

## **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**”)



**INDLUPLACE**  
DWELLING ON RESIDENTIAL

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## **TRADING STATEMENT - IMPACT OF COVID-19, DEFERRAL OF INTERIM DIVIDEND AND WITHDRAWAL OF GUIDANCE**

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Indluplace is supportive of the South African government’s response to the COVID-19 outbreak to safeguard the health of all South Africans. As a provider of homes to over 9 100 families and 2 400 students as well as a supporter of many SMME’s we are committed to playing our part in ensuring the health and safety of our tenants, staff and service providers while ensuring the long-term sustainability of the business. The extended lockdown coupled with a fast-changing and uncertain environment requires hands-on management. We have implemented various measures to monitor the situation in order to react quickly in support our operational teams and our tenants.

This announcement provides an update of the current impact of the pandemic and specifically the extended national lockdown on Indluplace. We will further update stakeholders at our interim results presentation scheduled for 20 May 2020 or as circumstances change.

### **Operational update**

The immediate effect of the national lockdown is that our properties are fully utilised as families are forced to stay in their units for extended periods of time. Our tenants have reacted positively to this new reality and have largely displayed patience and courtesy to fellow citizens. Similarly, our building-based staff have had to adjust to this new reality and a new way of dealing with challenges. Essential services to tenants have been maintained across the portfolio whilst non-essential functions continue to be carried out, albeit, remotely. Operationally we have tried to maintain a business as usual approach as much as possible. This is also important for the many SMMEs that rely on Indluplace to keep their businesses operational and their staff employed.

As expected, letting activity has reduced substantially as prospective tenants are unable to view units or to vacate or occupy premises. Our occupancy figures have therefore remained constant.

Collections remain a high priority and currently we have collected in excess of 85% of our residential billings for April 2020. Rental from retail tenants comprises approximately 5% of total revenue and collections for the same period are in the region of 50% of the total amount due. The majority of the retail premises comprise small businesses that have not operated since the lockdown started. We are engaging with these tenants on an individual basis to find solutions that are acceptable to both parties.

### **Balance sheet / Capital management**

The Indluplace board of directors (“**Board**”) is acutely aware that these uncertain times require prudent balance sheet management and a greater focus on liquidity planning. The Group loan to value ratio is expected to be better than the pre-close guidance of 36% with cash on hand, including undrawn facilities, of approximately R120 million.

### **Interim dividend, withdrawal of guidance and dividend policy**

The rapidly changing environment, lack of predictability and difficulty in estimating the overall impact of the pandemic and subsequent lockdown on the future performance requires Indluplace to retain as much capital as possible to protect its balance sheet and assist with liquidity. The Board, therefore, resolved to defer the decision on the payment of an interim dividend for the period ended 31 March 2020, to the end of the financial year, meaning that no distribution will be declared on the date of release of the interim results for the six months ended 31 March 2020 (compared to the distribution of 37.49 cents per share declared for the six months ended 31 March 2019).

Further to this, the guidance previously communicated for the full financial year ending 30 September 2020 is withdrawn.

The Board has furthermore resolved to revise its current dividend policy, which is to pay out 100% of distributable income, to a more sustainable pay-out ratio which will be communicated once there is more certainty.

The financial information contained in this announcement has not been reviewed or reported on by the Company's auditors.

The Company's interim results for the six months ended 31 March 2020 will be published on or about 20 May 2020.

23 April 2020

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Sponsor

The logo for Java Capital, featuring the word "JAVA" in a stylized font with a blue underline and "CAPITAL" in a simpler, grey font.