross (%)	59,27	60,01	59,01
SA REIT administration costs to income (%)	5,85	5,57	5,70
Net asset value per share (REIT BPR) (cents)	659,83	698,51	637,04
Net asset value per share (cents)	664,07	692,76	660,61
<b>Number of shares used in the calculation of the dividends for the 6 and 12 months ended:</b>			
31 March	314 597 099 <sup>^</sup>	314 082 990 <sup>^</sup>	
30 September			314 082 990 <sup>^</sup>

<sup>^</sup> 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.

<sup>#</sup> No dividend will be declared for the 6 months ended 31 March 2023. Should the scheme of arrangement be successfully implemented, a clean-out dividend will be paid on the date on which the scheme of arrangement becomes operative.

<sup>§</sup> Excluding agreed reserves up to a maximum amount of R85 million as provided for in the scheme implementation agreement. Based on an assumed commercial effective date of 30 June 2023, the agreed reserves are expected to be c. R75 million.

<sup>+</sup> Excluding interest on loans to participants of Indluplace Share Purchase and Option Scheme.

# Commentary

## Revenue

Contractual rental income has increased from R229,6 million at 31 March 2022 to R241,9 million at 31 March 2023. The increase is attributable to the uptake of the student beds in the Vanderbijlpark student properties, combined with an increase in occupancies across the balance of the portfolio of R5,2 million and R8,2 million respectively. A decrease of R1,1 million relates to the disposal of a cumulative 29 units in Annlin Place.

## Property portfolio



### Retail

GLA	Vacancy (GLA)		Buildings	Units	Vacancy (units)	Vacancy (student beds)
15 494	13,7%	31 March 2023	124	9 282	6,0%	2,0%
15 549	8,6%	31 March 2022	124	8 740	10,3%	57,0%
15 549	8,9%	30 September 2022	125	9 249	8,5%	50,0%



### Residential

<b>Residential unit spread</b>	Johannesburg suburbs	45%
	Johannesburg Inner city	34%
	Pretoria/Midrand	10%
	Emalahleni	5%
	Vanderbijlpark	5%
	Bloemfontein	1%
<b>Total</b>	<b>100%</b>	
<b>Residential unit category</b>	Rooms	9%
	Bachelors	15%
	One bed	19%
	Two bed	48%
	Three bed	8%
	Other	1%
<b>Total</b>	<b>100%</b>	

The student portfolio vacancy at 31 March 2023 amounts to 2% spread over 480 units/2 425 lettable beds

## Vacancies

The residential vacancy improved to 6,0% at March 2023, down from 10,3% at March 2022, average vacancies over the period decreased to 8,3% when compared to the prior comparable period. This is a result of intensive focus by the internal letting team.

The student portfolio, with 2 425 beds, has hugely improved when compared to the prior year, with a occupancy of 98% for March 2023.

## Property expenses

Property operating costs have increased from R154,9 million to R164,4 million. The increase can be split evenly between the student portfolio and the balance of the portfolio. The increase in municipal expenses on the balance of the portfolio is somewhat covered by a corresponding increase in municipal recoveries. Bad debts and legal fees have also decreased compared to the previous highs experienced during the COVID-19 pandemic, highlighting the strength of the internal collections team.

The net expense ratio and SA REIT cost to income ratios have decreased to 42,76% and 59,27% from 44,41% and 60,01% respectively mainly as a result of the increased occupancy in the student portfolio. A portion of the rental income, in the student portfolio, includes an element to cover municipal costs.

## Administration costs

Administration costs have increased from R15,7 million at 31 March 2022 to R17,7 million at 31 March 2023. The bulk relates to inflationary increases with the balance relating to non-distributable IFRS 2 share based payment charges.

## Finance income

	31 MARCH 2023	31 MARCH 2022	30 SEPTEMBER 2022
Interest on Share Purchase and Option Scheme	-	2 435 405	5 912 495
Interest received	1 080 989	614 817	269 063
<b>Total</b>	<b>1 080 989</b>	<b>3 050 222</b>	<b>6 181 558</b>

The decrease in finance income of R2,0 million can be split between a decrease in interest of R2,4 million on the share purchase and option scheme, offset by an increase of R0,5 million relating to increased cash holdings and increased interest rates. The interest on the loans related to the Indluplace Share Purchase and Option Scheme will only be recognised once the dividends are declared.

## Finance charges

	31 MARCH 2023	31 MARCH 2022	30 SEPTEMBER 2022
Interest paid on secured financial liabilities and swaps	65 158 711	59 176 687	121 301 549
Interest charge on cash balances and municipal accounts	782 541	196 451	3 072 234
Amortisation of structuring fee	839 742	467 175	934 351
<b>Total</b>	<b>66 780 994</b>	<b>59 840 313</b>	<b>125 308 134</b>

The increase in interest paid is a result of the increase in interest rates combined with the amortisation of the structuring fee relating to the facilities entered into October 2022. 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.



## 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.

During the current 6 months one property with a value of R12 million transferred, with an additional 6 sectional title units at Annlin Place having been transferred. We also expect the remainder of the sectional title units in Annlin Place to be sold over the next year.

## Fair value sensitivity

A vacancy movement of 1% would have a R51,3 million fair value movement.

A capitalisation rate movement of 0,25% would result in a fair value movement of between R70 million to R80 million.

## 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 increased from R40,6 million at 30 September 2022 to R73,7 million. Net trade receivables of R6,1 million are included in the 31 March 2023 balance combined with student debtors amounting to R19,1 million. Funds were received from the universities in April to settle the bulk of the outstanding debt.

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 R59,7 million at 30 September 2022 to R50,0 million at 31 March 2023. At 31 March 2023, Indluplace was able to draw down on R145 million in terms of its access facilities.

## Secured financial liabilities and derivative instruments

Secured financial liabilities were in line with September 2022 year end balance.

During the current year, 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 R226,6 million and R75,5 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

Bank	Expiry	Amount			Rate	
		RCF	Term	Total	RCF	Term
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%	JIBAR + 2,3%
Nedbank	31 October 2024	10 000 000	146 500 000	156 500 000	Prime - 1%	JIBAR + 2,25%
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	31 October 2025	-	226 607 143	226 607 143		JIBAR + 1,90%
ABSA	16 November 2025	-	66 887 240	66 887 240		JIBAR + 2,7%
Investec	16 November 2025	-	66 888 981	66 888 981		JIBAR + 2,5%
ABSA	31 October 2026	-	75 535 714	75 535 714		JIBAR + 2,05%
Nedbank	31 October 2026	-	146 500 000	146 500 000		JIBAR + 2,35%
<b>Total facilities</b>		<b>160 000 000</b>	<b>1 347 254 045</b>	<b>1 507 254 045</b>		
<b>Available facilities</b>		<b>(144 999 967)</b>	<b>-</b>	<b>(144 999 967)</b>		
Drawn at year end		15 000 033	1 347 254 045	1 362 254 078		
Deferred finance charges				(3 245 685)		
<b>Total</b>				<b>1 359 008 393</b>		

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%
<b>Total</b>		<b>996 978 780</b>	

## Trade and other payables

Trade and other payables increased from R90,7 million at 30 September 2022 to R110,3 million at 31 March 2023. Trade payables and accruals of R57,3 million, prepayment of tenant rentals of R24,4 million, and deposits from tenants amounting to R23,1 million are included in the aforesaid balance.

## Share capital

In January 2023, the 2020 Conditional Share Plan (CSP) vested and as a result 514 109 shares were issued to the participants of the CSP.

## Prospects

The portfolio has recovered substantially over the last few months as we were able to attract well over 350 new tenants per month over the six months, with February recording a record number of 472 new leases and significantly improve occupancies in the student portfolio. The occupancy improvement continued post March. Although vastly improved to under 8%, there is still room for improvement in the inner city portfolio occupancies. Further smaller improvements at specific buildings in the non-inner city portfolio (about 70% of total), is also possible as this portion recorded about 96% occupancies. Local councils remain a risk to various aspects of the company's performance with above inflation increases, lack of service delivery especially in the inner city, and lack of improvement in billing accuracy and resolving billing problems.

Despite the environment remaining challenging, vacancies are improving and collections are stable. The company anticipates increasing rentals in line with inflation towards year end.

## Update on proposed acquisition by SA Corporate Real Estate Limited (“SA Corporate”)

The meeting of Indluplace shareholders to approve the special resolution to implement the scheme of arrangement between Indluplace and Indluplace shareholders, in terms of which, if implemented, SA Corporate will acquire the entire issued share capital of Indluplace at a cash price of R3.40 per share will be held on 5 June 2023. Should the scheme of arrangement be approved by the requisite majority of Indluplace shareholders, the scheme of arrangement remains subject to receipt of regulatory approval from the competition authorities.

In the event that the scheme is implemented, Indluplace will become a wholly owned subsidiary of SA Corporate, and accordingly, the listing of Indluplace Shares on the Main Board of the JSE Limited will be terminated.



## Dividend for the six months ended 31 March 2023

In accordance with the scheme implementation agreement concluded between Indluplace and SA Corporate (details of which have been provided to shareholders in the joint firm intention announcement released on 14 March 2023 and the circular distributed to Indluplace shareholders on 5 May 2023), Indluplace will not declare an interim dividend, but instead will declare a clean-out dividend prior to the scheme being implemented. Should the scheme of arrangement lapse, the board of Indluplace will revisit the declaration of an interim dividend.

## 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.

## Responsibility statement

The Indluplace board accepts responsibility for the information contained in this announcement insofar as it relates to Indluplace. To the best of its knowledge and belief, the information contained in this announcement is true and this announcement does not omit anything likely to affect the importance of the information.

## Basis of preparation

The unaudited interim group financial statements for the six months ended 31 March 2023 have not been reviewed or reported on by the company's independent auditors, BDO South Africa Incorporated. The financial statements have been prepared in accordance with the requirements of IAS 34: Interim Financial Statements and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the requirements of the South African Companies Act, 2008. The accounting policies are in accordance with International Financial Reporting Standards and are consistent with those of the audited results for the year ended 30 September 2022. These results have been prepared under the supervision of Terry Kaplan CA (SA), Indluplace's Chief Financial Officer.

## Standards and interpretations effective not yet effective

There was no early adoption of amendments to the IFRS standards and interpretations that are not yet effective.

## Events after reporting period

The directors are not aware of any material event which occurred after the reporting date to the date of this report.

## Changes to the Board of Directors

Ayesha Rehman resigned from the Board on the 7 March 2023 as she did not offer herself for re-election at the Company's AGM. Selwyn Noik was appointed to the Audit and Risk Committee on 10 May 2023 to fill the vacancy created by Ayesha's resignation.

# Statement of comprehensive income for the six months ended

R	Unaudited for the six months ended		Audited for year ended
	31 March 2023	31 March 2022	30 September 2022
Contractual rental income	241 873 041	229 633 220	465 091 988
Recoveries	60 956 855	52 949 866	119 013 153
Straight line rental income accrual	-	-	(412 482)
<b>Total income</b>	<b>302 829 896</b>	<b>282 583 086</b>	<b>583 692 659</b>
Operating costs	(164 390 531)	(154 924 494)	(315 759 478)
Administration costs	(17 729 835)	(15 742 769)	(33 479 985)
<b>Net property expenses</b>	<b>120 709 530</b>	<b>111 915 823</b>	<b>234 453 196</b>
Changes in fair values - Indluplace Share Purchase and Option Scheme	16 466 077	(2 405 157)	(17 576 150)
Changes in fair values - Derivatives and investment property	(999 358)	27 937 655	(69 253 408)
<b>Profit from operations</b>	<b>136 176 249</b>	<b>137 448 321</b>	<b>147 623 638</b>
Finance income	1 080 989	3 050 222	6 181 558
Finance charges	(66 780 994)	(59 840 313)	(125 308 134)
<b>Profit before taxation</b>	<b>70 476 244</b>	<b>80 658 230</b>	<b>28 497 062</b>
Taxation	(639 140)	(8 413 950)	(17 321 988)
<b>Profit for the period</b>	<b>69 837 104</b>	<b>72 244 280</b>	<b>11 175 074</b>
Other comprehensive income	-	-	-
<b>Total comprehensive income for the period</b>	<b>69 837 104</b>	<b>72 244 280</b>	<b>11 175 074</b>
<b>Reconciliation of earnings, headline earnings and distributable earnings</b>			
Profit attributable to equity holders	69 837 104	72 244 280	11 175 074
Change in fair value properties	-	-	139 115 083
<b>Headline earnings attributable to equity holders</b>	<b>69 837 104</b>	<b>72 244 280</b>	<b>150 290 157</b>
Number of shares in issue	314 597 099	314 082 990	314 082 990
Number of shares in issue used in the calculation of dividend per share	314 597 099	314 082 990	314 082 990
Weighted average number of shares - earnings and headline earnings per share	314 563 202	314 082 990	314 082 990
Weighted average number of shares - diluted earnings and diluted headline earnings per share	320 878 199	316 888 610	317 254 169
Basic earnings per share (cents)	22,20	23,00	3,56
Diluted earnings per share (cents)	21,76	22,80	3,52
Headline earnings per share (cents)	22,20	23,00	47,85
Diluted headline earnings per share (cents)	21,76	22,80	47,37
Dividend per share (cents) - Available	17,96	17,55	37,60
Dividend per share (cents) - Declared	-	13,16	31,96

# Statement of financial position

As at 31 March 2023

R	Unaudited for the six months ended		Audited for year ended
	31 March 2023	31 March 2022	30 September 2022
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>3 370 631 025</b>	<b>3 456 359 846</b>	<b>3 339 355 733</b>
Investment property	3 289 315 082	3 377 106 920	3 272 830 224
Fair value of property portfolio for accounting purposes	3 288 176 344	3 375 555 703	3 271 691 487
Straight line rental income accrual	1 138 738	1 551 217	1 138 737
Right-of-Use Assets - IFRS 16	3 124 030	4 110 565	3 616 697
Property, plant and equipment	3 982 623	4 092 584	3 527 101
Derivatives	11 411 606	-	12 410 964
Loans to participants of Indluplace Share Purchase and Option Scheme	60 868 981	59 573 896	44 402 904
Deferred tax	1 928 703	11 475 881	2 567 843
<b>Current assets</b>	<b>123 740 960</b>	<b>148 284 087</b>	<b>101 899 020</b>
Trade and other receivables	73 732 412	60 564 976	40 570 293
Property loan receivable	52 027	2 760 975	1 651 911
Cash and cash equivalents	49 956 521	84 958 136	59 676 816
<b>Non current assets held-for-sale</b>	<b>67 429 500</b>	<b>107 334 793</b>	<b>83 200 999</b>
<b>Total assets</b>	<b>3 561 801 485</b>	<b>3 711 978 726</b>	<b>3 524 455 752</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>	<b>2 089 134 810</b>	<b>2 175 854 721</b>	<b>2 074 850 707</b>
Stated capital	3 027 553 028	3 026 423 255	3 026 423 255
Share based payment reserve	24 212 459	23 629 922	25 021 021
Accumulated loss	(962 630 677)	(874 198 456)	(976 593 569)
<b>Non current liabilities</b>	<b>893 734 823</b>	<b>819 028 061</b>	<b>753 273 006</b>
Secured financial liabilities	891 826 092	786 391 761	750 820 411
Derivatives	-	29 513 056	-
Lease liabilities - IFRS 16	1 908 731	3 123 244	2 452 595
<b>Current liabilities</b>	<b>578 931 852</b>	<b>717 095 944</b>	<b>696 332 039</b>
Trade and other payables	110 257 552	111 675 177	90 671 164
Secured financial liabilities	467 182 301	604 285 714	604 285 714
Lease liability - IFRS 16	1 491 999	1 135 053	1 375 161
<b>Total equity and liabilities</b>	<b>3 561 801 485</b>	<b>3 711 978 726</b>	<b>3 524 455 752</b>

# Statement of changes in equity

For the six months ended 31 March 2023

R	Stated capital	Share-based payment reserve	Accumulated loss	Total equity
<b>Balance at 30 September 2021</b>	<b>3 026 423 255</b>	<b>22 674 733</b>	<b>(858 069 755)</b>	<b>2 191 028 233</b>
Total comprehensive income for the 6 months	-	-	72 244 280	72 244 280
Share-based payments	-	955 189	-	955 189
Dividends paid	-	-	(88 372 981)	(88 372 981)
<b>Balance at 31 March 2022</b>	<b>3 026 423 255</b>	<b>23 629 922</b>	<b>(874 198 456)</b>	<b>2 175 854 721</b>
Total comprehensive income for the 6 months	-	-	(61 069 206)	(61 069 206)
Share-based payment reserve	-	1 391 099	-	1 391 099
Dividends	-	-	(41 325 907)	(41 325 907)
<b>Balance at 30 September 2022</b>	<b>3 026 423 255</b>	<b>25 021 021</b>	<b>(976 593 569)</b>	<b>2 074 850 707</b>
Total comprehensive income for the 6 months	-	-	69 837 104	69 837 104
Issue of shares	1 129 773	(2 312 655)	-	(1 182 882)
Share-based payments	-	1 504 093	-	1 504 093
Dividends paid	-	-	(55 874 212)	(55 874 212)
<b>Balance at 31 March 2023</b>	<b>3 027 553 028</b>	<b>24 212 459</b>	<b>(962 630 677)</b>	<b>2 089 134 810</b>

# Statement of cash flow

For the six months ended 31 March 2023

R	Unaudited for the six months ended		Audited for year ended
	31 March 2023	31 March 2022	30 September 2022
Cash generated from operations	115 248 082	105 782 769	229 615 816
Finance charges paid	(67 620 736)	(59 694 150)	(124 373 783)
Finance income received	(5 100 569)	3 050 222	7 909 057
Dividends paid	(55 874 212)	(88 372 981)	(129 698 888)
<b>Net cash used in operating activities</b>	<b>(13 347 435)</b>	<b>(39 234 140)</b>	<b>(16 547 798)</b>
Acquisition of property, plant and equipment	(71 848)	(194 215)	(270 450)
Sale of property, plant and equipment	-	-	15 720
Improvements to investment property	(17 517 268)	(24 444 611)	(42 516 691)
Proceeds from disposal of investment property	15 771 499	56 200 503	31 415 515
<b>Net cash (used in) / generated from investing activities</b>	<b>(1 817 617)</b>	<b>31 561 677</b>	<b>(11 355 906)</b>
Proceeds from issue of shares	1 129 773	-	-
Proceeds from secured financial liabilities	645 142 857	96 008 043	128 818 063
Repayment of secured financial liabilities	(640 400 847)	(93 555 871)	(131 131 592)
Payment on lease liabilities	(427 026)	(493 268)	(777 646)
<b>Net cash generated from / (used in) financing activities</b>	<b>5 444 757</b>	<b>1 958 904</b>	<b>(3 091 175)</b>
<b>Total cash movement for the period</b>	<b>(9 720 295)</b>	<b>(5 713 559)</b>	<b>(30 994 879)</b>
Cash and cash equivalents at the beginning of the period	59 676 816	90 671 695	90 671 695
<b>Total cash at end of the period</b>	<b>49 956 521</b>	<b>84 958 136</b>	<b>59 676 816</b>

# 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.

With the transfer of Trifecta in February 2023, Indluplace no longer has properties in KwaZulu Natal. The segment was assessed in terms of IFRS 5: Non-current assets held for sale and Discontinued operations, and was concluded not to be a major geographical area and has therefore not been presented as a discontinued operation.

Six months ended 31 March 2023					
R	Gauteng	Free State	Mpumalanga	KwaZulu Natal	Total
<b>Property portfolio revenue</b>					
Rental income and recoveries	283 761 152	1 648 574	17 420 170	-	<b>302 829 896</b>
Straight line rental income accrual	-	-	-	-	-
<b>Total revenue</b>	<b>283 761 152</b>	<b>1 648 574</b>	<b>17 420 170</b>	<b>-</b>	<b>302 829 896</b>
Operating costs	(160 916 534)	(493 901)	(2 980 096)	-	(164 390 531)
<b>Net property income</b>	<b>122 844 618</b>	<b>1 154 673</b>	<b>14 440 074</b>	<b>-</b>	<b>138 439 365</b>
Administration costs					(17 729 835)
<b>Net operating income</b>					<b>120 709 530</b>
Changes in fair values					15 466 719
<b>Profit from operations</b>					<b>136 176 249</b>
Net finance charges					(65 700 005)
Finance income					1 080 989
Finance charges					(66 780 994)
<b>Profit before taxation</b>					<b>70 476 244</b>
Taxation					(639 140)
<b>Total comprehensive income for the period</b>					<b>69 837 104</b>
Reportable segment assets	3 230 225 315	24 656 892	225 603 335	-	3 480 485 542
Corporate segment assets	-	-	-	-	81 315 943
Reportable segment liabilities	(104 829 610)	(651 987)	(4 775 955)	-	(110 257 552)
Corporate segment liabilities	-	-	-	-	(1 362 409 123)
	<b>3 125 395 705</b>	<b>24 004 905</b>	<b>220 827 380</b>	<b>-</b>	<b>2 089 134 810</b>

Six months ended 31 March 2022					
R	Gauteng	Free State	Mpumalanga	KwaZulu Natal	Total
<b>Property portfolio revenue</b>					
Rental income and recoveries	263 062 202	1 785 878	16 969 254	765 752	<b>282 583 086</b>
Straight line rental income accrual	-	-	-	-	-
<b>Total revenue</b>	<b>263 062 202</b>	<b>1 785 878</b>	<b>16 969 254</b>	<b>765 752</b>	<b>282 583 086</b>
Operating costs	(148 109 696)	(690 843)	(5 939 558)	(184 397)	<b>(154 924 494)</b>
<b>Net property income</b>	<b>114 952 506</b>	<b>1 095 035</b>	<b>11 029 696</b>	<b>581 355</b>	<b>127 658 592</b>
Administration costs					(15 742 769)
<b>Net operating income</b>					<b>111 915 823</b>
Changes in fair values					25 532 498
<b>Profit from operations</b>					<b>137 448 321</b>
Net finance charges					<b>(56 790 091)</b>
Finance income					3 050 222
Finance charges					(59 840 313)
<b>Profit before taxation</b>					<b>80 658 230</b>
Taxation					(8 413 950)
<b>Total comprehensive income for the period</b>					<b>72 244 280</b>
Reportable segment assets	971 484 355	38 919 696	253 810 746	30 561 551	1 294 776 348
Corporate segment assets	-	-	-	-	2 417 202 378
Reportable segment liabilities	(75 437 798)	(3 267 699)	(6 893 174)	(7 604)	(85 606 275)
Corporate segment liabilities	-	-	-	-	(1 450 517 730)
	<b>896 046 557</b>	<b>35 651 997</b>	<b>246 917 572</b>	<b>30 553 947</b>	<b>2 175 854 721</b>

Year ended 30 September 2022					
R	Gauteng	Free State	Mpumalanga	KwaZulu Natal	Total
<b>Property portfolio revenue</b>					
Rental income and recoveries	545 308 535	3 625 445	34 308 573	862 588	<b>584 105 141</b>
Straight line rental income accrual	(412 482)	-	-	-	<b>(412 482)</b>
<b>Total revenue</b>	<b>544 896 053</b>	<b>3 625 445</b>	<b>34 308 573</b>	<b>862 588</b>	<b>583 692 659</b>
Operating costs	(303 507 102)	(1 225 923)	(11 024 727)	(1 726)	<b>(315 759 478)</b>
<b>Net property income</b>	<b>241 388 951</b>	<b>2 399 522</b>	<b>23 283 846</b>	<b>860 862</b>	<b>267 933 181</b>
Administration costs					(33 479 985)
<b>Net operating income</b>					<b>234 453 196</b>
Changes in fair values					(86 829 558)
<b>Profit from operations</b>					<b>147 623 638</b>
Net finance charges					<b>(119 126 576)</b>
Finance income					6 181 558
Finance charges					(125 308 134)
<b>Profit before taxation</b>					<b>28 497 062</b>
Taxation					(17 321 988)
<b>Total comprehensive income for the year</b>					<b>11 175 074</b>
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	<b>2 074 850 707</b>

# Reconciliation of comprehensive income to distributable earnings

R UNAUDITED	31 March 2023	31 March 2022	30 September 2022
<b>Profit attributable to equity holders</b>	69 837 104	72 244 280	11 175 074
Change in fair value of derivative instruments	999 358	(27 937 655)	(69 861 675)
Change in fair value of properties	-	-	139 115 083
Change in fair value of loans to participants in the Indluplace Purchase and Option Scheme	(16 466 077)	2 405 157	17 576 150
Straight line rental income accrual	-	-	412 482
Share-based payment expense	1 504 093	-	2 346 288
Deferred tax expense	639 140	8 413 950	17 321 988
<b>Amount available for distribution</b>	<b>56 513 618</b>	<b>55 125 732</b>	<b>118 085 390</b>
<b>Reconciliation of amount available for distribution for the period</b>			
Amounts available for distribution to shareholders	56 513 618	55 125 732	118 085 390
0% (March 2022: 75%, September 2022: 85%) payout ratio	(56 513 618)	(13 781 418)	(17 712 809)
<b>Amount available for distribution for the period</b>	<b>-</b>	<b>41 344 314</b>	<b>100 372 581</b>
Available dividend per share (cents)	17,96381	17,55133	37,59688
Dividend paid per share (cents)	-	13,16350	31,95734

# 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 unobservable inputs.

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

The derivative 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 previous 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
<b>Six months ended 31 March 2023</b>				
Investment property (including non-current assets held for sale)	3 356 744 582	-	-	3 356 744 582
Loans to participants of Indluplace Share Purchase and Option Scheme	60 868 981	-	60 868 981	-
Interest rate swaps	11 411 606	-	11 411 606	-
<b>Total assets</b>	<b>3 429 025 169</b>	<b>-</b>	<b>72 280 587</b>	<b>3 356 744 582</b>
<b>Six months ended 31 March 2022</b>				
Investment property (including non-current assets held for sale)	3 484 441 713	-	-	3 484 441 713
Loans to participants of Indluplace Share Purchase and Option Scheme	59 573 896	-	59 573 896	-
<b>Total assets</b>	<b>3 544 015 609</b>	<b>-</b>	<b>59 573 896</b>	<b>3 484 441 713</b>
Interest rate swaps	29 513 056	-	29 513 056	-
<b>Total liabilities</b>	<b>29 513 056</b>	<b>-</b>	<b>29 513 056</b>	<b>-</b>
<b>Year ended 30 September 2022</b>				
Investment property (including non-current assets held for sale)	3 356 031 223	-	-	3 356 031 223
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	-
<b>Total assets</b>	<b>3 412 845 091</b>	<b>-</b>	<b>56 813 868</b>	<b>3 356 031 223</b>

# Related parties

## Holding company

Fairvest Limited

## Fellow subsidiaries

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

## Members of key management

Carel de Wit  
 Terence Kaplan  
 Grant Harris

R	31 March 2023	31 March 2022	30 September 2022
<b>Loan accounts - Owing by related parties</b>			
Loans to participants of Indluplace Share Purchase and Option Scheme	60 868 981	59 573 896	44 402 904
<b>Related party transactions</b>			
Interest on loans to participants of Indluplace Share Purchase and Option Scheme	-	(2 435 405)	(5 912 495)
Dividends paid to holding company	-	25 218 808	79 116 322
Rental paid to holding company	585 327	554 812	1 075 879
Management fees paid to holding company	425 821	467 390	1 108 696
Dividends paid to participants of Indluplace Share Purchase and Option Scheme	2 435 405	5 204 569	5 204 569

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

R UNAUDITED	31 March 2023	31 March 2022	30 September 2022
Profit or loss per IFRS Statement of Comprehensive Income (SOI) attributable to the parent	69 837 104	72 244 280	11 175 074
Adjusted for:			
<b>Accounting/specific adjustments:</b>	<b>(15 826 937)</b>	<b>10 819 107</b>	<b>174 425 703</b>
Fair value adjustments to:	(16 466 077)	2 405 157	156 691 233
Investment property	-	-	125 236 472
Investment property - Non current assets held for sale	-	-	13 878 611
Fair value loss on loans to participants of Group share purchase option schemes	(16 466 077)	2 405 157	17 576 150
Non-distributable deferred tax movement recognised in profit or loss	639 140	8 413 950	17 321 988
Straight-lining operating lease adjustment	-	-	412 482
<b>Hedging items:</b>			
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	999 358	(27 937 655)	(69 861 675)
<b>Other adjustments:</b>			
Share-based payment expense	1 504 093	-	2 346 288
<b>SA REIT FFO:</b>	<b>56 513 618</b>	<b>55 125 732</b>	<b>118 085 390</b>
Allocated to Shares	56 513 618	55 125 732	118 085 390
Number of shares outstanding at end of period	314 597 099	314 082 990	314 082 990
<b>Available dividend per share</b>	<b>17,96381</b>	<b>17,5513</b>	<b>37,59688</b>

# SA REIT Net Asset Value (SA REIT NAV)

R UNAUDITED	31 March 2023	31 March 2022	30 September 2022
Reported NAV attributable to the parent	2 089 134 810	2 175 854 721	2 074 850 707
Adjustments:			
Dividends to be declared	-	-	(59 028 267)
Fair value of certain derivative financial instruments	(11 411 606)	29 513 056	(12 410 964)
Deferred tax	(1 928 703)	(11 475 881)	(2 567 843)
<b>SA REIT NAV</b>	<b>2 075 794 501</b>	<b>2 193 891 896</b>	<b>2 000 843 633</b>
Thus balance allocated to the shares:	2 075 794 501	2 193 891 896	2 000 843 633
Number of shares outstanding at end of period	314 597 099	314 082 990	314 082 990
<b>SA REIT NAV per share (cents)</b>	<b>659,83</b>	<b>698,51</b>	<b>637,04</b>

# SA REIT cost-to-income ratio

R UNAUDITED	31 March 2023	31 March 2022	30 September 2022
<b>Expenses</b>			
Operating expenses per IFRS income statement (includes municipal expenses)	164 390 531	154 924 494	315 759 478
Administration expenses per IFRS income statement	17 729 835	15 742 769	33 479 985
Exclude:			
Depreciation expense in relation to property, plant and equipment and right of use asset of an administration nature	(1 141 404)	(1 077 885)	(2 197 751)
Company-specific adjustments: Share based payment expense	(1 504 093)	-	(2 346 288)
<b>Operating costs</b>	<b>179 474 869</b>	<b>169 589 380</b>	<b>344 695 424</b>
<b>Rental income</b>			
Contractual rental income per IFRS income statement (excluding straight-lining)	241 873 041	229 633 220	465 091 988
Utility and operating recoveries per IFRS income statement	60 956 855	52 949 866	119 013 153
<b>Gross rental income</b>	<b>302 829 896</b>	<b>282 583 086</b>	<b>584 105 141</b>
<b>SA REIT cost-to-income ratio</b>	<b>59,27%</b>	<b>60,01%</b>	<b>59,01%</b>

# SA REIT administration cost-to-income ratio

R UNAUDITED	31 March 2023	31 March 2022	30 September 2022
<b>Administration costs</b>	<b>17 729 835</b>	<b>15 742 769</b>	<b>33 479 985</b>
<b>Rental income</b>			
Contractual rental income per IFRS income statement (excluding straight-lining)	241 873 041	229 633 220	465 091 988
Utility and operating recoveries per IFRS income statement	60 956 855	52 949 866	119 013 153
<b>Gross rental income</b>	<b>302 829 896</b>	<b>282 583 086</b>	<b>584 105 141</b>
<b>SA REIT administration cost-to-income ratio</b>	<b>5,85%</b>	<b>5,57%</b>	<b>5,70%</b>

# Cost of debt

R UNAUDITED	31 March 2023	31 March 2022	30 September 2022
Variable interest-rate borrowings			
Floating reference rate plus weighted average margin	9,2%	6,1%	6,6%
Fixed interest-rate borrowings			
Weighted average fixed rate	0,0%	0,0%	0,0%
<b>Pre-adjusted weighted average cost of debt - CU:</b>	<b>9,2%</b>	<b>6,1%</b>	<b>6,6%</b>
<b>Adjustments:</b>			
Impact of interest rate derivatives	0,2%	2,5%	2,1%
<b>All-in weighted average cost of debt - CU:</b>	<b>9,4%</b>	<b>8,6%</b>	<b>8,7%</b>

# SA REIT loan-to-value

R UNAUDITED	31 March 2023	31 March 2022	30 September 2022
Gross debt	1 359 008 393	1 390 677 475	1 355 106 125
Less:			
Cash and cash equivalents	(25 349 081)	(58 645 593)	(33 847 977)
Less/Add:			
Derivative financial instruments	(11 411 606)	29 513 056	(12 410 964)
<b>Net debt</b>	<b>1 322 247 706</b>	<b>1 361 544 938</b>	<b>1 308 847 184</b>
Total assets – per Statement of Financial Position	3 561 801 485	3 711 978 726	3 524 455 752
Less:			
Cash and cash equivalents	(25 349 081)	(58 645 593)	(33 847 977)
Tenant deposits	(24 607 440)	(26 312 544)	(25 828 839)
Derivative financial instruments	(11 411 606)	-	(12 410 964)
Deferred tax	(1 928 703)	(11 475 881)	(2 567 843)
Right-of-use asset	(3 124 030)	(4 110 565)	(3 616 697)
Trade and other receivables	(73 784 439)	(60 564 976)	(42 222 204)
Trade and other receivables - Gross	(73 732 412)	(60 564 976)	(40 570 293)
Trade and other receivables - Less property loan receivable	(52 027)	-	(1 651 911)
<b>Carrying amount of property-related assets</b>	<b>3 421 596 186</b>	<b>3 550 869 167</b>	<b>3 403 961 228</b>
<b>SA REIT loan-to-value (“SA REIT LTV”)</b>	<b>38,64%</b>	<b>38,34%</b>	<b>38,45%</b>

**By order of the Board**

**24 May 2023**

## Directors

C Abrams<sup>\*\*</sup>, C de Wit (CEO), T Kaplan (CFO), G Harris (COO), S Noik (Chairman)<sup>\*\*</sup>, N Tetyana<sup>\*\*</sup>, D.M. Wilder<sup>\*</sup>

<sup>\*</sup> Non-executive, <sup>^</sup> 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](http://www.indluplace.co.za)

