



**INDLUPLACE**  
DWELLING ON RESIDENTIAL

## **Annual Report**

**FOR THE YEAR ENDED  
30 SEPTEMBER 2021**

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## Our business at a glance



**INDLUPLA**  
DWELLING ON RESID

	2021	2020
<b>RAND</b>		
Closing share price on JSE on 30 September	3,35	3,03
Highest closing share price for the financial year	3,99	4,59
Lowest closing share price for the financial year	2,83	2,40
Volume traded during the financial year	18,1 million	133,3 million
Market capitalisation	1,1 billion	1,0 billion
Borrowings	1,39 billion	1,44 billion
Property portfolio	3,5 billion	3,8 billion
<b>CENTS</b>		
Dividends per share (after pay-out ratio)	28,13	44,02
Net asset value per share	709,55	792,39

	2021	2020
<b>PERCENTAGE</b>		
Loan to value ratio	37,0	34,1
Loan to value ratio - including derivatives	38,6	36,8
Residential occupancy	87,2	88,7
Retail occupancy	97,9	87,7
Weighted cost of borrowings	8,29	8,63
<b>NUMBER</b>		
Buildings	132	147
Residential units	9 199	9 668
<b>SQUARE METERS</b>		
Retail	16 058	18 870

# Who we are

Indluplace is a proudly South African property investor owning a portfolio primarily focused on housing working families who have chosen to make our properties their homes. We were the first rental residential focused REIT to be listed on the main board of the JSE in June 2015.

Indluplace owns a substantial residential property portfolio from which it pays distributions to its shareholders. The residential sector is under-represented on the JSE relative to the representation in developed markets. We believe there is significant opportunity for growth as increasing numbers of South Africans enter the affordable housing market and urbanisation continues. The current portfolio of 9 199 residential units and 16 058 m<sup>2</sup> of retail space (associated with the mostly residential buildings) offers a diversity of rental offerings. The portfolio is situated

mainly in Gauteng and Mpumalanga, with limited exposure in KwaZulu-Natal and the Free State. Indluplace will continue to invest in properties where a proven demand for rental units exists, that is close to major transport routes and work opportunities and that will contribute to the long-term sustainability of the fund.

Indluplace Property Services (IPS), a wholly owned subsidiary, provides the in-house property management function. IPS ensures that Indluplace's growing portfolio is professionally managed to provide positive investment returns, while providing value for money accommodation and service to all its tenants. Indluplace is cognisant of the environment in which it operates and supports community building activities in those areas in which it is invested.





Non-Executive Directors

# Our board



## TAFFY ADLER

Non-executive director (Chairman)

BA, BPhil in African Studies. MSc in Building Science

**Appointment date:** 25 February 2015

### **Committees**

Remuneration and nomination, Investment, Social and ethics (Chairman)

**Taffy** (71) is chairman of Indluplace and is a non-executive director of Arrowhead. He is currently the director of the University of the Witwatersrand's ("Wits") Re-Imagining Property Project, which seeks to enhance the asset management of Wits' properties. He also oversees Wits' participation in the urban regeneration of Braamfontein. Taffy was previously the CEO of the Housing Development Agency. Prior to that he was CEO of the Johannesburg Housing Company.

## CLIFFORD ABRAMS

Independent non-executive director

BCom, BAcc, CA(SA), Registered Auditor

**Appointment date:** 25 February 2015

### **Committees**

Audit and risk (Chairman)

**Clifford** (52) is a Chartered Accountant and has been in private practice for the past 20 years. He is the proprietor of Clifford Abrams & Associates. Clifford has sustained a lifelong dedication to his community and has held various leadership positions amongst communal organisations.



**AYESHA REHMAN**

Lead independent non-executive director

Diploma in Financial Accounting, Certificate in Management, Certificate in Project Management, Certificate in Property Development

**Appointment date:** 18 March 2015

**Committees**

Audit and risk, Investment, Remuneration and nomination (Chair: Remuneration), Social and ethics

**Ayesha** (71) was the Chief Financial Officer of the Johannesburg Housing Company until her retirement in 2015, and prior to that she was an accountant at the Joint Education Trust.

**SELWYN NOIK**

Independent non-executive director

CA(SA)

**Appointment date:** 18 March 2015

**Committees**

Investment (Chairman), Remuneration and nomination

**Selwyn** (74) is a Chartered Accountant. After qualifying, he spent 11 years in a managerial position with a listed property company, Pioneer Holdings & Finance Corporation Limited. He was an executive director of the listed trade finance company Reichmans Limited for 10 years and after its acquisition by Investec Limited, he assumed the role of group secretary of Investec, a position he held for 13 years until his retirement in 2007. Thereafter he filled a company secretarial and compliance role with Investec Property until the end of 2011. He was a non- executive director of Arrowhead until February 2021.



**NINDIPHIWE TETYANA**

Independent non-executive director

BCom, PDipAcc, CA(SA)

**Appointment date:** 1 November 2019

**Committees**

Audit and risk

**Nindiphiwe** (40) has more than 17 years' experience in finance and auditing with expertise across a range of industries. She currently serves as the financial director of Lesedi and Letsatsi Power Projects. Prior to joining Lesedi and Letsatsi Power Projects in 2014, Nindiphiwe was a senior audit manager at Ernst & Young, Fund CFO at Brait and financial analyst at ABSA Retail Banking. She began her auditing and finance career at SNG Grant Thornton.

Executive directors

## Our board



### **CAREL DE WIT**

#### **Chief Executive Officer**

BSc Building Science

#### **Committees**

Social and ethics and Investment, with a standing invitation to all committee meetings

**Carel** (54) joined Indluplace in 2014. He has extensive experience in commercial and residential property investment, development and management. His career in property includes time spent with Sanlam Properties, Metcash Trading, TAG Angola and the Johannesburg Housing Company. Carel has been the CEO of Indluplace since March 2016.

### **TERRY KAPLAN**

#### **Chief Financial Officer**

BCom, BAcc, CA(SA)

#### **Committees**

Investment with standing invitation to all committee meetings

**Terry** (46) joined Indluplace as Financial Director in March 2016. Prior to this he was group finance executive at Massmart Holdings Limited. Terry previously worked for Redefine Properties Limited and lived and worked in the United Kingdom for eight years where he gained experience in both the banking and healthcare sectors. He began his career with Grant Thornton, where he qualified as a Chartered Accountant.

### **GRANT HARRIS**

#### **Chief Operating Officer**

#### **Committees**

Standing invitation to all committee meetings

**Grant** (40) joined Indluplace as COO in July 2019. Prior to his appointment to Indluplace, Grant was the Managing Director of IHS Property Management, where he was responsible for the property management operations of multiple portfolios consisting of approximately 10 000 residential units. Prior to this, Grant was the CEO of Citiq, a privately held real estate investment business, focused on the affordable housing market, with assets under management in excess of two billion Rand. Grant has more than 13 years of senior and executive management experience in property operations and asset management.

# Our team

## **NOLENE ERASMUS**

### **IPS Letting Manager**

NQF 4 Real Estate (in process)

**Nolene** joined Indluplace in April 2021 to establish a new, internal Leasing Department. With her team of Letting Agents and Leasing managers, she is responsible to ensure maximum occupancy in the buildings. Nolene has over thirteen years' experience in the property industry, having worked at CSI Rentals and most recently at International Housing Solutions before she joined Indluplace.

## **ARMAND FOURIE**

### **Asset Manager**

BCom Management

**Armand** is responsible for the optimal performance of the properties. He works closely with the different heads of departments and the sectional title manager. Armand has over twelve years' experience in property management, having worked at City Properties and MidCity Property Group before joining Indluplace in December 2017.

## **THABILE MAYEZA**

### **Human Resources Manager**

BA (Hons): Industrial Psychology  
Mcom: Industrial Relations (Candidate)

**Thabile** joined Indluplace in July 2021 and is responsible for overseeing all aspects of human capital. Thabile has over ten years of experience in Human Resources, primarily working in media companies. Her areas of expertise include recruitment, employee training and employee relations. She holds a postgraduate qualification in Industrial Psychology and is a registered Masters candidate. Before joining the company, she worked at Times Media Group, Kagiso Media Group and PwC.

## **KAREN NAIDOO**

### **Head – Internal Operations**

**Karen** is responsible for Credit Control, Credit Vetting and Customer Relationship Management. Prior to her appointment at Indluplace in April 2021 she has worked at IHS Property Management, Citiq and Standard Bank. Karen is a versatile Collections, Operations and Property Management professional with over fifteen years extensive experience in senior management



## **MARK TAIT**

### **IPS Financial Director**

BBusSc Finance, CA (SA)

**Mark** joined Indluplace in August 2018. Prior to this he was the financial manager for Mafadi Property Management. He spent some time working in Zambia and the Netherlands where he gained experience in the oil and construction sector. He began his career with Ernst & Young where he completed his articles. Mark oversees and runs the financial management of the Indluplace Property Services business. Part of this responsibilities is ensuring that the debtors, creditors and cash management of the property management business are valid, accurate and complete.

## **PAUL VENTER**

### **IPS Operations Director**

NQF 5 Real Estate

**Paul** joined the team in August 2019 as Asset Manager and was tasked with setting up operations for the newly formed in-house property management company, Indluplace Property Services. His has extensive and hands-on experience in operational aspects of managing properties of over twenty years. Paul was previously involved with setting up the in-house management for other portfolios. He also oversees the maintenance department and works closely with his team of portfolio managers.

# Professional service providers

## **ABSA Bank Limited (“ABSA”)**

ABSA is a wholly-owned subsidiary of ABSA Group Limited, which is listed on the JSE and is one of Africa’s largest financial services groups. ABSA offers a range of retail, business, corporate and investment banking, wealth management and insurance products and services. ABSA Group Limited is represented in 12 countries, with approximately 42 000 employees. ABSA provides debt funding to Indluplace.

## **BDO South Africa Incorporated (“BDO”)**

BDO with 1 450 professionals in 7 offices across South Africa, coupled with global resources in 162 countries, through their brand promise – Exceptional Client Service, always and everywhere - is founded on three core delivery pillars: Relationships, Responsiveness and Resources.

## **CIS Company Secretaries Proprietary Limited (“CIS”)**

CIS provides company secretarial services to Indluplace and the Board members, with detailed guidance as to how their responsibilities should be properly discharged in the best interests of the company. The company secretary provides a central source of guidance and advice to the Board and within the company, on matters of ethics and good corporate governance.

## **Cliffe Dekker Hofmeyr Inc**

Cliffe Dekker Hofmeyr is one of the largest business law firms in South Africa specialising in services covering the complete spectrum of business legal needs. The firm provides legal services to Indluplace.

## **Computershare Investor Services Proprietary Limited (“Computershare”)**

Computershare manages over two million shareholder accounts, providing share registry and custodial services, employee share plan management and investor relations to over 80% of the companies listed on the JSE. Computershare is a CSDP licensed by Strate.

## **Couzyns Inc (“Couzyns”)**

Couzyns, a firm of attorneys in Johannesburg, provides legal services to a largely corporate client base. Couzyns is entrusted with Indluplace’s conveyancing matters.

## **Investec Bank Limited (“Investec”)**

Investec provides a wide range of financial products in South Africa through its Specialist Banking. Investec provides debt funding to Indluplace.

## **Java Capital Trustees and Sponsors Proprietary Limited**

Java Capital provides a complete range of financial, commercial and legal advisory and transaction execution services. It is licensed as a sponsor of companies listed on the JSE and as a designated advisor to the JSE’s AltX. Java Capital is the JSE sponsor to Indluplace.



## Chairman's statement

2021 saw what might well be the most significant development for Indluplace since listing in 2015, the internalisation of our property management function. In the context of the ongoing adverse social and economic impact of COVID-19, this decision, and its consequent implementation, required courage and extraordinary effort on the part of management and the board as we geared up systems and staff to directly manage its 9 199 units providing homes to more than 30 000 people. I am particularly pleased that the massive growth in the internal team was done in a manner that preserves and consolidates our company's commitment to the ethical business practices so needed in the South African context of providing value-for-money accommodation for tenants and employment for our staff.

In 2020 we were all faced with COVID-19 and unfortunately 2021 wasn't easier. With the ongoing effects of the pandemic, riots and looting, and disposable income decreasing, the South African economic landscape has been severely impacted. The continuous COVID-19 waves that resulted in the country implementing lockdowns to curb the infection rate affected the property sector and particularly the affordable end of the residential sector. The pool of qualifying tenants has shrunk over the last two years partly due to the low interest rate environment that enabled many quality renters to purchase their own properties. Our properties in the inner city of Johannesburg have always been defensive but as of late we have seen increased competition in the area. In addition, this sector of the market, which provided accommodation to low income service workers, was most heavily impacted by job losses. The result was a level of vacancies not seen for many years, as well as significant churn in occupancy as tenants looked for cheaper accommodation while adjusting to the impact of COVID.

As already noted, at an operational level the company implemented the internalisation of the property management function. The handover of all the properties that were previously managed by outsourced property managers started on 1 May 2021 and the final hand over completed on 1 September 2021. The company now manages the majority of its residential units and just over 16 000m<sup>2</sup> of retail space including all the associated structures, infrastructure,

procedures and processes. The management of the student portfolio in Vanderbijlpark remains outsourced to local specialists. Indluplace absorbed all building-based staff and the new head office team was recruited from the market. Our operations department did not miss a beat while taking over the staff and buildings from our external managers while the new letting and collections teams were running efficiently in a very short time. Internalisation isn't an easy task but we have attracted an experienced team and the company will reap the benefits in the coming years. Indluplace is proud to have increased its head office count from 11 to 70 people while not substantially increasing the total administration costs. For us this is a significant achievement in the face of high and growing unemployment rates in our country.

Since 2018 Indluplace has embarked on a strategic refocus of its portfolio by disposing of small assets in specific low-growth areas. While the student portfolio is delivering good returns, we also plan to divest from these specialist properties to focus on our core business – housing working families. In this financial year 22 properties worth R75 million were transferred. We plan to transfer a further 16 properties of about R130 million in the 2022 financial year. Our balance sheet is healthy with manageable loans. The disposals will further assist to reduce borrowings and enable us to start looking for growth opportunities.

The average monthly vacancy for FY21 was 11,8%. This is higher than the previous years due to a higher tenant turnover. The company was able to attract over 4 000 new tenants over the year whilst maintaining strict tenant vetting criteria. The collections rate has further improved to 98%; this is an impressive result during a complex handover and strained economy.

The company has paid a distribution for every year thus far and this year the board has declared a dividend of 28,13 cents per share for the 2021 financial year.

Each year I note the contribution of Board members, the senior executives, all staff members and service providers to the operation of the company. This year requires an additional note of thanks, given the strategic and operational challenges posed with the internalisation of property management during a pandemic. Everyone put in long hours, coped with changed working conditions,

developed out-of-the-box solutions to the lockdown restrictions, additional employees and serviced our tenant body with the combination of patience, sympathy and firmness required by the situation on the ground. For all of this I want to congratulate and thank them all.

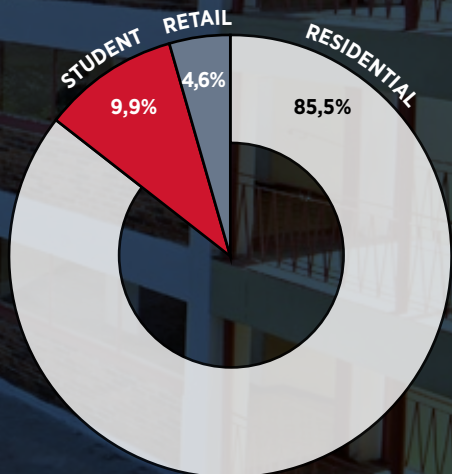
The residential property market faces considerable challenges as we climb out of two years of COVID-19. In the short term we aim to settle our new management structures and team and stabilise distributions. In the medium term we will continue to refocus the portfolio by disposing of smaller, non-core assets and implement a capex programme to ensure buildings attract quality tenants. And we intend to start growing again into a much larger fund as the economy improves.

Watching the consolidation of Indluplace into a focussed and integrated property management company with shared values and a clear objective, I believe we can overcome these challenges. We will continue to provide superior service and properties to be able to retain and attract good quality tenants and provide a satisfactory return to shareholders.

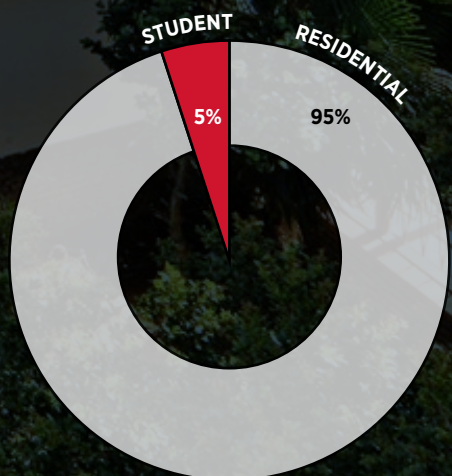


**T. Adler**

Chairman  
17 November 2021



Sectoral profile - Revenue



Sectoral profile - Units

# Executive directors' report

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)
<b>Net property income</b>	<b>265 639 259</b>	<b>315 557 555</b>
<b>Distributable income</b>		
<b>Amount available for distribution (pre taxation)</b>	<b>117 806 099</b>	<b>170 549 659</b>
<b>Distributed for the six months ended:</b>		
6 months ended - 31 March	-	-
6 months ended - 30 September	88 354 574	140 567 201
<b>Amount declared for the year ended 30 September</b>	<b>88 354 574</b>	<b>140 567 201</b>
<b>Dividend for the six months ended:</b>		<b>Cents</b>
31 March	-	-
30 September	28,13096	44,01572
<b>Dividend for the year ended 30 September</b>	<b>28,13096</b>	<b>44,01572</b>
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) (cents)	709,55	792,39
Net asset value per share (cents)	697,60	768,65
<b>Number of shares used in the calculation of the dividends for the 12 months ended:</b>		
30 September	314 082 990 <sup>^</sup>	319 356 799 <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.

## Revenue

Contractual rental income 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 year, combined with the delayed start to the academic year which impacted negatively on revenue generated by the student accommodation.

There were no significant deferrals in the current financial year.

## Property portfolio

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

<b>Residential unit spread</b>	%	<b>Residential unit category</b>	%
Johannesburg suburbs	45	Rooms	6
Johannesburg Inner city	33	Bachelors	15
Pretoria/Midrand	11	One bed	19
Emalahleni	5	Two bed	49
Vanderbijlpark	5	Three bed	9
Durban	<1	Other	2
Bloemfontein	1		
<b>Total</b>	<b>100</b>	<b>Total</b>	<b>100</b>

## 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 approximately 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**

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

Finance income has decreased from R16,1 million to R6,5 million 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**

<b>R</b>	<b>30 September 2021</b>	<b>30 September 2020</b>
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
<b>Total</b>	<b>125 888 103</b>	<b>131 051 277</b>

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 in respect of taxable temporary differences.

**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 R2,5 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

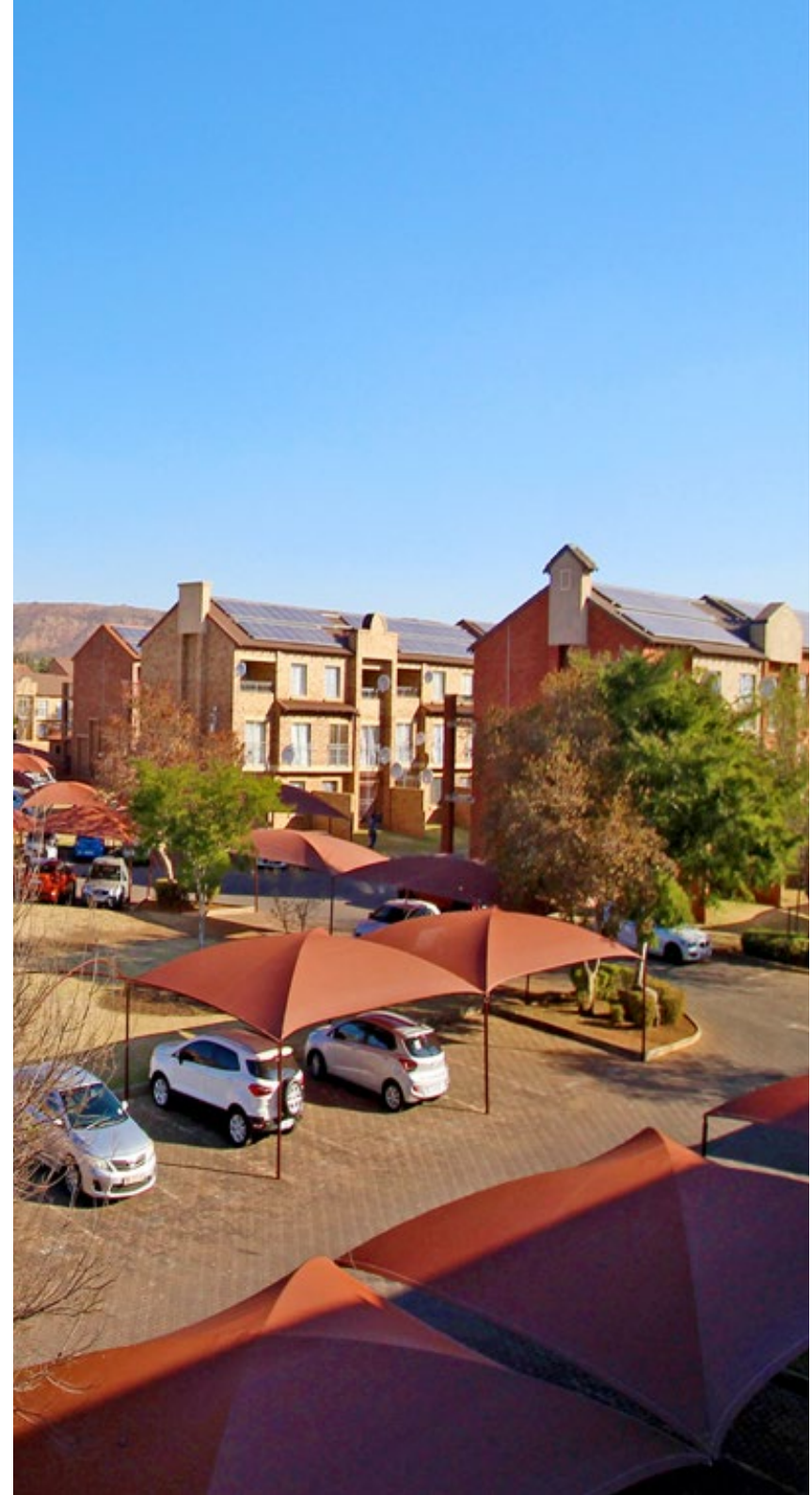
Trade and other receivables decreased from R104,3 million at 30 September 2020 to R49,4 million. Net trade receivables of R6,1 million are included in the 31 September 2021 balance. Following the internalisation of the property management function, cash previously held in property managers' trust accounts (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 bank access facilities.

### Secured financial liabilities and derivative instruments

Secured financial liabilities reduced from R1,44 billion to R1,39 billion as a portion of the proceeds from disposals was used to pay off term facilities.



## Secured financial liabilities

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

Hedgings/Swaps	Maturity	Notional (R)	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 R1,2 million for VAT are included in the aforesaid balance.

## Change in directorate

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

# Property portfolio

Indluplace's property portfolio comprises 9 199 residential units and 16 058 m<sup>2</sup> of retail space in 132 buildings situated predominantly in Gauteng, along with one in each of Mpumalanga, KwaZulu-Natal and the Free State.

During the course of the current year, Indluplace commenced and finalised the process of internalising the property management of the majority of its assets. The head office team has grown from 11 to 70 as the internal services encompass letting, vetting, billing, collections, finance, maintenance and other operations. This was achieved with minimal disruption to the tenants and without necessitating retrenchments.

The portfolio is valued at R3,5 billion and the average annualised property yield is 10,6%.



# Property disposals

PROPERTY NAME	PROVINCE	TYPE	EFFECTIVE / TRANSFER DATE	RESIDENTIAL UNITS	RETAIL GLA m <sup>2</sup>	VALUE (R)
Cathay Mansions	Gauteng	Residential small suburban block	01 06 2021	25	-	3 600 000
Cedarmont Court	Gauteng	Residential small suburban block	01 11 2020	35	-	3 300 000
Eltruda Court	Gauteng	Residential small suburban block	22 04 2021	42	-	8 250 000
Genoa Court	Gauteng	Residential small suburban block	15 09 2021	12	293	3 300 000
Glenor	Gauteng	Residential small suburban block	01 10 2020	46	-	6 800 000
Homelands	Gauteng	Residential small suburban block	01 06 2021	43	-	7 500 000
Houghton Mansions	Gauteng	Residential small suburban block	08 06 2021	17	-	3 200 000
Houghton Ridge	Gauteng	Residential small suburban block	01 06 2021	48	-	9 500 000
Marvin Court	Gauteng	Residential small suburban block	01 10 2020	15	-	1 600 000
Mayburne Crest	Gauteng	Residential small suburban block	07 06 2021	51	182	12 000 000
Mountjoy	Gauteng	Residential small suburban block	01 06 2021	24	216	4 800 000
Myra Court	Gauteng	Residential small suburban block	01 05 2021	21	1	3 000 000
Park Chambers	Gauteng	Residential small suburban block	01 02 2021	36	200	9 000 000
Ronivan Court	Gauteng	Residential small suburban block	01 09 2021	40	344	6 650 000
Ruth	Gauteng	Residential small suburban block	14 07 2021	-	1 080	2 500 000
Whitely Court	Gauteng	Residential small suburban block	02 06 2021	14	496	2 850 000
				<b>469</b>	<b>2 812</b>	<b>87 850 000</b>

Above table based on earlier of effective date or transfer date.



# Portfolio info

TOTAL  
BUILDINGS

**132**

TOTAL  
RESIDENTIAL UNITS

**9 199**

TOTAL  
RETAIL M<sup>2</sup>

**16 058**

Bachelors/rooms	1 Beds	2 Beds	3 Beds	Other
<b>1 935 units</b>	<b>1 773 units</b>	<b>4 515 units</b>	<b>815 units</b>	<b>161 units</b>

**21%**  
of total

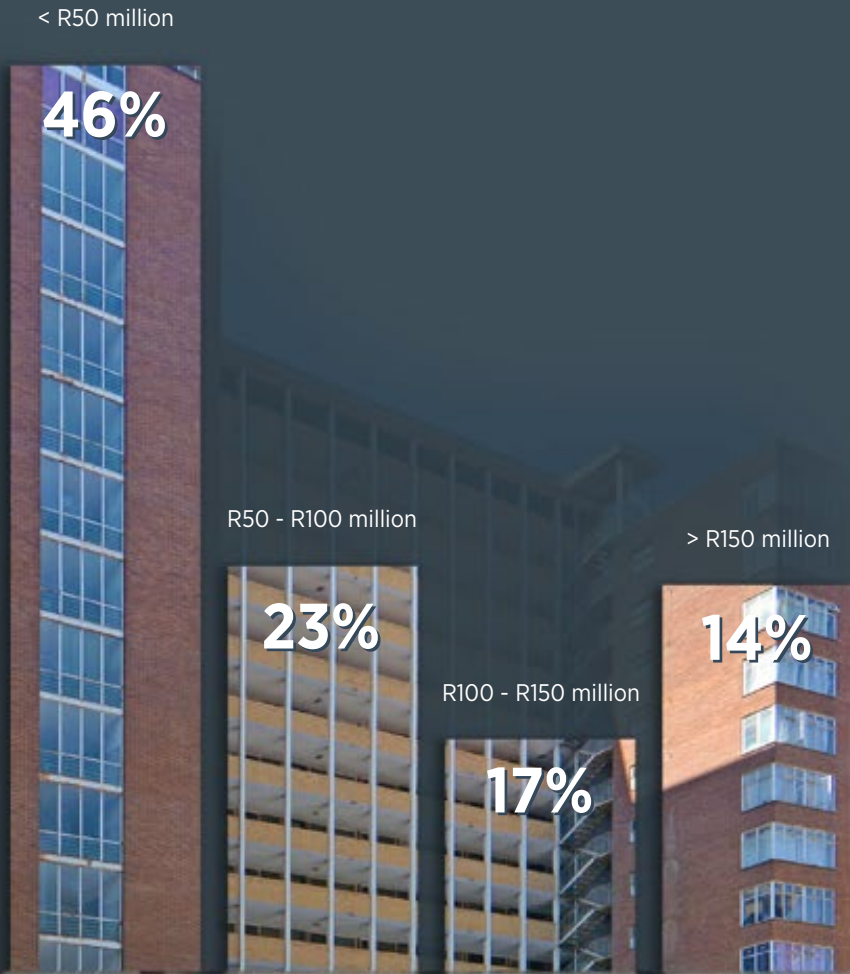
**19%**  
of total

**49%**  
of total

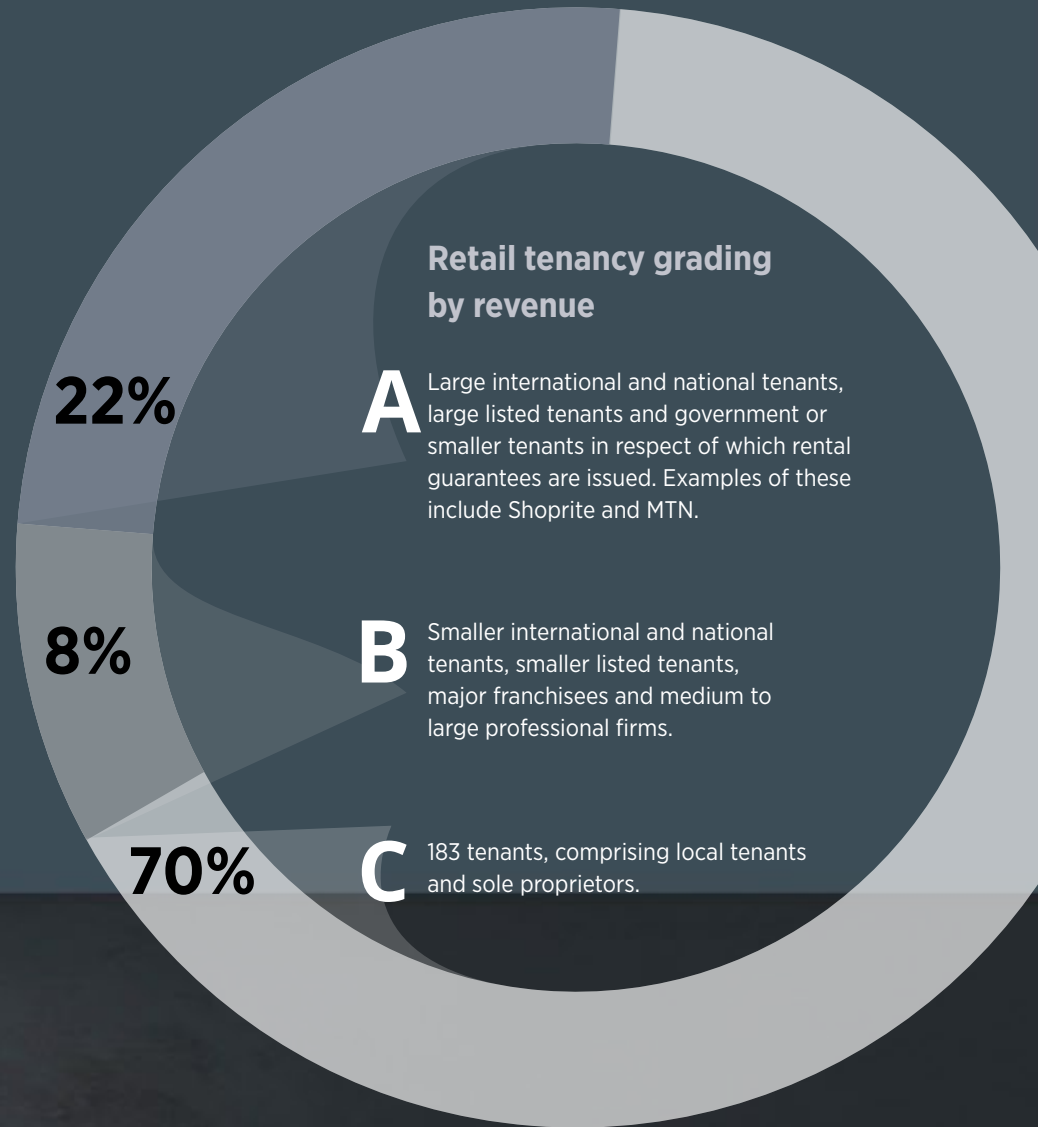
**9%**  
of total

**2%**  
of total

# Building values



Percentage of valuations per value bracket e.g. 46% of the portfolio valuation is made up of buildings less than R50 million.





## 12 month letting report - Residential units and retail GLA (m<sup>2</sup>)

	TOTAL		LET		% LET		VACANT		% VACANT	
	Residential Units	Retail GLA - m <sup>2</sup>	Residential Units	Retail GLA - m <sup>2</sup>	Residential Units	Retail GLA - m <sup>2</sup>	Residential Units	Retail GLA - m <sup>2</sup>	Residential Units	Retail GLA - m <sup>2</sup>
<b>30 September 2020</b>	<b>9 668</b>	<b>18 870</b>	<b>8 575</b>	<b>16 552</b>	<b>88,7</b>	<b>87,7%</b>	<b>1 093</b>	<b>2 318</b>	<b>11,3</b>	<b>12,3%</b>
Acquisition										
Disposal	469	2 812								
Reclassification / remeasurement										
<b>Net movement</b>	<b>469</b>	<b>2 812</b>	<b>(554)</b>	<b>1 632</b>	<b>1,5</b>	<b>(92,0)</b>	<b>(85)</b>	<b>1 180</b>	<b>(1,5)</b>	<b>(7,0)</b>
<b>30 September 2021</b>	<b>9 199</b>	<b>16 058</b>	<b>8 021</b>	<b>14 920</b>	<b>87,2</b>	<b>92,9</b>	<b>1 178</b>	<b>1 138</b>	<b>12,8</b>	<b>7,1</b>

### Weighted average monthly rentals & escalations per month

ROOMS	BACHELORS	1 BEDS	2 BEDS	3 BEDROOM	4 BEDROOM
R 1 627	R 3 045	R 4 030	R 5 118	R 5 913	R 7 237

#### Average monthly rental

**Excluding** student accommodation R 4 432 **Including** student accommodation R 4 938

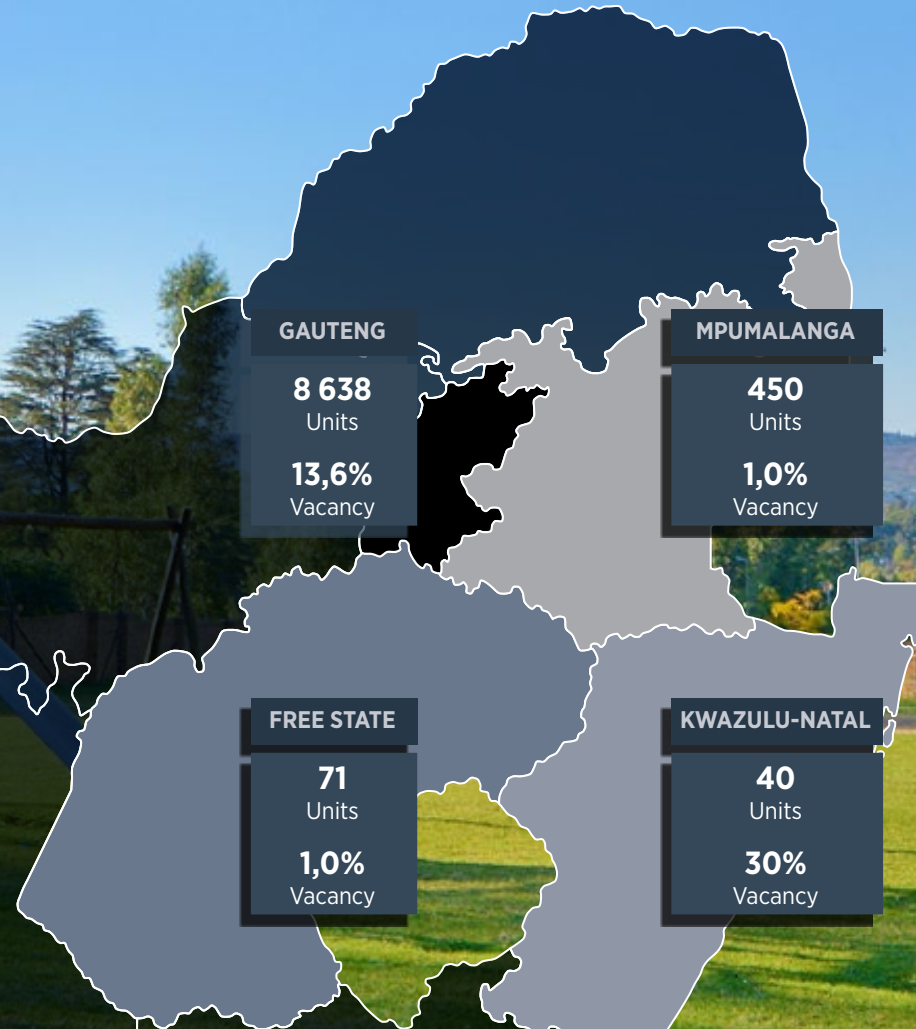
#### Average annual escalation

**Residential** units (excluding student accommodation) -0,5% **Retail** -1,9%



# Geographical spread

## unit location and vacancy





# Gauteng residential units

at 30 September 2021

JHB CBD PERIPHERY	JHB INNER CITY	JHB NORTH
<b>1%</b> Units	<b>33%</b> Units	<b>6%</b> Units
<b>11,9%</b> Vacancy	<b>15,8%</b> Vacancy	<b>8,3%</b> Vacancy
PRETORIA & MIDRAND	JHB WEST	JHB EAST
<b>10%</b> Units	<b>11%</b> Units	<b>23%</b> Units
<b>4,5%</b> Vacancy	<b>23,7%</b> Vacancy	<b>14,6%</b> Vacancy
JHB SOUTH & SOWETO	VANDERBIJLPARK	
<b>5%</b> Units	<b>5%</b> Units	
<b>7,8%</b> Vacancy	<b>1%</b> Vacancy	

## Lease expiry profile by revenue and m<sup>2</sup>/units

	RESIDENTIAL %		STUDENT %		RETAIL %	
	R	UNITS	R	UNITS	R	M <sup>2</sup>
Vacant	-	13	-	-	-	12
Monthly	100	87	-	-	-	-
to 30 September 2022	-	-	100	100	43	37
to 30 September 2023	-	-	-	-	25	22
to 30 September 2024	-	-	-	-	13	12
to 30 September 2025	-	-	-	-	11	10
to 30 September 2026	-	-	-	-	8	7



## 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 are 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.



# Corporate governance

In regularly reviewing the company's governance structures, the Board leads ethically and effectively, always acting in the best interests of the company, ensuring that the company operates in a sustainable manner. The company recognises that strategy, risk, performance and sustainability are part of the journey towards value creation for shareholders and stakeholders alike.

## The Board

The Board is responsible for the strategic direction and control of the company. It exercises control through a governance framework that includes the review and implementation of detailed reporting presented to it and its committees and the implementation of a continuously updated risk management programme.

The role of the Chairman and the Chief Executive Officer ("CEO") are separate and the CEO is fully responsible and accountable for the operations of the company.

The Chairman leads the Board and facilitates constructive relations between the executives and the Board. As the Chairman is not independent, the company has elected A Rehman as the lead independent non-executive director.

The Board consists of eight directors.

Four directors are independent non-executive and one is a non-executive director. The executive directors are C de Wit (CEO), T Kaplan (CFO) and G Harris (COO).

The Board has adopted a charter that sets out the practices and processes it follows to discharge its responsibilities.

The charter specifically describes the roles, functions, responsibilities and powers of the Board, the Chairman, executive and non-executive directors.

The terms of reference of the Board and its committees address matters such as corporate governance, directors' dealings in securities, declarations of conflicts

of interest, Board meeting documentation and procedures for the nomination, appointment, induction, training and evaluation of the directors.

There is an appropriate balance of power and authority on the Board, so that no individual has unfettered decision making powers and no individual dominates the Board's deliberations and decisions. The Board regularly reviews the authorities delegated to management, as well as those matters reserved for the Board.

After recommendation by the Remuneration and nomination committee, Board appointments are considered by the Board as a whole, in accordance with the company's policy for appointments to the Board. Appointments are made in a formal and transparent manner.

Any director appointed during the year is required to have the appointment confirmed by shareholders at the next general or annual general meeting. One third of all directors retire by rotation on an annual basis and if eligible, may make themselves available for re-election.

For details of the directors retiring by rotation and making themselves available for re-election at the forthcoming annual general meeting, see page 117 of this report.

The Board has delegated certain specific responsibilities to the following committees:

- Remuneration and nomination committee;
- Audit and risk committee;
- Investment committee; and
- Social and ethics committee.

The committees assist the Board in discharging its responsibilities and duties, whilst overall responsibility remains with the Board. Full transparency and disclosure of committee deliberations are encouraged, and the minutes of all committee meetings are made available to the directors. Directors are encouraged to take independent advice at the company's expense for

the proper execution of their duties and responsibilities after following an approved procedure. The Board has unrestricted access to the external auditors, professional advisors, the services of the company secretary, the executives and the staff of the company at any given time. An induction programme is provided for new directors.

An assessment of all Board members, including the Chairman, was undertaken in terms of their interaction with the CEO and executives, their attendance at, preparation for and participation at meetings, their understanding of property and financial related matters, their independence and commitment to ensuring that the company conducts itself ethically, with integrity, fairly, transparently and competently as well as subscribing to the highest standards of corporate governance in the achievement of strategic objectives. The results of the assessment were compiled into a report which was presented to the Board and discussed. The Board was found to be operating effectively and no remedial action was necessary. The value of an annual evaluation process is acknowledged by the Board.

The Chairman was assessed on his leadership of the Board.

During the year, each Board member assessed the Board and the Board committees on which they serve.

Directors and committee members are supplied with comprehensive information that allows them to properly discharge their responsibilities. The members of the Board bring a mix of skills, experience and technical expertise to the Board that meets at least four times a year.

#### Meetings and attendance

Name	22 Oct 2020 <sup>§</sup>	17 Nov 2020	28 Jan 2021 <sup>§</sup>	16 Feb 2021	19 May 2021	23 July 2021 <sup>§</sup>	17 Aug 2021
T. Adler (Chairperson)	√	√	√	√	√	√	√
C. Abrams	√	√	√	√	√	√	√
C. de Wit	√	√	√	√	√	√	√
G. Harris	√	√	√	√	√	√	√
T. Kaplan	√	√	√	√	√	√	√
S. Noik	√	√	√	√	√	√	√
A. Rehman	√	√	√	√	√	√	√
N. Tetyana	√	√	√	√	√	A	√

√ Attended A Apology

§ Special Board meeting

#### The Investment committee

The Investment committee comprises of S. Noik (Chairman), C. de Wit, T. Kaplan, T. Adler and A. Rehman and meets when decisions are required to acquire or dispose of property assets.

A full due diligence is undertaken before any property is considered for acquisition and is circulated to all members of the committee in advance of meetings.



Decisions of the committee require consensus. The Investment committee has met prior to the conclusion of each acquisition or disposal.

### Meetings and attendance

Name	10 Mar 2021	30 Apr 2021
S. Noik (Chairperson)	√	√
T. Adler	√	√
C. de Wit	√	√
T. Kaplan	√	√
A. Rehman	√	√

√ Attended

### The Remuneration and nomination committee

The Remuneration and nomination committee comprises two independent non-executive directors, A. Rehman and S. Noik, and one non-executive director, T. Adler, whose primary responsibilities include approving the remuneration policy of the company, monitoring its implementation, ensuring that directors and senior executives are remunerated fairly and responsibly, as well as identifying, assessing and nominating new non-executive directors for appointment to the Board.

Although S.Noik was not considered independent for a period under review, due to his membership of the board of directors of Arrowhead, the Board assessed S.Noik's skills, knowledge, experience and independence of thought on a substance-over-form basis and determined that S. Noik objectively and effectively executed his duties as a member of the Remuneration and nomination committee with no undue influence or bias. S.Noik retired from his

position as a member of the board of directors of Arrowhead with effect from 25 February 2021, and was subsequently regarded as independent.

Any new appointees are required to possess the requisite skills to contribute meaningfully to Board deliberations and to enhance Board composition in accordance with recommendations, legislation, regulations and best practice.

The committee considers the mix of basic remuneration, annual bonuses and performance related incentive elements. Incentives are based on targets that are stretching, verifiable and relevant. The Remuneration and nomination committee is mandated by the Board to approve the remuneration and incentivisation of all employees, including executive directors. In addition, the Remuneration and nomination committee recommends directors' fees payable to non-executive directors and members of Board subcommittees, for ultimate approval by shareholders.

Matters relating to nominations are chaired by T. Adler and matters relating to remuneration by A. Rehman. The CEO, CFO and COO attend meetings by invitation.

In respect of nomination responsibilities, the Board maintains an oversight role and has ultimate decision-making power on any nomination recommendation made by the committee.

The Indluplace remuneration policy supports the company's policy of attracting, retaining and incentivising high calibre staff, which is in the company's as well as all stakeholders' best interests. The Remuneration Policy and Implementation Report can be found on page 44.

Non-executive directors receive fixed fees for their services as directors and as members of the Board's sub-committees and do not participate in any performance related incentives.

### Meetings and attendance

Name	22 Oct 2020	30 Oct 2020	10 Mar 2021	15 Sept 2021
A. Rehman (Chairperson)	√	√	√	√
T. Adler	√	√	√	√
S. Noik	√	√	√	√

√ Attended

### The Audit and risk committee

Indluplace's Audit and risk committee is integral to the company's risk management process. It reports to shareholders on the extent to which it carried out its statutory oversight duties in respect of the external auditors, the appropriateness of the financial statements and accounting practices, as well as internal financial controls. The Audit and risk committee report can be found on page 53.

The committee consists of three independent non- executive directors, C. Abrams (Chairman), N. Tetyana and A. Rehman. Board members, including executive directors as well as representatives from the external auditors attend meetings by invitation.

The committee members have the requisite financial and commercial skills to make an effective contribution to the committee. The auditors have unrestricted access to the Audit and risk committee. The Audit and risk committee considers reports in respect of financial performance, internal controls, adherence to accounting policies, compliance and areas of significant risk as well as written reports from the auditors. The committee has unrestricted access to independent expert advice should the need arise. All non-audit services by the external auditors are required to be approved in advance by the Audit and risk committee.

The Board is responsible for the company's systems of internal controls to enable the preparation of accurate financial statements and for maintaining an effective system of risk management. One of the responsibilities of the committee is to assist the Board in monitoring the adequacy and effectiveness of internal controls and risk management processes generally.

The company has an effective ongoing process for identifying risk, measuring its potential impact and initiating and implementing measures to reduce exposure to an acceptable level. External specialist consultants are utilised, where required, to assist the committee with risk management measures.

Having regard to the size and life-stage of the company, a dedicated internal audit function is not warranted at this stage and the Board believes that the IT governance policy is appropriate. Use is made of external specialists in respect of IT functions.

### Meetings and attendance

Name	12 Nov 2020	11 Feb 2021	13 May 2021	12 Aug 2021
C. Abrams (Chairperson)	√	√	√	√
A Rehman	√	√	A	√
N. Tetyana	√	√	√	√

√ Attended A Apology

### The Social and ethics committee

A formally appointed Social and ethics committee, comprising CEO C. de Wit and non-executive directors T. Adler and A. Rehman has been constituted.

The committee has all the functions and responsibilities provided for in the Companies Act. See page 41 for the Social and ethics committee report.



### Meetings and attendance

Name	15 Sept 2021
T. Adler (Chairperson)	√
C. de Wit	√
A. Rehman	√

√ Attended

### Company secretary

For the 2021 financial year, the Board was assisted by Mr Owen Chimkolenji of CIS Company Secretaries Proprietary Limited who holds a Postgraduate Diploma in Corporate Law (University of Johannesburg), and is an Associate Member of the Chartered Governance Institute of Southern Africa. Mr Chimkolenji was not a director of the company and was empowered to fulfill his duties.

Subsequent to the conclusion of the financial year under review, Mr. Chimkolenji resigned from CIS Company Secretaries Proprietary Limited and was replaced by Ms. Mosa Matlosa. Ms. Matlosa holds a Certificate in Advanced Corporate Law and Securities Law (UNISA) and is a member of the Chartered Governance Institute of Southern Africa and an admitted attorney of the High Court of South Africa. The Board has considered Ms. Matlosa's competence, qualifications and experience and is satisfied that as company secretary, Ms. Matlosa has the necessary skills and experience.

The Board is satisfied that the company secretary maintains an arm's length relationship with the Board and is sufficiently qualified and experienced to execute the required duties. The company secretary advises the Board on appropriate procedures for management of meetings and ensures that the corporate governance framework is maintained. The directors have unlimited access to the advice and services of the company secretary.

Indluplace has complied with the Companies Act, particularly with reference to the incorporation provisions as set out in the Companies Act and has operated in conformity with Indluplace's Memorandum of Incorporation during the year under review.



# King IV compliance

## PRINCIPLES OF KING IV AND DISCLOSURE REQUIREMENTS

This report is to be read in conjunction with the remaining provisions of the company's Integrated Annual Report for the financial year ended 30 September 2021, in particular the Corporate governance section, the Audit and risk committee report, the Social and ethics committee report, the Remuneration report and the Remuneration implementation report on pages 44 to 50. A full copy of the report can be obtained on the company's website [www.indluplace.co.za](http://www.indluplace.co.za).

### Principle 1:

**The Board should lead ethically and effectively.**

#### Explanation:

The Board has taken cognisance of the approach contained in both the Companies Act and King IV that the company has a role to play in society and has an obligation to behave as a responsible citizen.

The Board leads by example and has adopted a code of ethics and conduct so as to commit the business practices which the company follows to writing as well as the standards of behaviour required by others within the company. Agility, integrity, trust, simplicity and accountability are all relevant words and concepts within the company. The Board undertakes regular self-evaluations annually and ensures that an ethical culture is imbued in its strategy, plans and performance of the company.

The internalisation of the company's property management function has resulted in a substantial increase in the number of employees employed by the group. Accordingly, in the coming financial year the Board will strive to ensure that it conveys the necessary information and sets the tone for an ethical organisational culture from the top down.

### Principle 2:

**The Board should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.**

#### Explanation:

The Board assumes responsibility for the governance of ethics. The Board has adopted a code of ethics which clearly sets out the business practices which the company will follow as well as the standards of behaviour for all persons within the company.

The Board ensures that the code of ethics is well communicated and understood.

Specifically, the company will:

- Promote ethical business practices;
- Operate responsibly in accordance with all relevant laws and regulations;
- Ensure equal opportunities;
- Provide a safe and healthy working environment;
- Value diversity in the workplace;
- Conduct its dealings with third parties in an ethical manner;
- Provide a safe route for people to highlight non-compliance;
- Conduct relationships with employees, tenants and stakeholders in a manner which ensures respect for all parties.

These principles sit alongside the company's principles of agility, integrity, trust, simplicity and accountability and together are at the heart of all its dealings and drive the way the company operates as a collective to benefit all employees, tenants, suppliers, shareholders and other stakeholders.

Adherence to corporate governance is entrenched in the company's day-to-day operations and directors and employees are expected to actively pursue and maintain these standards.



During the year under review, application of the company's ethics was monitored internally.

The planned area of future focus is to publish the company's codes of conduct and policies on the company's website and adding the codes of conduct and ethics policies to employee induction and training programmes.

**Principle 3:**

**The Board should ensure that the organisation is and is seen to be a responsible corporate citizen.**

**Explanation:**

The Board assumes responsibility for corporate citizenship by directing how it should be approached and addressed by the company. The Board ensures that the company complies with the Constitution of South Africa as well as its own codes of conduct and policy.

The Board undertook a full review of the company's position with regards to being a responsible corporate citizen. This included a review of the company's Remuneration Policy, work environment, health and safety requirements, reporting on B-BBEE, Employment Equity and the application of King IV.

During the year under review, the Board appointed an external consultant who the Board views as independent to advise on the company's Remuneration Policy for the 2022 financial year.

COVID-19 necessitated that the company's workplace be tailored to meet the requirements stipulated in the regulations to the Disaster Management Act 2002 and to ensure compliance both at its head office as well as across its multitude of properties. This is ongoing and the company will continue to monitor this for as long as COVID-19 remains a risk to the company's stakeholders.

A copy of the company's Broad-Based Black Economic Empowerment verification certificate has been placed on the company's website [www.indluplace.co.za](http://www.indluplace.co.za)

The company remains committed on an ongoing basis to maintaining a safe and enabling workplace, treating tenants in a fair and transparent manner, and uplifting communities in the areas in which it operates.

**Principle 4:**

**The Board should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.**

**Explanation:**

The Board assumes responsibility for Indluplace's strategy (strategy is defined as the setting of the organisation's short, medium and long-term direction towards realising its core purpose and values).

Indluplace is the first residential REIT listed on the JSE. Indluplace's strategy is to grow by acquiring properties and portfolios that provide income from the date of acquisition. Indluplace is positioned to assist in providing an exit for developers and owners of residential stock or portfolios who may reinvest the capital in additional stock. The Board meets annually in order to reassess the strategy of the company, taking into account then prevailing market conditions. That being said, the Board meets quarterly and will touch on strategy and the need to re-evaluate at each Board meeting.

Indluplace has an Investment committee (refer page 26 for further details) which assists the Board of directors with regards to investment decisions relating to the acquisition and disposal of property by the company in line with its stated strategy. The terms of reference in respect of the Investment committee



have been approved by the Board. The company's strategy is reflected in the Investment committee's terms of reference namely:

- to effect acquisitions that contribute sustainable earnings thereby providing a platform for growth;
- properties which are considered to be surplus to the company's requirements as a result of non-performance, size or location are to be disposed of;
- ideally, no property should represent more than 10% of the value of the company's portfolio.

In the coming financial year, in furtherance of the company's long-term strategy, there will be an increased focus on disposal of non-core properties to further enhance the nature of the portfolio.

#### **Principle 5:**

**The Board should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance and its short, medium- and long-term prospects.**

#### **Explanation:**

The Board ensures that reports issued by the company enable stakeholders to make informed assessments of the company's performance, and its short, medium and long-term prospects, subject to statutory and regulatory requirements. The company utilises external specialists to ensure that its stakeholder communications whether by means of SENS, press, circulars, integrated annual report or direct engagements are clear, informative and articulate.

The Board is provided with copies of circulars and integrated annual reports and given an opportunity to comment thereon prior to dispatch. All SENS

announcements, circulars and integrated annual reports and notices of annual general meeting are placed on the company's website [www.indluplace.co.za](http://www.indluplace.co.za).

#### **Principle 6:**

**The Board should serve as the focal point and custodian of corporate governance in the organisation.**

#### **Explanation:**

The Board exercises its leadership by setting strategic direction, delegating authority to give effect to strategy to management and providing oversight.

The Board has adopted a Board charter and Code of ethics and has established an Audit and risk committee, a Remuneration and nomination committee, an Investment committee and a Social and ethics committee each of which has adopted terms of reference, copies of which can be viewed on the company's website [www.indluplace.co.za](http://www.indluplace.co.za).

The Audit and risk committee meets at least quarterly with the remaining committees meeting as often as is required. All the members of the committees attend the meetings whether in person or by electronic participation. Details of meeting held during the financial year under review may be found on pages 28 of this Integrated Annual Report.

The Board is satisfied that it has fulfilled its responsibilities in accordance with its Board charter for the reporting period.

#### **Principle 7:**

**The Board should comprise of the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.**

**Explanation:**

The Board comprises of five non-executive directors and three executive directors. The Board is chaired by Mr. T Adler, a non-executive director with Mrs. A Reyman appointed as lead non-executive director.

In view of the fact that certain of the functions of the remuneration committee and the nomination committee overlap, the board resolved to establish a combined remuneration and nomination committee comprising of two executive directors and one non-executive director. Remuneration committee matters are chaired by Mrs. A Reyman and Nomination committee matters by Mr. T Adler.

**Mr. T Adler** (BA, BPhil in African Studies, MSC in Building Science)

Taffy is currently the Director of the University of the Witwatersrand's Re-Imagining Property Project, which seeks to enhance the asset management of Wits Property. He is also overseeing Wits' participation in the urban regeneration of Braamfontein.

**Mrs. A Rehman** (Diploma in Financial Accounting, Certificate in Management, Certificate in Project Management, Certificate in Property Development)

Ayesha was the Chief Financial Officer of the Johannesburg Housing Company until her retirement in 2015, and prior to that was an accountant at the Joint Education Trust.

In view of the fact that certain of the functions of the Remuneration committee and the Nomination committee overlap, the Board resolved to establish a combined Remuneration and nomination committee comprising of two independent non-executive directors and one non-executive director. Remuneration committee matters are chaired by Mrs. A Rehman and Nomination committee matters by Mr. T Adler.

It is the function of the Nomination Committee amongst others to:

- review the structure, size and composition of the Board (including its skills, knowledge, experience and diversity) as and when required.

- identify and nominate for approval by the Board, candidates to fill Board vacancies as and when they arise by evaluating the skills, knowledge and the diversity of Board members.
- to establish a board evaluation process and evaluate the performance of directors including the Chairman.

The Board is committed to the principle of diversity (including gender, race, culture, age, field of knowledge, skills and experience). All new appointments to the Board are considered in the context of achieving voluntary diversity targets while keeping the operational requirements of the Company in mind.

All new directors are inducted, and their appointment formalised in letters of appointment.

The Board provides signed declarations to the Company Secretary on an annual basis detailing all financial, economic and other interests held by the respective members. Meetings are commenced with the Chairman requesting disclosure of any conflicts of interest which are minuted.

In the coming financial year the Chairman of the board will further assess the evaluation of the effectiveness of the Board and its various committees.

The Remuneration committee is tasked with:

- reviewing the results of the Board evaluation process that relates to the composition of the Board;
- giving consideration to succession planning for the CEO and executive directors taking into account the challenges and opportunities facing the company and the skills and expertise needed in the future;
- evaluating the effectiveness of the Board as a whole;
- considering and evaluating the performance and contribution of the non-executive directors;



- formulating plans for succession for both executive and non-executive directors and in particular for the key roles of the chairman and the chief executive officer;
- proposing suitable candidates for the role of lead independent director.

The Remuneration committee assists with the establishment of a formal and transparent procedure for the establishment of a remuneration policy and for determining the remuneration packages payable to executive directors and non-executive directors with agreed terms of reference.

In the coming year financial year, the Chairman of the Board will further drive the evaluation of the effectiveness of the Board and its various Board committees.

The Board is satisfied that its composition reflects the appropriate mix of knowledge, skills, experience, diversity and independence.

**Principle 8:**

**The Board should ensure that its arrangements for delegation within its own structures promote independent judgement and assist with balance of power and the effective discharge of its duties.**

**Explanation:**

The Board has established an Audit and risk committee, a Remuneration and nomination committee, an Investment committee and a Social and ethics committee which have certain roles and responsibilities contained in terms of reference adopted by the various committees. The Board has, in addition, passed an overarching resolution in terms of which certain responsibilities are delegated to executive directors.

The Board is satisfied that each committee's composition reflects the appropriate mix of knowledge, skills, experience, diversity, and independence. All the members of the committees attend the meetings whether in person or by

electronic participation. Further details on the meetings held and the attendance at meetings may be found on pages 26 to 29.

The Audit and risk committee of the Board is satisfied that its external auditor, BDO South Africa Inc., is independent of the organisation.

**Principle 9:**

**The Board should ensure that the evaluation of its own performance and that of its individual members support continued improvement in its performance and effectiveness.**

**Explanation**

The Board assumes responsibility for the evaluation of its performance and that of its committees, its chair and individual directors by determining how such evaluation should be approached and conducted.

During the year under review, internal evaluations were undertaken in respect of various meeting held by committees as well as the Board.

No specific remedial action was required based on an overview of the evaluations. The Board nevertheless continuously seeks to improve.

The Board is satisfied that the evaluation process is improving its performance and effectiveness.

**Principle 10:**

**The Board should ensure that the appointment of and delegation to management contributes to role clarity and the effective exercise of authority and responsibilities.**



**Explanation:**

The CEO is responsible for the implementation and execution of the approved strategy and policy, the Chief Operating Officer for operational planning, and the Chief Financial Officer for finance and risk.

The CEO is in regular contact with the chairman of the Board.

The Board has a delegation of authority of authority framework that articulates the Board's direction on the reservation and delegation of power.

The Board is satisfied that the delegation of authority framework contributes to role clarity and the effective exercise of authority and responsibilities.

**Principle 11:**

**The Board should govern risk in a way that supports the organisation in setting and achieving strategic objectives.**

**Explanation:**

The Board governs risk in a manner that supports the Company in setting and achieving strategic objectives. In this regard:

- Opportunities and associated risks have been considered emanating from the social, political, economic and environmental context within which the Company operates in South Africa;
- Potential opportunities presented by risks; and
- Obstacles to achieving organisational objectives.

The risk matrix on pages 38 to 40 was updated on an ongoing basis during the 2021 financial year as and when new risks were identified, and a process or policy put in place as required.

The focus for the coming financial year will be on assessing the:

- risks and opportunities emanating from the social, economic and environmental context within which the company operates in South Africa;
- potential opportunities presented by risks; and
- risks to achieving organisational objectives.

**Principle 12:**

**The Board should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.**

**Explanation:**

The Board assumes responsibility for the governance of technology and information by setting the direction for how technology and information should be approached and addressed by the company.

The focus for the year under review was on the appointment of an Information Officer for purposes of Protection of Personal Information Act ("POPI") as well as the implementation of policies and procedures to ensure compliance with POPI. The Board appointed Mr Carel De Wit (CEO) as the company's information officer for purposes of POPI and all directors and employees received training on POPI and related matters.

An outsourced model for all technology requirements is utilised. There is a flat infrastructure with an on-site file server, with back-ups managed manually by the outsourced supplier. There is a non-disclosure agreement in place with the supplier. There are strict log-in processes for the email- and property management systems which are hosted off-site by external third-party supplier.



There were no significant changes in policy during the year under review and no incidents were reported.

**Principle 13:**

**The Board should govern compliance with applicable laws and adopt, non-binding rules, codes and standards in a way that supports the organisations being ethical and a good corporate citizen.**

**Explanation:**

The Board assumes responsibility for the governance of compliance with applicable laws, regulations, codes and standards. The Board has delegated to management the responsibility for implementation and execution of effective compliance management.

The company relies on outsourced experts to advise on compliance and remain apprised of any new legislation, non-binding rules and codes which may be of application to the company. Pre-emptive action is taken where possible so as to be prepared in advance of the implementation date of new legislation, regulation or codes.

In the year under review, *inter alia*, King IV and POPI were considered. Where required, external attorneys and counsel were consulted.

In the next financial year, the key areas of focus will be amongst others proposed amendments to the Companies Act and JSE Listings Requirements.

**Principle 14:**

**The Board should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in the short, medium and long-term.**

**Explanation:**

The Remuneration committee assumes responsibility for the governance of remuneration and ensures that the Company remunerates fairly, responsibly, and transparently. The Remuneration committee's terms of reference can be found on the Company's website: [www.indluplace.co.za](http://www.indluplace.co.za).

Refer to pages 44 to 50 setting out the Remuneration Policy and Remuneration Implementation Report.

**Principle 15:**

**The Board should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision making and of the organisation's external reports.**

**Explanation:**

The Board assumes responsibility for assurance by setting the direction concerning the arrangements for assurance services and functions. The Board



has delegated to the Audit and risk committee the responsibility for overseeing that those arrangements are effective in enabling an effective internal control environment, supporting the integrity of information used for internal decision making and supporting the integrity of external reports.

For the year under review there was no external assurance work performed over the published reports, other than the financial statements.

**Principle 16:**

**In the execution of its governance role and responsibilities, the Board should adopt a stakeholder inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.**

**Explanation:**

The Board assumes responsibility for the governance of stakeholder relationships and sets the direction for the way in which stakeholder relationships are approached and conducted by the company. The responsibility for the implementation and execution of effective stakeholder relationship management resides with the management of the company.

The chair of the Board attends the AGM and other relevant shareholder meetings as required.

The executive directors have an open-door policy and regularly engage with tenants. The investor relations specialist facilitates larger stakeholder engagements. The Board is guided amongst others by the JSE Listings Requirements when engaging with stakeholders. The company's website [www.indluplace.co.za](http://www.indluplace.co.za) is widely used to disseminate information.



# Risk, sustainability and social investment

## SCHEDULE OF MAJOR RISKS

Risk	Depreciation, devaluation or destruction of property	Hijacking of properties and rental boycott	Increased arrears and bad debts	
	<p><b>Effect</b></p> <p>Properties depreciate/devalue due to lack of maintenance</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Reactive/ongoing maintenance included in annual budget;</li> <li>• Proactive maintenance included in five-year property maintenance plan; and</li> <li>• Regular building inspections by portfolio managers, property managers, asset managers and management.</li> </ul>	<p><b>Effect</b></p> <p>Damaged buildings would reduce rental income negatively affecting dividends</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• All properties are insured for replacement value combined with loss of income and public liability with reputable insurance companies; and</li> <li>• Insurance policies are reviewed annually.</li> </ul>	<p><b>Effect</b></p> <p>Damage to property. Loss of income</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Regular building inspections;</li> <li>• Active tenant management;</li> <li>• Access control; and</li> <li>• Diverse portfolio.</li> </ul>	<p><b>Effect</b></p> <p>Poor performance and decreased dividends</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Strict tenant selection criteria;</li> <li>• Vigilant credit control;</li> <li>• Internal payment tracking;</li> <li>• Continuous tracking and review of arrears and bad debts;</li> <li>• Properties secured by either individual access or common security; and</li> <li>• Tenant deposits.</li> </ul>
<b>Probability</b>	<b>Low</b>	<b>Low</b>	<b>Moderate</b>	<b>Moderate to high</b>

<b>Risk</b>	<b>Increased vacancies and churn in the portfolio</b>	<b>Exposure to head leases</b>	<b>Loss and compromise of tenant and financial data</b>
	<p><b>Effect</b></p> <p>Poor performance and decreased dividends</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Diverse portfolio and tenant mix;</li> <li>• Short-term leases ensure that units are let at market related rentals;</li> <li>• Engagement with tenants who have given notice;</li> <li>• Vacancies tracked and managed throughout the month with the relevant property managers; and</li> <li>• Focused re-letting and incentive programmes.</li> </ul>	<p><b>Effect</b></p> <p>Poor performance and decreased dividends</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Diversified individual leases;</li> <li>• On acquisition, a comparative per unit rental price is performed;</li> <li>• On acquisition re-lettability is assessed in the event that tenants default;</li> <li>• Proactive management of head leases prior to expiry; and</li> <li>• Actively reduce exposure to head leases through sale of properties.</li> </ul>	<p><b>Effect</b></p> <p>Reputational, financial and legal repercussions</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Property manager IT systems subject to:                             <ul style="list-style-type: none"> <li>- Access control;</li> <li>- Back-up procedures;</li> </ul> </li> <li>• MDA Financial data stored and backed up in the Cloud; and</li> <li>• Compliance with promulgated internal POPI processes.</li> </ul>
<b>Probability</b>	<b>Moderate to high</b>	<b>Moderate</b>	<b>Low</b>

<b>Risk</b>	<b>Fraud and error</b>	<b>Interest rate risk</b>	<b>Underperformance of portfolio and incorrect budgeting</b>
	<p><b>Effect</b></p> <p>Reputational, financial and legal repercussions</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Segregation of duties and internal controls;</li> <li>• Detailed budgets and regular property management meetings;</li> <li>• Fraud Cracker introduced as anonymous reporting tool; and</li> <li>• External annual audit.</li> </ul>	<p><b>Effect</b></p> <p>Poor performance and decreased dividends</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Gearing is limited to 40% of assets in the long-term; and</li> <li>• The fixes on the interest rate are evaluated on a continual basis taking into account the external debt.</li> </ul>	<p><b>Effect</b></p> <p>Poor performance and decreased dividends</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Detailed building budgets prepared by property managers and stress tested by management across the portfolio;</li> <li>• Diversification; and</li> <li>• On-going engagement with property managers.</li> </ul>
<b>Probability</b>	<b>Low to moderate</b>	<b>Low</b>	<b>Low to moderate</b>



Risk	Inefficiencies of local authorities	Inability to attract and retain high calibre staff	Increased legislative and compliance burden
	<p><b>Effect</b></p> <p>Decreased performance and dividends</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Installation of bulk check meters to validate council's billing;</li> <li>• The analysis of recoveries to ensure it is in line with billings;</li> <li>• Dedicated head office resource; and</li> <li>• Appointment of an external specialist.</li> </ul>	<p><b>Effect</b></p> <p>Poor performance and high staff turnover</p> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Competitive remuneration packages;</li> <li>• Participation in long-term incentive scheme; and</li> <li>• Executives are tied in with long-term contracts.</li> </ul>	<p><b>Effect</b></p> <p>Increased financial costs to remain updated on all current legislature:</p> <ul style="list-style-type: none"> <li>• Tax</li> <li>• Legal</li> <li>• IFRS</li> </ul> <p><b>Response/Mitigation</b></p> <ul style="list-style-type: none"> <li>• Advised by:               <ul style="list-style-type: none"> <li>- Experienced internal legal advisors;</li> <li>- BDO;</li> <li>- Java Capital;</li> <li>- Computershare;</li> <li>- Cliffe Dekker Hofmeyr; and other professionals in their respective fields.</li> </ul> </li> </ul>
<b>Probability</b>	<b>Moderate</b>	<b>Low</b>	<b>Low</b>

## Report of the

# Social and ethics committee

The Social and ethics committee was established pursuant to the provisions of the Companies Act, King IV and the JSE Listings Requirements. Refer to page 28 and 29 for further information relating to the operation of the committee. The committee is tasked to monitor the company's activities related to:

- social and economic development (including the UN Global Compact Principles, the OECD recommendations regarding corruption, the Employment Equity Act and the Broad-Based Black Economic Empowerment Act);
- good corporate citizenship, including promotion of equality, prevention of unfair discrimination, elimination of corruption, contribution to the development of the communities in which its products or services are marketed and the recording of sponsorships, donations and charitable endowments;
- the environment, health and public safety, including the impact of the company's activities;
- consumer relationships, including the company's advertising, public relations and compliance with consumer protection laws;
- the company's employment relationships with and its contribution towards the educational development of its employees;
- ethical leadership with governance structures and assessments to support overall ethical behaviour of the company

The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period under review.

### Introduction

The internalisation of an additional 270 staff members with direct responsibility for managing 9 100 homes to more than 30 000 people posed significant and ongoing challenges to Indluplace from a Social and Ethics point of view. Key to

the long term success of the new Indluplace is creating a coherent team working in an environment of shared values. It is also important to carry this shared value framework to our tenant community. In time the benefits for all stakeholders, employees, shareholders and suppliers will be shown.

### Social and economic development

- Corruption: The company has always had clean audits, and no issues raised on Fraud Cracker, a tool for staff, tenants, suppliers and anyone involved in our properties and operations, to anonymously report any wrongdoing. Thus far we have not received any onerous submissions and it is monitored closely.
- Employment Equity Act and the Broad-Based Black Economic Empowerment Act: The company has always been compliant but will be focusing on improving our status in the new year. This mainly involves documenting processes already in place.

### Good corporate citizenship,

- In the context of the economic downturn accompanying the COVID-19 lockdowns it was a remarkable achievement to accommodate all the building-based staff from the property managers during the internalisation process. Given the high unemployment rate in our country, we are very pleased that there were no job losses due to the internalisation. Most of the head office team was recruited from the market thereby creating new employment opportunities.
- The company continues its substantial financial and resource support of various City Improvement initiatives, most notably in the Hillbrow and Windsor areas. Both initiatives are limited in what they can offer as members have experienced a very difficult financial environment over the last year. Most of the social projects such as soccer days, senior days and kids' days were



also cancelled due to the pandemic restrictions. Services therefore focused on “clean and safe” and reporting and tracking matters reported to council.

- It has become part of the company’s tradition that the Indluplace’s Social and Ethics committee members donate the fees earned for serving on the committee as part of their social contribution. This year is no different and I thank them for their contribution.
- Indluplace remains committed to the promotion of equality, prevention of unfair discrimination, elimination of corruption and contribution to the development of the communities in which its products or services are marketed.

### **Environment, health and public safety**

The company acknowledges the effect of its activities on the environment and its role in ensuring the sustainability of the macro environment. Careful management of natural resources, especially, but not limited to water, is therefore vital. This extends to the financial sustainability of the company as administered costs from local councils have been increasing at an alarming rate over the last decade. Legally the company is able to recover the increases from our tenants but the punitive impact of the inexcusably high increases on affordability is clear.

The biggest impact remains monitoring individual water and electricity meters to the bulk meters consistently to pick up wastage early on. The combination of solar, generator and electricity management system at Longfellow Village is working well and has proven valuable during this year’s several power failures in

the area. Overall we have solar installations installed at 8 of our buildings with a further roll-out in planning. The reduction in CO<sub>2</sub> emissions due to solar panels we installed was approximately 855 tonnes for the year.

We now have three borehole water solutions operational with others under investigation. The company is also testing a refuse separation at source model and hope to roll this out to qualifying buildings in the next year.

### **Tenant relationships**

Our rentals are on average on the more affordable end of the spectrum and the lower earners have been severely impacted by COVID-19 and the pandemic restrictions of the last two years. We have tried to minimise the impact of the portfolio handover to tenants. With our vacancy rate at an all-time high we are working hard to retain tenants and reduce the churn. An important part of improving service to tenants is to provide predictability e.g., when to receive statements, when debit orders are processed, what to expect in the first week if you have not paid, how long it takes to resolve any query etc. An example of this is the introduction of paper free entry and exit inspections. Further interventions to improve the customer experience will be implemented.

The aggressive roll-out of internet connectivity to the buildings is continuing with 66% of building currently connected. The deployment of wi-fi solutions to the units is also gaining momentum.

We have experienced on-going instances of by-passing of electrical meters. Apart from being illegal this is also dangerous to the tenant and the building and we are



constantly monitoring consumption to eliminate this practise. Fortunately this is not wide-spread with the majority of tenants choosing to do the right thing.

### **Company's employment relationships**

In the expansion required of the internationalisation process, we have managed to attract an experienced team bringing with them varied learnings from previous teams.

Creating a coherent team working in an environment of shared values is an on-going process where management have to be creative to foster this due to the limitations imposed by the lingering COVID-19 virus.

Indluplace introduced a care package for any staff member that tested positive for COVID-19 early on in the pandemic. A Social committee has been established comprising of a good representation of head office staff members. A monthly newsletter has been launched and they have various projects planned. A challenge will be to make the building-based employees part of the activities.

We also introduced a funeral benefit for all employees.. This caters for the staff member and his/her immediate family. The response from staff has been very positive.

Indluplace recognise that a motivated team working in an safe, organised environment is key to the success of the company. Attracting and on-boarding all new staff, with no interruption in services to tenants during the handover of the property management function, has been a great success. Management will build this out further in the coming year.

**T. Adler**

Social and ethics committee chairman

18 November 2021

# Remuneration Report

## PART I

### Background statement

We are pleased to present our remuneration report for 2021, which is presented in three parts:

- background statement (Part I),
- overview of the Remuneration Policy for the year ahead (Part II); and
- the Implementation Report indicating the actual remuneration paid based on the previous year's Remuneration Policy (Part III).

Parts II and III will be put to a non-binding advisory shareholder vote at the upcoming AGM.

We aim to report in a transparent manner which enables our shareholders to understand our remuneration structures. We encourage engagement with our shareholders and continue to invite our shareholders to engage us regarding our policy and reporting.

The short-term incentive approved by the Remuneration and Nomination committee ("Remco") commencing on 1 October 2020 ("2021 financial year") and the long-term incentive approved by shareholders at the AGM held on 5 February 2019 assist in attracting and retaining high calibre talent. We believe that the variable pay structures further enhance the pay-for-performance link which is an important cornerstone of our Remuneration Policy.

Remco oversees all remuneration decisions, and in particular determines the criteria necessary to measure the performance of executive directors in discharging their functions and responsibilities. Pursuant to the terms of reference, Remco strives to give the executive directors every encouragement to enhance the company's performance and to ensure that they are fairly but responsibly rewarded for their individual contributions and performance.

The 2021 financial year, and the on-going effects of the Covid-19 pandemic, presented the Board and management with unique challenges. The decision

to internalise property management also put additional responsibilities on the whole team. We remain committed to internal equity and fair and responsible remuneration and we continue to monitor executive management's remuneration in light of the remuneration of all employees.

Remco is satisfied that the Remuneration Policy achieved its stated objectives for the past year.

### How did Indluplace perform in 2021, and how was executive management paid?

As is shown in Part III of this report, the targets set by the Board for the 2021 year consisted of five performance measures. The team met or exceeded one of the targets, where the company's Loan to Value was better than expected.

At the annual general meeting held on 16 February 2021, both the Remuneration Policy and Implementation Report were presented for non-binding advisory votes. Both resolutions were approved by the following percentage of votes:

Remuneration Policy – 100%

Implementation Report – 100%

The Conditional Share Plan which is aligned with best practice and underpinned by strong governance principles was introduced for the financial year commencing 1 October 2019. More detail is provided in Part II.

### Voting on the remuneration policy and implementation report

Indluplace will once again put the Remuneration Policy and Implementation Report to two separate, non-binding votes at the upcoming AGM. In the event that 25% or more of the shareholders vote against either the Remuneration Policy and / or Implementation Report, Indluplace will invite dissenting shareholders to engage with them on their reasons for voting against either or both of these resolutions. The precise methods of shareholder engagement will be decided by



Remco but this will include email correspondence and investor roadshows (where deemed appropriate).

The results of the shareholder engagement, and the Remco’s response to shareholder concerns, will thereafter be published in Part I of the Remuneration Report at the end of the following financial year.

**Focus areas for 2022:**

Remco will monitor the effectiveness of the short-term incentives and long-term incentives and ensure that they achieve their objectives.

**PART II**

**Overview of the main provisions of the remuneration policy elements of remuneration**

The elements of remuneration applicable to executive directors are described below. Where elements also apply to other employees, these are indicated.

ELEMENT	DETAIL	
Total guaranteed pay (“TGP”)	A total guaranteed package is paid which is inclusive of annual salary and all benefits. There are no additional benefits or allowances payable.	Applies to all employees.
Short-term incentive (“STI”)	The STI for the 2022 financial year is linked to achievement of strategic and company performance measures.	Applies to executive directors and senior management team.

ELEMENT	DETAIL	
Long-term incentive – Conditional Share Plan (“CSP”)	The CSP is aligned with best practice and good governance principles and is aligned to our principle of ‘pay-for-performance’. Annual awards of conditional shares, appropriately aligned to market levels, will be made in terms of the CSP.	Applies to executive directors and the senior management team.

Further detail on each element of pay is provided.

**Total Guaranteed Pay**

Our pay philosophy is to set total guaranteed pay for executives and all employees, to attract and retain high calibre talent at all levels. We benchmark with companies which are comparable in terms of size, market sector and complexity. Remco completed a benchmarking exercise in 2021 to ensure executive TGP is competitive and will introduce adjustments as required.

Annual increases are normally inflationary adjustments, which are also determined with reference to market competitiveness. Awarding of annual increases is dependent on the financial performance, stability and the financial position of the company.

**Short-Term Incentive**

The 2022 STI will operate as follows:

An on-target percentage based on the employee level is applied to the employee’s TGP to establish a ‘pro-forma STI’, which is then modified by a percentage made up of a combination of personal score and business score, as described below.



The weighting of the business score and the personal score will differ depending on the level of employee, with a higher weighting towards business score at the executive level.

Remco will ensure that STIs are only awarded in a manner that is affordable to the company.

### STI Formula

The STI for each employee is thus calculated as follows

STI payable = TGP × on-target % × [(business score × weighting) + (personal score × weighting)]

### Business score

The business score is calculated based on the achievement of pre-determined company performance conditions which are linked to Indluplace’s strategy and the creation of shareholder value.

The company’s performance measures and their weightings that are used to determine the business score are as follows:

PERFORMANCE CONDITION	WEIGHTING	RELATIVE MEASURE
Distributable income before tax	50%	Absolute target set by the Board annually
Loan to value	15%	Absolute target set by the Board annually
ESG	15%	Absolute target set by the Board annually
Vacancies	15%	Absolute target set by the Board annually
Bad debts	5%	Absolute target set by the Board annually

- If target is not achieved for any particular performance condition, the weighted achievement will be 0 for that performance condition.
- If target is achieved for any particular performance condition, the weighted achievement will be 100% for that performance condition.
- If stretch is achieved for any particular performance condition, the weighted achievement will be 200% for that performance condition.

### Personal score

The personal score is calculated based on the performance assessment rating received by the employee, which is mapped to an achievement percentage between 0 – 150%. A minimum performance assessment rating of 3 is required for the personal score to exceed zero.

### Weightings

The weighting split between company and personal performance conditions will be dependent on the seniority of the employee, with greater weighting towards company performance conditions at more senior levels, as follows:

COMPANY PERFORMANCE CONDITIONS	PERSONAL PERFORMANCE CONDITIONS	
Executive directors	70%	30%
Senior management	60%	40%
Other	employee specific	employee specific

### Long-term incentive

Awards will be made under the CSP in the financial year commencing 1 October 2021. The details of the CSP are set out on the next page.



### Conditional share plan

<b>Purpose</b>	The purpose of the CSP is to attract, retain and reward the right calibre of employees, to provide stability of management and to provide participants with an opportunity to share in the success of the company, providing alignment with shareholders' interests. The CSP is appropriately aligned to Indluplace's current business model, which takes into account current best practice for long-term incentive design.
<b>Participants</b>	Executives and senior managers are eligible to participate, subject to the discretion of Remco.
<b>Type of instrument and vesting</b>	The CSP provides for the annual award of performance shares which vest in full after three years subject to the achievement of strategically important performance conditions and the participant remaining employed by Indluplace
<b>Allocation levels</b>	The allocation levels, determined by the Remco, ranging between 15% and 60% of TGP will be applied to each participant's TGP to determine the number of annual share awards.
<b>Performance Conditions and targets</b>	The following performance conditions will apply, with the weightings as indicated:
	<b>Total return: 30%</b>
	Target – three year performance relative to the performance of the SA REIT index
	Stretch – 15% outperformance of SA REIT index
	<b>Loan to value 25%</b>
Target – 40%	Stretch – 30%
<b>Medium term strategy implementation 25%</b>	Target – set by the Board
<b>Retention 20%</b>	Where target performance is achieved, 100% score will be allocated and weighted accordingly. Where stretch performance is achieved, 150% score will be allocated and weighted accordingly. The result of all weighted scores will be applied to the number of allocated shares (i.e. the number of conditional shares constituting the award) to determine the number of shares which will ultimately vest.



<p><b>Termination of employment and change of control</b></p>	<p>Participants are required to remain employed until the expiry of the employment period (for normal awards of performance shares, this will be three years from the date of an award) for their awards to vest. If they leave before the expiry of the employment period, they will be considered not to have fulfilled the employment condition in full. Depending on the circumstances of their termination of employment, they will either forfeit the award in full ('bad leavers' – e.g. dismissal or resignation), or they will have their awards pro-rated ('good leavers' – e.g. retrenchment, retirement, or termination due to ill-health or death). In good leaver instances where awards are pro-rated, they are pro-rated for time and performance, i.e. the performance conditions will be early-tested and the awards will be adjusted accordingly.</p> <p>The rules provide for what is termed a 'clean break' principle to be applied in instances where there has been a 'change of control'. This means that good leaver treatment is applied to participant's awards upon the occurrence of a change of control (i.e. pro-rating for time and achievement of performance conditions). In these instances, Remco will need to apply its mind to what happens to the remainder of the award.</p>
<p><b>Malus and clawback</b></p>	<p>Remco has adopted a malus and clawback policy in terms of the LTI awards.</p>
<p><b>Limits</b></p>	<p>The overall limit of shares which may be settled in terms of the CSP (excluding those acquired through market purchase) is 5% of the shares in issue, which is aligned with market norms.</p>

The Chief Executive Officer, Chief Financial Officer and Chief Operating Officer have contracts terminating in June 2025, December 2023 and July 2024 respectively with a two-month notice period. There are no restraint of trade clauses. There are no contractual obligations to executives in terms of any separation payments.

**Policy relating to setting of non-executive directors' fees**

Non-executive directors' fees comprise of an annual fee in recognition of their ongoing fiduciary duties and responsibilities. Directors who serve on committees are paid an additional fee for the various committees of which they are members.

The fees payable for 2021 were paid on the basis recommended by Remco and by the Board and approved by shareholders at the AGM held on 16 February 2021. The fees for board members have not been increased for 2021 or 2022 and remains as it was in 2020. Details are contained in the notice of AGM.

**Advisory vote on the remuneration policy**

Shareholders are requested to cast an advisory vote on the remuneration policy as it appears in Part II of this report.

**PART III****Implementation of the policy during the 2021 financial year: increases to total guaranteed pay**

Executive directors receive a fixed annual salary and increases, benchmarked against industry norms. Annual increases are paid subject to adequate overall performance and profitability of the company.

In light of the additional complexity and responsibilities of the executive directors due to the internalisation, Remco undertook a benchmarking exercise for executive director compensation and have adjusted packages to suit the new environment.

Other employees were assessed on an individual basis and adjustments made to align similar positions and to compensate members for inflation. Overall the increases for the team were in line with the September 2021 Consumer Price Inflation (CPI - 3%).

**Annual STI outcomes**

The achievement of the performance measures for the annual STI was as set out below:

PERFORMANCE MEASURE	WEIGHTING	ACHIEVEMENT %
Distributable income	30%	Not achieved
Loan to value	15%	Outperform - 30%
Property net income	25%	Not achieved
Vacancy (average 12 months)	20%	Not achieved
Bad debts	10%	Not achieved
	<b>100%</b>	30%

The executives received STI's of between 54,5% and 61,5% of their respective TGP's taking into account the above performance measures combined with their personal performances (2021 outcome: between 3,5 and 4,4 out of a maximum of 5), which were paid in cash.

**Termination of office payments**

There were no payments in terms of termination of employment during the financial year.

**Executive management remuneration for 2021**

R	SALARY	STI - BONUS	LTI - PHANTOM SHARES	TOTAL
C. de Wit	2 184 018	1 190 836	144 141	3 518 995
T. Kaplan	1 965 616	1 073 226	129 728	3 168 570
G. Harris	1 850 000	1 137 056	-	2 987 056
	<b>5 999 634</b>	<b>3 401 118</b>	<b>273 869</b>	<b>9 674 621</b>

**Non-executive directors' fees for 2021**

R	TOTAL
T. Adler	565 802
C. Abrams	376 809
S. Noik	403 204
A. Rehman	468 605
N. Tetyana <sup>s</sup>	337 803

No increase in non-executive director fees has been proposed for the 2022 year.

The proposed fees for the 2022 year are contained in the notice of annual general meeting for shareholder approval.

**Statement regarding compliance with and any deviations from the remuneration policy.**

Remco is satisfied that there was compliance with the Remuneration Policy during the year, and there were no substantial deviations from the policy during the year.

**Voting statement (non-binding advisory vote on the implementation report)**

Shareholders are requested to cast an advisory vote at the upcoming AGM on the Implementation Report as contained in Part III of this report.





# Consolidated Financial Statements

**Indluplace Properties Limited and its subsidiaries**

**(Registration number 2013/226082/06)**

**Consolidated Financial statements**

**for the year ended 30 September 2021**

## **Level of assurance**

These consolidated financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa, No. 71 of 2008.

**Issued 17 November 2021**

## **Preparer**

The consolidated financial statements were internally compiled under the supervision of:

**Terence Kaplan**

BCom, BAcc, CA(SA)

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# Audit and risk committee Report

The Audit and risk committee is satisfied that it has fulfilled its responsibilities in terms of its term of reference, the JSE Listings Requirements, King IV and the Companies Act of South Africa, No. 71 of 2008.

## The committee undertook its duties including:

- The quality of financial information, financial statements and any required public and regulatory reporting including compliance thereof with applicable accounting standards;
  - A review of the financial statements so as to ensure that they present a balanced and understandable assessment of the position, performance and prospects of the Group;
  - The external auditor's proposed audit report;
  - The external auditor's management letter and management response;
  - The credibility, independence and objectivity of the external auditor taking into account audit fees;
  - Ensuring and hereby confirming that appropriate financial reporting procedures in respect of Indluplace Properties Limited and its subsidiaries are in place and operating;
  - External audit reports:
  - The external auditor's proposed audit report - with specific focus on the key audit matters covering the valuation of investment property;
- and
- Considered and noted the reporting back on proactive monitoring of financial statements issued by the JSE in February 2021, as well as the investment property common findings report issued in November 2020, and ensured that appropriate actions were taken to apply the recommendations made by the JSE therein.

## The committee is satisfied:

- That the external auditor has provided to the audit committee the required IRBA inspection decision letters, findings report and proposed remedial action to address the findings;
- With the independence of the external auditor, and compliance with the company policy in this regard. The external auditor was appointed at the time of the company's listing in June 2015. The new external audit firm was appointed on 3 December 2018 due to the merger between Grant Thornton & BDO;
- With the suitability of the external audit firm and the designated individual partner, having assessed the suitability of both parties in compliance with paragraph 3.84 (g)(iii) of the JSE Listings Requirements;
- With the terms, nature, scope and proposed fee of the external auditor for the year ended 30 September 2021;
- With the financial statements and the accounting practices utilised in the preparation thereof;
- With the company's continuing viability as a going concern; and
- That T. Kaplan, the Chief Financial Officer for the financial year ended 30 September 2021, has the appropriate expertise and experience to meet his responsibilities in that position.

On behalf of the Audit and risk committee

**C Abrams**

Chairman Audit and risk committee  
17 November 2021



## Certification by the company secretary

In terms of section 88(2)(e) of the Companies Act of South Africa, No. 71 of 2008, as amended ('the Companies Act'), we declare that to the best of our knowledge, for the year ended 30 September 2021, Indluplace Properties Limited has lodged with the Companies and Intellectual Properties Commission all such returns as are required of a public company in terms of the Companies Act and that such returns are true, correct and up to date.

**CIS Company Secretarial Proprietary Limited**

Company Secretary

17 November 2021



## Directors' Responsibilities and Approval

The directors are required in terms of the Companies Act of South Africa, No. 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the consolidated financial statements and related financial information included in this report. It is their responsibility to ensure that the consolidated financial statements fairly present the state of affairs of the group as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the consolidated financial statements.

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the group and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the group and all employees are required to maintain the highest ethical standards in ensuring the group's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the group is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the group endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the consolidated financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the group's cash flow forecast for the year to 30 September 2022 and in light of this review and the current financial position, they are satisfied that the group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the group's consolidated financial statements. The consolidated financial statements have been examined by the group's external auditors and their report is presented on pages 61 to 64.

The consolidated financial statements set out on pages 65 to 113, with the Directors report on pages 57 to 60, which have been prepared on the going concern basis, were approved by the board of directors on 17 November 2021 and were signed on their behalf by

**C. de Wit**  
CEO

**T. Adler**  
Chairman



# CEO and CFO responsibility statement

**The directors, whose names are stated below, hereby confirm that:**

- The annual financial statements set out below on pages 65 to 113, fairly present in all material respects the financial performance and cashflows of the issuer in terms of IFRS:
- No facts have been omitted or untrue statements made that would make the annual financial statements false or misleading:
- Internal financial controls have been put in place to ensure that material information relating to the issuer and its consolidated subsidiaries have been provided to effectively prepare the financial statements of the issuer: and
- The internal financial controls are adequate and effective and can be relied upon in compiling the annual financial statements, having fulfilled our role and function within the combined assurance model pursuant to principle 15 of the King Code. Where we are not satisfied, we have disclosed to the Audit and risk committee and the auditors the deficiencies in design and operational effectiveness of the internal financial controls and any fraud that involves directors, and have taken the necessary remedial action.

**Carel de Wit**  
CEO  
17 November 2021

**Terence Kaplan**  
CFO  
17 November 2021



# Directors' Report

The directors have pleasure in submitting their report on the consolidated financial statements of Indluplace Properties Limited and its subsidiaries for the year ended 30 September 2021.

## 1. Incorporation

The company was incorporated on 03 December 2013 and obtained its certificate to commence business on the same day.

## 2. Nature of business

The company and its subsidiaries are engaged in residential property investment and operates solely in South Africa.

The company is a Real Estate Investment Trust (REIT) company listed on the JSE main board.

In the current year, the group undertook the internalisation of the property management function.

The operating results and state of affairs of the company and its subsidiaries are fully set out in the attached financial statements and do not, in our opinion, require any further comments.

## 3. Review of financial results and activities

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa, No. 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

Full details of the financial position, results of operations and cash flows of the company are set out in these consolidated financial statements.

## 4. Share capital

	2021		2020	
<b>Authorised</b>	NUMBER OF SHARES		NUMBER OF SHARES	
Ordinary shares	3 000 000 000		3 000 000 000	

	2021	2020	2021	2020
<b>Issued</b>	R	R	NUMBER OF SHARES	NUMBER OF SHARES
Ordinary shares	3 026 423 255	3 043 299 444	314 082 990	319 356 799

In the current year, 5 273 809 shares were bought back by Indluplace Properties Limited in August 2021 at a price of R3,20 per share, delisted and reverted back to authorised but unissued share capital.

Refer to note 13 of the consolidated financial statements for detail of the movement in authorised and issued share capital.

## 5. Dividend policy

The group declared and paid a final dividend in respect of the 2021 financial year.

In considering the payment of dividends, the Board, with the Audit and risk committee's assurance, takes the following into account:

- The financial status of the group as at the end of each bi-annual period, subject to solvency and liquidity test as required by the Companies Act of South Africa, No. 71 of 2008.
- The capital commitments of the group and its funding requirements.

## Dividends

Dividends were declared by the Group during the period of R88 354 574 (2020: R140 567 201).

DIVIDEND NUMBER	YEAR ENDED	DIVIDEND (RANDS)	DIVIDEND PER SHARE (CENTS)
16	30 September 2021	88 354 574	28, 13096

\* On 17 November 2021 the Board approved and declared dividend number 16.

The dividend has been declared from distributable earnings. A pay-out ratio of 75% (2020: 75%) was maintained.

The 75% distribution meets the requirements of a REIT "qualifying distribution" for the purpose of section 25BB of the Income Tax Act, No. 58 of 1952, as amended.

Given the nature of its business, Indluplace uses dividends per share as its key performance measure as this is considered a more relevant performance measure than earnings or headline earnings per share.

## 6. Directorate

The directors in office at the date of this report are as follows:

NAME	DESIGNATION
Ayesha Rehman	Lead non-executive Independent
Carel De Wit	Executive - Chief Executive Officer
Clifford Abrams	Non-executive Independent
Grant Harris	Executive - Chief Operating Officer
Nindi Tetyana	Non-executive Independent
Taffy Adler	Non-executive non-independent - Chairman
Terence Kaplan	Executive - Chief Financial Officer
Selwyn Noik	Non-executive independent

There have been no changes to the directorate for the year under review.

## 7. Directors' interests in shares

As at 30 September 2021, the directors of the group held direct and indirect beneficial interests in its issued ordinary shares, as set out below:

### Interests in shares

	2021			2020		
	DIRECT	INDIRECT	TOTAL	DIRECT	INDIRECT	TOTAL
Carel de Wit	11 000	5 020 301	5 031 301	11 000	5 020 301	5 031 301
Terence Kaplan	10 000	2 933 291	2 943 291	10 000	2 933 291	2 943 291
Grant Harris		5 393	5 393		5 393	5 393
	<b>21 000</b>	<b>7 958 985</b>	<b>7 979 985</b>	<b>21 000</b>	<b>7 958 985</b>	<b>7 979 985</b>

The direct beneficial shares are not pledged as security, whereas the indirect beneficial shares have been pledged against the loans as per note 9. There has been no change to the directors interests in shares between 30 September 2021 and the date of approval of the annual financial statements.

## 8. Events after the reporting period

Dividend number 16 of 28.13096 cents per share was declared on 17 November 2021.

The Board, on recommendation of the Remuneration committee, agreed to investigate the impact of canceling the discontinued Indluplace Share Purchase and Option Scheme on all stakeholders. Further details will be provided in due course.

After year end, 3 properties transferred with a fair value of R14,6 million.

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



## 9. Going concern

The consolidated financial statements have been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

## COVID-19

The Group's investment property comprises residential multi-tenant buildings in Gauteng, the Free State, Kwazulu Natal and Mpumalanga which are held by the Group to earn rental income. Significant judgement is required when evaluating the inputs into the fair value determination and hence this is seen as critical to the estimation uncertainty.

The on-going effects of COVID-19 has significantly affected the South African economy and our industry. The virus has had an adverse effect on our tenants' employment and their ability to meet their rental obligations. As the income capitalisation method takes into account the long-term value of the investment property, we believed that it was prudent not to factor in the short-medium term effect of COVID-19. A sensitivity analysis on the capitalisation rate and occupancy rate has been included further on the investment property note. (refer to note 4).

## 10. Auditors

BDO South Africa Incorporated continued in office as auditors for the group for 2021.

At the AGM, the shareholders will be requested to reappoint BDO South Africa Incorporated as the independent external auditors of the group and to confirm Sergio Vittone as the designated lead audit partner for the 2022 financial year.

## 11. Secretary

The group secretary is CIS Company Secretarial Proprietary Limited.

Postal address:

Private Bag X9000, Saxonwold, Johannesburg, Gauteng 2132

Business address:

Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196

## 12. Non-current assets

There has been no major changes in the policy relating to the use of non-current assets.

## 13. Preparer

The consolidated financial statements have been prepared under the supervision of T. Kaplan, BCom, BAcc, CA(SA), the Group and company's Chief Financial Officer.

## 14. Separate company annual financial statements

A copy of the separate company's financial statements are available for review at our office.

## 15. Group Structure

The Company's subsidiaries are listed in the table below:

NAME OF SUBSIDIARY	OWNED %
Aloegate Proprietary Limited	100
Aptotrim Proprietary Limited	100
Barvicarl Invest Proprietary Limited	100
Erf 737 Rosettenville Proprietary Limited	100
G & N Tarn Proprietary Limited	100
Helen Joy Holdings Proprietary Limited	100
Houghton Mansions Proprietary Limited <sup>®</sup>	-
Monk's Court Proprietary Limited <sup>®</sup>	-
Myso Holdings Proprietary Limited	100
NDF Invest & Trading Proprietary Limited	100
Park Chambers Share Block Proprietary Limited <sup>®</sup>	-
Pondos Invest cc	100
Sunnyshore Invest & Trading Proprietary Limited	100
Friedshelf 1781 Proprietary Limited	100
Diluculo Properties Proprietary Limited	100
Indluprop I Proprietary Limited	100
Jika Properties Proprietary Limited	100
Indluplace Property Services Proprietary Limited <sup>!</sup>	100
Dalem Mews Proprietary Limited*	100
Karavas Proprietary Limited*	100
Teaca Properties Proprietary Limited*	100
Radzyn Investments Shareblock Proprietary Limited*	100
Earls Den Proprietary Limited*	100
Kenwyn Flats Proprietary Limited*	100
Erf 427 Windsor Proprietary Limited*	100
Triad Proprietary Limited* <sup>®</sup>	-
Indluprop II Proprietary Limited*	100

NAME OF SUBSIDIARY	OWNED %
Resico Proprietary Limited	100
Unlocked Properties 6 Proprietary Limited <sup>^</sup>	100
Unlocked Properties 10 Proprietary Limited <sup>^</sup>	100
Unlocked Properties 11 Proprietary Limited <sup>^</sup>	100
Unlocked Properties 12 Proprietary Limited <sup>^</sup>	100
Unlocked Properties 13 Proprietary Limited <sup>^</sup>	100
Unlocked Properties 14 Proprietary Limited <sup>^</sup>	100
Unlocked Properties 21 Proprietary Limited <sup>^</sup>	100
Ixonix Proprietary Limited <sup>^</sup>	100
Buffshelfco 7 Proprietary Limited <sup>^</sup>	100
First Residential Property Project Proprietary Limited <sup>^</sup>	100
Yieldex 1 Proprietary Limited <sup>^</sup>	100
Yieldex 4 Proprietary Limited <sup>^</sup>	100
Yieldex 7 Proprietary Limited <sup>^</sup>	100
Yieldex 10 Proprietary Limited <sup>^</sup>	100
Yieldex 11 Proprietary Limited <sup>^</sup>	100
Yieldex 12 Proprietary Limited <sup>^</sup>	100
Yieldex 13 Proprietary Limited <sup>^</sup>	100

\* Owned by Jika Properties Proprietary Limited      ^ Owned by Resico Proprietary Limited  
<sup>®</sup> Company was sold during the year      ! Company was incorporated in the current year

## 16. Directors' service contracts and remuneration

In terms of the services contracts agreed entered into between the executive directors and the company, C de Wit is contracted until 30 June 2025, G Harris is contracted until 31 July 2024 and T Kaplan is contracted until 31 December 2023. Refer to note 18 for further details regarding directors' remuneration and fees.



# Independent Auditor's Report

TO THE SHAREHOLDERS OF INDLUPPLACE PROPERTIES LIMITED AND ITS SUBSIDIARIES



## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the consolidated financial statements of Indluplace Properties Limited and its subsidiaries ("the group") set out on pages 65 to 113, which comprise the consolidated statement of financial position as at 30 September 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Indluplace Properties Limited and its subsidiaries as at 30 September 2021, and its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

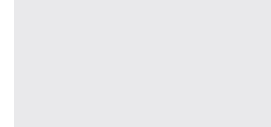
### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

section of our report. We are independent of the group in accordance with the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



#### KEY AUDIT MATTER

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Valuation of Investment Property: Investment property is the group's most significant asset, and is fair valued on an annual basis as set out in notes 1.4, 4 and 31 to the financial statements.

Valuations are performed using either the income capitalisation methodology or the discounted cash flow methodology.

Forecasting future cash flows and/or net income and applying an appropriate discount rate and/or capitalisation rate, inherently involves a high degree of estimation and judgement by the directors.

Furthermore, it is a requirement of the Johannesburg Stock Exchange that the entire portfolio of investment property should be valued by an external independent valuator ('external valuator') on a rolling three-year basis.

The remaining properties are valued by the directors ('internal valuers') annually.

Due to the significance of the balance to the financial statements as a whole, combined with the judgments and estimates associated with determining the fair value, this has been determined to be a matter of most significance in our audit of the consolidated financial statements of the current year.

#### HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER

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Our procedures included, amongst others, the following:

- We evaluated the capabilities, competence and objectivity of managements experts,
- We assessed the design and implementation of the relevant key controls over investment property valuations,
- On a sample basis we selected both internal and external valuations and performed the following work:
  - We critically evaluated the forecast financial information used for reasonability which included comparing forecasted 2022 net income to actual net income achieved in 2021 for the various properties.
  - We compared capitalisation and discount rates used to the prior year and to prevailing market rates for reasonability.
  - We confirmed via testing the mathematical accuracy of the calculations.
- We made use of internal valuation expertise and evaluated all the valuations by assessing:
  - the capitalisation rates for the current year valuations to those used in the prior year.
  - Queried significant differences with management.
  - compared the capitalisation and/or yield rates used to other similar properties and queried reasons for any differences.

We have assessed the adequacy of the Investment Property disclosure in the financial statements.

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### Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled “Indluplace Properties Limited Annual Report 30 September 2021” and in the document titled “Indluplace Properties Limited Separate Financial Statements for the year ended 30 September 2021, which includes the Directors’ Report, the Audit Committee’s Report and the Company Secretary’s Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor’s reports thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of the Directors for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis

of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

### Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.



- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We

describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that BDO South Africa Incorporated has been the auditor of Indluplace Properties Limited for eight years.

#### **BDO South Africa Incorporated**

Registered Auditors

#### **Sergio Domenico Vittone**

Director

Registered Auditor

17 November 2021

Wanderers Office Park

52 Corlett Drive

Illovo, 2196



# Statement of Financial Position

AS AT 30 SEPTEMBER 2021

R	NOTES	2021	2020
<b>Assets</b>			
<b>Non-current assets</b>			
Investment property	4	3 351 111 092	3 761 738 064
Investment property - Straight line rental income accrual	5	1 551 219	2 984 644
Right-of-use assets - IFRS 16	3	4 603 833	-
Property, plant and equipment	8	4 482 986	43 839
Loans to participants of Indluplace Share Purchase and Option Scheme	9	61 979 054	56 058 496
Deferred tax	6	19 889 831	32 208 354
		<b>3 443 618 015</b>	<b>3 853 033 397</b>
<b>Current assets</b>			
Loans to participants of Indluplace Share Purchase and Option Scheme	9	-	15 979 641
Property loans receivable	10	8 660 975	50 439 905
Trade and other receivables	11	49 409 271	104 292 479
Cash and cash equivalents	12	90 671 695	55 945 626
		<b>148 741 941</b>	<b>226 657 651</b>
Non-current assets held for sale	7	163 535 296	43 202 500
<b>Total assets</b>		<b>3 755 895 252</b>	<b>4 122 893 548</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share Capital	13	3 026 423 255	3 043 299 444
Share based payment reserve	14	22 674 733	20 795 600
Accumulated loss		(858 069 755)	(609 344 071)
		<b>2 191 028 233</b>	<b>2 454 750 973</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Lease liabilities - IFRS 16	3	3 529 523	-
Secured financial liabilities	15	1 388 225 303	1 289 947 320
Derivatives	21	57 450 711	108 017 735
		<b>1 449 205 537</b>	<b>1 397 965 055</b>
<b>Current liabilities</b>			
Lease liabilities - IFRS 16	3	1 075 879	-
Secured financial liabilities	15	-	150 000 000
Trade and other payables	16	114 585 603	107 057 915
Current tax payable		-	13 119 605
		<b>115 661 482</b>	<b>270 177 520</b>
<b>Total Liabilities</b>		<b>1 564 867 019</b>	<b>1 668 142 575</b>
<b>Total equity and liabilities</b>		<b>3 755 895 252</b>	<b>4 122 893 548</b>
Number of ordinary shares in issue		314 082 990	319 356 799
Net asset value per share (cents)		697,60	768,65
Net asset value per share (cents) - REIT BPR		709,55	792,39



# Statement of Profit or Loss

## and Other Comprehensive Income

FOR THE YEAR ENDED 30 SEPTEMBER 2021

R	NOTES	2021	2020
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)
<b>Total revenue</b>		<b>600 880 519</b>	<b>643 011 335</b>
Operating costs		(336 674 685)	(330 320 198)
Administration costs		(28 407 190)	(30 103 836)
<b>Net operating profit</b>		<b>235 798 644</b>	<b>282 587 301</b>
Change in fair value - Indluplace Share Purchase and Option Scheme	19	6 817 106	(37 326 780)
Changes in fair values	19	(219 051 061)	(457 879 865)
<b>Profit / (loss) from operations</b>	17	<b>23 564 689</b>	<b>(212 619 344)</b>
Net finance charges	20	(119 425 970)	(114 904 060)
Finance income	20	6 462 133	16 147 217
Finance charges	20	(125 888 103)	(131 051 277)
<b>(Loss) before taxation</b>		<b>(95 861 281)</b>	<b>(327 523 404)</b>
Taxation	22	(12 318 523)	19 088 748
<b>(Loss) for the year</b>		<b>(108 179 804)</b>	<b>(308 434 656)</b>
Basic loss per share (cents)	23	(34,35)	(96,47)
Diluted loss per share (cents)	23	(34,35)	(96,12)



# Statement of Changes in Equity

FOR THE YEAR ENDED 30 SEPTEMBER 2021

R	SHARE CAPITAL	SHARE BASED PAYMENT RESERVE	ACCUMULATED LOSS	TOTAL EQUITY
<b>Balance at 1 October 2019</b>	<b>3 051 853 350</b>	19 993 467	<b>(169 916 706)</b>	<b>2 901 930 111</b>
Loss for the year	-	-	(308 434 656)	(308 434 656)
Share buy-back	(8 553 906)	-	-	(8 553 906)
Share based payments	-	802 133	-	802 133
Dividends paid	-	-	(130 992 709)	(130 992 709)
<b>Balance at 01 October 2020</b>	<b>3 043 299 444</b>	<b>20 795 600</b>	<b>(609 344 071)</b>	<b>2 454 750 973</b>
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 paid	-	-	(140 545 880)	(140 545 880)
<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>
Notes:	13	14		



# Statement of Cash Flows

FOR THE YEAR ENDED 30 SEPTEMBER 2021

R	NOTES	2021	2020
<b>Cash flows from operating activities</b>			
Cash generated from operations	24	341 985 080	330 254 505
Finance charges	20	(125 888 103)	(131 051 277)
Finance income	20	6 462 133	16 147 217
Taxation paid	25	(13 119 605)	-
Dividends paid		(140 545 880)	(130 992 710)
<b>Net cash from operating activities</b>		<b>68 893 625</b>	<b>84 357 735</b>
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	8	(4 967 004)	(21 711)
Acquisition of investment property	4	(32 024 425)	(33 620 001)
Proceeds from disposal of investment property	4 & 7	52 700 686	37 452 944
<b>Net cash from investing activities</b>		<b>15 709 257</b>	<b>3 811 232</b>
<b>Cash flows from financing activities</b>			
Share buy back		-	(8 553 930)
Proceeds from secured financial liabilities	26	79 000 000	-
Repayment of secured financial liabilities	26	(128 549 538)	(40 150 241)
Payment on lease liabilities	3	(327 276)	-
<b>Net cash from financing activities</b>		<b>(49 876 813)</b>	<b>(48 704 171)</b>
<b>Total cash movement for the year</b>		<b>34 726 069</b>	<b>39 464 796</b>
Cash at the beginning of the year		55 945 626	16 480 830
<b>Total cash at end of the year</b>	<b>12</b>	<b>90 671 695</b>	<b>55 945 626</b>

## Notes to the financial statements

# Accounting Policies

## 1. Significant accounting policies

The consolidated financial statements have been prepared in accordance with IFRS, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements (specifically the Real Estate Investment Trust "REIT" requirements) and the requirements of the South African Companies Act, No. 71 of 2008.

The consolidated financial statements are prepared on the historic cost basis, except for investment properties and certain financial instruments which are carried at fair value, and incorporate the principal accounting policies set out below.

### 1.1 Basis of preparation

These accounting policies applied by the Group, and the preparation of these consolidated financial statements are consistent with the accounting policies applied in the preparation of the previous annual consolidated financial statements.

### 1.2 Consolidation

#### Basis of consolidation

The Group financial statements include those of the holding company and enterprises controlled by the company. Control is achieved when the Company has the power to govern the financial and operating policies of an investee enterprise.

An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following:

- (a) power over the investee;
- (b) exposure or rights to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the investor's returns.

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the Group and all entities controlled by the Group. Inter-company transactions, balances and unrealised profits or losses between Group companies are eliminated on consolidation.

#### Subsidiaries

Subsidiaries are entities over which the company has the power to govern the financial and operating policies of the entities so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

The consolidated financial statements incorporate the assets, liabilities, income, expenses and cash flows of the Group and all entities controlled by the Group. The results of the subsidiaries acquired or disposed of during the year are included in the consolidated profit or loss from the date of acquisition or up to the date of disposal. Inter-Company transactions, balances and unrealised profits or losses between Group companies are eliminated on consolidation.

Business combinations are accounted for using the acquisition method as at acquisition date, which is the date on which control is transferred to the Group. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

The Group discloses a list of all the subsidiaries it owns and the associated percentage interest in each of the subsidiaries. (Refer to the Directors' Report for the Group Structure.)

### 1.3 Financial instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial instruments are recognised on the statement of financial position when the company becomes party to the contractual provisions of the instrument. The group initially recognises a financial instrument as a financial asset, a financial liability or as an equity instrument in accordance with the substance of the contractual arrangement.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in financial assets that is created or retained by the entity is recognised as a separate asset or liability.

#### Write off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the group recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### Significant increase in credit risk (SICR) assessment

This assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default depends on whether the borrower has sufficient cash or other liquid assets to repay the asset immediately (meaning that the risk of default is very low, possibly close to 0%) or it will not (meaning that the risk of default is very high, possibly close to 100%).

#### Derecognition

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are initially measured at fair value and in the case of those not measured at fair value through profit or loss, the transaction costs are capitalised. Subsequent to initial recognition, these instruments are measured as follows:

#### Trade and other receivables

Trade and other receivables are initially recognised at transaction price and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are presented net of an allowance for expected credit losses. The allowance for expected credit loss is raised based on the lifetime expected credit losses (simplified approach). The allowance for expected credit loss is raised based on the difference between the carrying value of the receivables and the present value of the probability weighted expected future cash flows using the discount rate calculated at initial recognition. Movements in the allowance are recognised in profit or loss. Unrecoverable amounts are written off against the allowance account. Subsequent recoveries of previously written off amounts are credited to profit or loss.

In the current year, the Group applied a simplified model of recognising lifetime ECLs on trade and other receivables at amortised cost and the general model was applied to all other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. The Group uses its historical experience, external indicators and forward-looking information to calculate the ECLs.

Any expected credit losses recognised are presented in other operating expenses and income due to these losses not being material.

The Group considers the trade receivables in default when internal or external information indicates that the Group is unlikely to receive the outstanding



contractual amounts in full before taking into account any credit enhancements held by the Group.

Trade receivables with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised.

### **Cash and cash equivalents**

Cash and cash equivalents are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate methods.

Cash and cash equivalents comprise cash balances and call deposits. Cash and cash equivalents are highly liquid, short-term investments that are readily convertible to known amounts of cash. These investments are subject to insignificant risk in change in value. Cash and cash equivalents are measured at amortised cost that approximates fair value.

### **Loans to participants of the Indluplace Share Purchases and Option Scheme**

Loans to participants of the Indluplace Share Purchase and Option Scheme consist of shares issued to the directors and employees of Indluplace at market value. The loans bear interest at a rate equal rate to the dividends declared and is calculated at 31 March and 30 September and is repayable at any time by the employee but not later than 10 years from granting the loan. The dividends received on the shares are used to repay the interest accumulated on the loans.

The participants' loans are valued off the back of the shares that were issued to each of the related parties. To determine the fair value management used the share price which closely approximates the fair value of the Share Purchase and Option Scheme loans. The fair value adjustments were determined as the difference between the carrying value of the loans and their fair value. Participants still remain liable for the full amount of the loans advanced.

The directors' loans are measured at fair value through profit and loss.

### **Derivative instruments**

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from its financing activities. Derivative financial instruments are initially recognised and subsequently measured at fair value. Derivative financial instruments are subsequently measured at fair value through profit and loss. The gain or loss on remeasurement to fair value is recognised in profit or loss. The Group holds interest rate swaps. The fair value of the interest rate swap is the estimated amount that the Group would receive or pay to terminate the swap at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

### **Interest bearing borrowings**

The loans are measured at initial recognition, at fair value plus transaction costs, if any.

Interest bearing borrowings are recognised at amortised cost using the effective interest rate method. Any raising costs that are incurred on interest bearing borrowings are offset against the debt balance and recognised as additional interest using the effective interest rate method over the term of the loan.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

The finance cost is recognised in profit or loss in the period in which it accrues.

### **Trade and other payables**

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, with gains or losses being recognised in profit or loss.



## Property loan receivables

### Recognition and measurement

Loans receivable are recognised when the group becomes a party to the contractual provisions of the loan. The loans are measured, at initial recognition, at fair value plus transaction costs, if any.

They are subsequently measured at amortised cost.

The amortised cost is the amount recognised on the loan initially, minus principal repayments, plus cumulative amortisation (interest) using the effective interest method of any difference between the initial amount and the maturity amount, adjusted for any loss allowance.

### Impairment

The group recognises a loss allowance for expected credit losses on all loans receivable measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective loans.

The group measures the loss allowance at an amount equal to lifetime expected credit losses (lifetime ECL) when there has been a significant increase in credit risk since initial recognition. If the credit risk on a loan has not increased significantly since initial recognition, then the loss allowance for that loan is measured at 12 month expected credit losses (12 month ECL).

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a loan. In contrast, 12 month ECL represents the portion of lifetime ECL that is expected to result from default events on a loan that are possible within 12 months after the reporting date.

In order to assess whether to apply lifetime ECL or 12 month ECL, in other words, whether or not there has been a significant increase in credit risk since initial recognition, the group considers whether there has been a significant increase in the risk of a default occurring since initial recognition rather than at evidence of a loan being credit impaired at the reporting date or of an actual default occurring.

Credit risk and default rate is assessed based on payment patterns and performance in terms of contractual obligations.

Further assessment was taken to consider the counterparty being in good standing, and has financial backing with positive profit companies.

Credit risk was mitigated by noting that there have not been any default payments to date on the Property Loan receivable with title to a portion of the assets still being in the Group's name.

The Group considers the property loan receivable in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group.

### Significant increase in credit risk (SICR) assessment

This assessment is performed qualitatively by reference to the borrower's cash flow and liquid asset position. The risk that the borrower will default depends on whether the borrower has sufficient cash or other liquid assets to repay the asset immediately (meaning that the risk of default is very low, possibly close to 0%) or it will not (meaning that the risk of default is very high, possibly close to 100%).

Property loan receivable is written off when there is no reasonable expectation of recovering the contractual cash flows.

## 1.4 Investment property

Investment properties are properties held for the purpose of earning rental income and for capital appreciation. Investment properties are initially recorded at cost and include transaction costs on acquisition. Subsequent expenditure to add to or enhance a part of the property is capitalised at cost. Investment property is valued annually and adjusted to fair value as at statement of financial position date. Independent valuations are obtained on a rotational basis, ensuring that every property is valued at least once every three years by an external independent valuer. The remaining properties are valued by the directors annually using both a discounted cash flow model and net income capitalisation method.



The proposed net profit budget relating to each internally valued property for the following year is used in conjunction with a discounted cash flow model and income capitalisation model to calculate the fair value of the investment property. The discount, yield and reversion rate used in the discounted cash flow calculation reflect the risks anticipated in the geographical area.

Any gain or loss arising from a change in the fair value of the investment property is included in net profit for the year. Gains and losses on the disposal of investment properties are recognised in net profit and loss and are calculated as the difference between the sale price and the carrying value of the property.

### 1.5 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use and which are expected to be used for more than one year.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition or construction of the asset.

Property, plant and equipment is recorded at cost less accumulated depreciation and impairment.

Property, plant and equipment is depreciated on a straight line basis over the current useful lives of the assets.

The useful lives and residual values as well as the depreciation methods are reassessed at the end of each reporting period and adjusted if necessary. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

Subsequent expenditure relating to an item of equipment is capitalised when it is probable that future economic benefits will flow to the entity and the cost can be measured reliably. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's

carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the group. Leased assets are depreciated in a consistent manner over the shorter of their expected useful lives and the lease term. Depreciation is not charged to an asset if its estimated residual value exceeds or is equal to its carrying amount. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
IT equipment	Straight line	3 years
Computer software	Straight line	3 years
Leasehold improvements	Straight line	5 years
Right of use asset	Straight line	5 years

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its continued use or disposal. Any gain or loss arising from the derecognition of an item of property, plant and equipment, determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item, is included in profit or loss when the item is derecognised.

## 1.6 Taxation

### Current tax assets and liabilities

In accordance with the 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 the shares will be deemed to be a dividend for South African tax purposes, in terms of section 25BB of the Income Tax Act.

The taxation expense for the period comprises current and deferred tax. Taxation is recognised in profit or loss.

Current taxation expense is based on the results for the period as adjusted for items that are not taxable or deductible. The Group's liability for current taxation is calculated using tax rates and laws that have been enacted or substantively enacted by financial year-end.

### Deferred tax assets and liabilities

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

### Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period.

## 1.7 Leases

The group assesses whether a contract is, or contains a lease, at the inception of the contract.

### Group as lessee

A lease liability and corresponding right-of-use asset are recognised at the lease commencement date, for all lease agreements for which the group is a lessee, except for short-term leases of 12 months or less, or leases of low value assets. For these leases, the company recognises the lease payments as an expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

### Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the company uses its incremental borrowing rate.

The lease liability is presented as a separate line item on the Statement of Financial Position.



The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Interest charged on the lease liability is included in finance charges.

### Right-of-use assets

Right-of-use assets is presented separately on the Statement of Financial Position.

Lease payment amounts included in the measurement of the right of use comprise the following:

- the initial amounts of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

The depreciation charge for each year is recognised in profit or loss.

### Group as lessor

Leases for which the company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

### Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

### 1.8 Non-current assets held for sale

Investment property is classified as held for sale when it is highly probable that the property will be sold within one year from the year end. The group considers the following factors indicative of a highly probable sale:

- Sale agreements that have been concluded that are subject to transfer and unconditional in all other material respects: and
- Options to purchase have been exercised or management has received firm indications that options are going to be exercised.

Measurement of the investment property that is classified as held for sale is at fair value.

### 1.9 Share capital

Ordinary shares are classified as equity. External costs directly attributable to the issue of new shares are shown as a deduction in equity from the proceeds.



## 1.10 Share based payments

### Equity-settled instruments

The fair value of the equity - settled instruments is measured by reference to the fair value of the equity instrument granted which in turn is determined using the Black-Scholes model on the date of grant.

Fair value of equity-settled instruments granted is estimated using appropriate valuation models and appropriate assumptions at grant date.

Non-market vesting conditions (service period prior to vesting) are not taken into account when estimating the fair value of the equity-settled instruments at grant date. Market conditions are taken into account in determining the fair value at grant date.

### Cash settled equity instruments

The fair value of the cash-settled instruments is measured by reference to the fair value of the equity instrument granted which in turn is determined using the Black-Scholes model on the date of grant.

Fair value of cash-settled instruments granted is estimated using appropriate valuation models and appropriate assumptions at grant date. Non-market vesting conditions (service period prior to vesting) are not taken into account when estimating the fair value of the equity settled instruments at grant date. Market conditions are taken into account in determining the fair value at grant date.

The fair value is calculated and revised on a yearly basis.

## 1.11 Property portfolio Income

Revenue from letting of investment property in terms of rental agreements comprises gross rental income and recoveries.

### a) Rental income

Rental income is recognised in profit or loss on a straight line basis over the term of the rental agreement, which depicts the transfer of the service in terms of IFRS:16.

### b) Recoveries

Recoveries are recognised as control is passed, over time as the entity satisfies a performance obligation. Recoveries are expected to be paid within 30 days.

### c) Interest income

Interest income is recognised as it accrues, using the effective interest rate method.

## 1.12 Employee short-term benefits

The cost of all short-term employee benefits is recognised during the period in which the employees render the related service. Short-term employee benefits are measured on an undiscounted basis. The accrual for employee entitlements to salaries, bonuses and annual leave represents the amount which the Group has a present legal or constructive obligation to pay as a result of the employees' services provided up to the reporting date.

## 1.13 Borrowing costs

All borrowing costs are expensed in the period in which they are incurred.

## 1.14 Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses.



The operating results are reviewed regularly by executive management to make decisions about and to assess the performance of the segment.

On a primary basis the operations are organised into geographical major business segments.

### 1.15 Key estimates and assumptions

Estimates and assumptions, an integral part of financial reporting, have an impact on the amounts reported with respect to the Group's assets, liabilities, income and expenses. Judgement in these areas is based on historical experience and reasonable expectations relating to future events. Actual results may differ from these estimates. Information on the key estimates and uncertainties that have the most significant effect on amounts recognised are set out in the following notes to the financial statement:

- Accounting policies – notes 1.4: Investment Property, 1.5: Property, Plant and Equipment, 1.8: Non current assets held for sale and 1.10: Share based payments
- Investment property valuation – note 4
- Impairment of receivables – note 11
- Share Purchase and Option Scheme valuation - note 14

Further matters that require key judgement in the preparation of these annual financial statements are:

#### a) Payment for the acquisition of investment property

In the prior year, the acquisitions of investment property were treated as property acquisitions in terms of IAS 40 – 'Investment property'. In the opinion of the directors these properties did not constitute a business as defined in terms of IFRS 3, as there were not adequate processes identified with these properties to warrant classification as businesses.

## 2. Standards and interpretations applicable to the Group

### 2.1 Standards and interpretations effective and adopted in the current year

In the current year, the group has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

	<b>Effective date</b> Years beginning on or after	<b>Impact</b>
Definition of a business - Amendments to IFRS 3	01 January 2020	The impact of the standard is not material.
Presentation of Financial Statements: Disclosure initiative	01 January 2020	The impact of the standard is not material.
Accounting Policies, Changes in Accounting Estimates and Errors: Disclosure initiative	01 January 2020	The impact of the standard is not material.

## 2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the group's accounting periods beginning on or after 01 October 2021 or later periods but are not relevant to its operations:

STANDARD	DETAILS OF AMENDMENT	ANNUAL PERIODS BEGINNING ON OR AFTER
IBOR Reform and its financial effects on Financial Reporting - Phase 2	<p>In August 2020, the IASB issued amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16. These amendments complement those made in 2019 ('IBOR - Phase 1') and focus on the effects on entities when an existing interest rate benchmark is replaced with a new benchmark rate as a result of the reform.</p> <p>The impact of the Standard is expected to be immaterial.</p>	1 January 2021
Annual improvements to IFRS: 2018 - 2020 Cycle	<p>In May 2020, the IASB issued minor amendments to IFRS 1 First time adoption of International Financial Reporting Standards, IFRS 9 Financial Instruments, IAS 41 Agriculture and the Illustrative Examples accompanying IFRS 16 Leases.</p> <p>The impact of the Standard is expected to be immaterial.</p>	1 January 2022
IAS 16 Property, Plant and Equipment	<p>In May 2020, the IASB issued amendments to IAS 16, which prohibit a company from deducting amounts received from selling items produced while the company is preparing the asset for its intended use from the cost of the property, plant and equipment. Instead, a company will recognise such sales proceeds and any related costs in profit or loss.</p> <p>The impact of the Standard is expected to be immaterial.</p>	1 January 2022
IAS 1 Presentation of Financial Statements (Amendment - Classification of Liabilities as Current or Non-current)	<p>In January 2020, the IASB issued amendments to IAS 1, which clarify how an entity classifies liabilities as current or non-current. The amendments initially had an effective date of 1 January 2022, however, in July 2020 this was deferred until 1 January 2023 as a result of the COVID-19 pandemic.</p> <p>At the IFRS Interpretations Committee's December meeting, the Committee discussed the amendments due to feedback from stakeholders which indicated that the requirements of the amendments may be unclear.</p> <p>These amendments are expected to have significant impact on many entities, with more liabilities being classified as current, particularly those with covenants relating to borrowings.</p> <p>The impact of the Standard is expected to be immaterial.</p>	1 January 2023



STANDARD	DETAILS OF AMENDMENT	ANNUAL PERIODS BEGINNING ON OR AFTER
IAS 1 Presentation of Financial Statements (Amendment - Disclosure of Accounting Policies)	<p>The amendments require companies to disclose their material accounting policy information rather than their significant accounting policies, with additional guidance added to the Standard to explain how an entity can denitrify material accounting policy information with examples of when accounting policy information is likely to be material</p> <p>The impact of the Standard is expected to be immaterial.</p>	1 January 2023
IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment - Definition of Accounting Estimates)	<p>The amendments clarify how companies should distinguish changes in accounting estimates, by replacing the definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to the measurement uncertainty". The requirements for the recognising the effect of change in accounting prospectively remain unchanged.</p> <p>The impact of the Standard is expected to be immaterial.</p>	1 January 2023
IAS 12 Income Taxes (Amendment - Deferred Tax relates to Assets and Liabilities arising from a Single Transaction)	<p>The amendment specifies how companies should account for deferred tax created to Assets and Liabilities arising from a Single Transaction. On transactions such as leases and decommissioning obligations. In specified circumstances, companies are exempt from recognising deferred tax when they recognise assets or liabilities for the first time. Previously, there has been some uncertainty about whether the exemption applied to transactions such as leases and decommissioning obligations - transactions for which clarify that the exemption does not apply and that the companies are required to recognise deferred tax on such transactions.</p> <p>The impact of the Standard is expected to be immaterial.</p>	1 January 2023

### 3. Right of use asset and lease liability

In the current year, the group entered into a rental lease for 5 years at a market related escalation per annum for their head office premises on the 2nd Floor, 158 Jan Smuts, 9 Walters Street, Rosebank.

The group has the following low value assets that the group leases, this being the Toshiba printers. The printers are rented for an amount of R9 030 per month, the lease is for a period of 3 years with a 0% escalation. For the current year, the total amounted to R45 150.

Details pertaining to leasing arrangements, where the group is lessee are presented below:

**Right of use asset**

	2021			2020		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
Buildings	4 932 678	(328 845)	4 603 833	-	-	-

**Reconciliation of right of use asset - 2021**

	OPENING BALANCE	ADDITIONS	DEPRECIATION	CLOSING BALANCE
Buildings	-	4 932 678	(328 845)	4 603 833

**Lease liabilities - IFRS 16**

The incremental borrowing used in the current year was the Prime interest rate, currently at 7%.

	2021	2020
<b>Reconciliation of lease liability</b>		
Additions	4 932 678	-
Interest expense	110 964	-
Lease payments	(438 240)	-
	<b>4 605 402</b>	<b>-</b>
<b>The maturity analysis of lease liabilities is as follows:</b>		
Within one year	1 075 879	-
Two to five years	4 355 939	-
	5 431 818	-
Less finance charges component	(826 416)	-
	<b>4 605 402</b>	<b>-</b>
Non-current liabilities	3 529 523	-
Current liabilities	1 075 879	-
	<b>4 605 402</b>	<b>-</b>



	2021						2020
<b>4. Investment property</b>							
	Fair value						Fair value
<b>Investment property</b>	<b>3 351 111 092</b>						<b>3 761 738 064</b>
	OPENING BALANCE	IMPROVEMENTS TO BUILDINGS	DISPOSALS	CLASSIFIED AS HELD FOR SALE	TRANSFERS	FAIR VALUE ADJUSTMENTS	TOTAL
	(Note 7)						
<b>Reconciliation of investment property - 2021</b>							
Investment property	3 761 738 063	32 024 425	(1 700 000)	(214 270 000)	20 924 407	(247 605 803)	<b>3 351 111 092</b>
<b>Reconciliation of investment property - 2020</b>							
Investment property	4 150 910 390	33 514 150	(20 455 468)	(42 099 750)	-	(360 131 258)	<b>3 761 738 064</b>

Full details of investment properties owned by the Group are contained in the register of investment properties which is open for inspection by shareholders at the registered office of the Company.

In terms of the accounting policy, the portfolio is valued annually. One third of the properties were valued by Real Insight and Yield Enhancement Solutions, registered valuers in terms of Section 19 of the Property Valuers Professional Act (Act No 47 of 2000). The remaining properties were valued by the directors.

The valuations were performed using the discounted cash flow methodology and income capitalisation rate methodology. This method is based on a yield/capitalisation rate basis with consideration given to the future earnings potential and appropriate capitalisation rates. The unobservable inputs utilised in the Investment property fair value calculation are as follows:

- Contractual and rental escalations 0% to 6% (2020: -2% to 6%)
- Expense escalations 0% to 12% (2020: 0% to 12%)
  - Municipals: 5% to 12%
  - Staff costs: 3,5% to 6%
  - Other expenses: 0% to 6%

- Vacancy percentage percentages 3,8% to 23,7% (2020: 1,3% to 13,4%)
  - 3,8% to 5%: 7 properties
  - 5% to 10%: 102 properties
  - 10% to 13%: 9 properties
- Capitalisation rates 9,5% to 13,78% (2020: 9,25% to 12,67%)
  - 12,54% to 13,35%: 3 Properties
  - 9,5% to 11,5%: balance of the properties

If the capitalisation rate increased or decreased by 1% (2020: 0,5%), investment property, measured using the discounted net cash flow method and income capitalisation rate method, would range between R3,35 billion and R3,67 billion (2020: R3,6 billion to R3,97 billion) for group. Refer to note 19 for further details of the fair value hierarchy.

Investment property has been encumbered as security for secured financial liabilities, refer to note 15.

Effects of COVID-19 were considered in the valuations.

**2021 sensitivity analysis**

Vacancies	CAP rates				
	-0,50%	-0,25%	0,00%	0,25%	0,50%
<b>-2,00%</b>	192 307 578	105 035 919	21 942 113	(57 268 263)	(132 862 491)
<b>-1,00%</b>	180 873 701	93 887 093	11 064 450	(67 887 657)	(143 235 611)
<b>0,00%</b>	169 439 823	82 738 267	-	(78 507 050)	(153 608 731)
<b>1,00%</b>	158 005 946	71 589 441	(10 690 874)	(89 126 443)	(163 981 851)
<b>2,00%</b>	146 572 068	60 440 615	(21 568 536)	(99 745 837)	(174 354 971)

**2020 sensitivity analysis**

Vacancies	CAP rates				
	-0,50%	-0,25%	0,00%	0,25%	0,50%
<b>-2,00%</b>	219 022 891	120 726 154	27 149 205	(62 040 578)	(147 145 224)
<b>-1,00%</b>	204 768 303	106 819 888	13 574 603	(75 299 006)	(160 101 903)
<b>0,00%</b>	190 513 714	92 913 622	-	(88 557 434)	(173 058 583)
<b>1,00%</b>	176 259 125	79 007 356	(13 574 603)	(101 815 861)	(186 015 262)
<b>2,00%</b>	162 004 537	65 101 089	(27 149 205)	(115 074 289)	(198 971 941)

	2021	2020
<b>Reconciliation to valuation</b>		
Fair value of Investment properties	3 351 111 092	3 761 738 063
Straight line of rental income accrual	1 551 219	2 984 644
<b>Valuation</b>	<b>3 352 662 311</b>	<b>3 764 722 707</b>
<b>5. Straight line rental income accrual</b>		
Balance at the beginning of the year	2 984 644	5 851 062
Movement for the year	(1 433 425)	(2 866 418)
	<b>1 551 219</b>	<b>2 984 644</b>

	2021	2020
<b>6. Deferred tax</b>		
<b>Deferred tax liability</b>		
Straight lining of investment property	(434 341)	(423 473)
Property, plant and equipment	(879 103)	(301 809)
Provision for credit loss allowance	(51 664)	-
Phantom Share Scheme	(458 667)	-
<b>Total deferred tax liability</b>	<b>(1 823 775)</b>	<b>(725 282)</b>
<b>Deferred tax asset</b>		
Derivatives	16 086 199	30 244 966
Income Received in advance	2 657 458	174 630
Section 24C - Future expenses on income received in advanced	-	(73 345)
Section 24C - Future expenses on income received in advanced	-	(101 285)
Bonuses provision	2 459 642	1 974 778
Phantom Shares Scheme	-	275 195
Leave pay accrual	510 307	112 000
Expected Credit losses	-	544 495
Expected Credit losses allowance	-	(217 798)
<b>Total deferred tax asset</b>	<b>21 713 606</b>	<b>32 933 636</b>
The deferred tax asset can be seen as recoverable as there is sufficient future taxable profit within the group.		
Deferred tax liability	(1 823 775)	(725 282)
Deferred tax asset	21 713 606	32 933 636
<b>Total net deferred tax asset</b>	<b>19 889 831</b>	<b>32 208 354</b>
<b>Reconciliation of deferred tax asset / (liability)</b>		
At beginning of year	32 208 354	-
Straight lining of investment property	(10 868)	(423 473)
Property, plant and equipment	(577 293)	(301 809)
Derivatives	(14 158 767)	30 244 966
Income received in advanced	2 482 828	174 630
Section 24C - Future expenses on income received in advanced	73 345	(73 345)
Section 24C - Future expenses on income received in advanced	101 285	(101 285)
Bonus provision	484 864	1 974 778
Phantom Share scheme	(733 862)	275 195
Leave pay accrual	398 306	112 000
Expected Credit losses	(544 495)	544 495
Expected Credit losses - Allowances	217 798	(217 798)
Provision for allowance for credit losses	(51 664)	-
	<b>19 889 831</b>	<b>32 208 354</b>

	2021	2020
<b>7. Non-current assets held for sale</b>		
Balance at the beginning of the year	43 202 505	18 245 000
Transferred from Investment Property	216 781 222	42 099 750
Transferred to Investment Property	-	105 850
Change in fair value	(24 394 094)	(255 350)
Disposals	(72 054 332)	(16 992 750)
	<b>163 535 301</b>	<b>43 202 500</b>

This consists of investment property that is expected to be sold in the next financial year. In the current year, there was only 1 property that was classified as held for sale in 2020 and not sold in 2021. The property still meets the criteria of IFRS 5: Non-current asset held for sale.

The items classified as held for sale comprise of investment properties. The items were classified as held for sale as a disposal strategy were identified prior to year end and it is expected that the transfer of the assets will be concluded within 6 months after year end.

These disposals are in line with the Group's strategy of reducing the non-core property assets.

Assets to the value of R163,5 million are currently held for sale. The assets held for sale comprise of 18 properties situated in Gauteng, and 2 properties in Durban.

## 8. Property, plant and equipment

	2021			2020		
	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE	COST	ACCUMULATED DEPRECIATION	CARRYING VALUE
Furniture and fixtures	2 050 779	(179 117)	1 871 662	-	-	-
Motor vehicles	195 913	(19 634)	176 279	-	-	-
Computer equipment	1 764 950	(300 072)	1 464 878	-	-	-
Computer software	271 429	(271 429)	-	380 046	(336 207)	43 839
Leasehold improvements	1 063 979	(93 812)	970 167	-	-	-
<b>Total</b>	<b>5 347 050</b>	<b>(864 064)</b>	<b>4 482 986</b>	<b>380 046</b>	<b>(336 207)</b>	<b>43 839</b>

**Reconciliation of property, plant and equipment - 2021**

	OPENING BALANCE	ADDITIONS	TRANSFERS	DEPRECIATION	TOTAL
Furniture, fittings and equipment	-	2 046 738	196	(175 272)	1 871 662
Motor vehicles	-	195 913	-	(19 634)	176 279
Computer equipment	-	1 660 374	41 732	(237 228)	1 464 878
Computer software	43 839	-	(41 928)	(1 911)	-
Leasehold improvements	-	1 063 979	-	(93 812)	970 167
	<b>43 839</b>	<b>4 967 004</b>	<b>-</b>	<b>(527 857)</b>	<b>4 482 986</b>

**Reconciliation of property, plant and equipment - 2020**

	OPENING BALANCE	ADDITIONS	DEPRECIATION	TOTAL
Computer software	86 001	21 711	(63 873)	43 839
	<b>86 001</b>	<b>21 711</b>	<b>(63 873)</b>	<b>43 839</b>

	2021	2020
<b>9. Loans to Participants of Indluplace Share Purchase and Option Scheme</b>		
Balance at the beginning of the year	72 038 137	109 364 917
Accrued interest for the year	5 204 569	10 464 746
Fair value adjustment	6 817 106	(37 326 780)
Share repurchase	(16 876 189)	-
Amount transferred to Trade and other Receivables	(5 204 569)	(10 464 746)
	<b>61 979 054</b>	<b>72 038 137</b>
<b>Owing by the following directors:</b>		
<b>Loans to participants of the Indluplace Share Purchase and Option Scheme</b>		
<b>2b Mervyn Road (Pty) Ltd - on behalf of estate of G. Leissner</b>		
2015 year - Issued 5 273 809 shares at R10,00 on 19 June 2015	52 738 090	52 738 090
Fair value adjustment on the loans (Fair value: R4,60) - 30 September 2019	(28 478 569)	(28 478 569)
Fair value adjustment on the loans (Fair value: R3,03) - 30 September 2020	(8 279 880)	(8 279 880)
Fair value adjustment on the loans (Fair value: R3,35) - 30 September 2021	1 687 664	-
	<b>17 667 305</b>	<b>15 979 641</b>



	2021	2020
<b>M Kaplan</b>		
2015 year - Issued 5 273 809 shares at R10,00 on 19 June 2015	52 738 090	52 738 090
Fair value adjustment on the loans (Fair value: R4,60) - 30 September 2019	(28 478 569)	(28 478 569)
Fair value adjustment on the loans (Fair value: R3,03) - 30 September 2020	(8 279 880)	(8 279 880)
Fair value adjustment on the loans (Fair value: R3,35) - 30 September 2021	1 687 664	-
	<b>17 667 305</b>	<b>15 979 641</b>
<b>I Suleman</b>		
2015 year - Issued 5 273 809 shares at R10,00 on 19 June 2015	52 738 090	52 738 090
Fair value adjustment on the loans (Fair value: R4,60) - 30 September 2019	(28 478 569)	(28 478 569)
Fair value adjustment on the loans (Fair value: R3,03) - 30 September 2020	(8 279 880)	(8 279 880)
Fair value adjustment on the loans (Fair value: R3,20) - 2 August 2021	896 549	-
2021 year - Share repurchase of 5 273 809 shares at R3,20 on 2 August 2021 (note 13)	(16 876 189)	-
	<b>1</b>	<b>15 979 641</b>
<b>C de Wit</b>		
2015 year - Issued 1 757 936 shares at R10,00 on 19 June 2015	17 579 360	17 579 360
2017 year - Issued 900 000 shares at R9,30 on 30 November 2016	8 370 000	8 370 000
2018 year - Issued 937 864 shares at R9,46 on 6 December 2017	8 872 023	8 872 023
2019 year - Issued 1 424 501 shares at R7,02 on 6 December 2018	9 999 997	9 999 997
Fair value adjustment on the loans (Fair value: R4,60) - 30 September 2019	(21 728 166)	(21 728 166)
Fair value adjustment on the loans (Fair value: R3,03) - 30 September 2020	(7 881 873)	(7 881 873)
Fair value adjustment on the loans (Fair value: R3,35) - 30 September 2021	1 606 536	-
	<b>16 817 877</b>	<b>(15 571 341)</b>
<b>T Kaplan</b>		
2017 year - Issued 810 860 shares at R9,30 on 30 November 2016	7 540 998	7 540 998
2018 year - Issued 840 380 shares at R9,46 on 6 December 2017	7 949 995	7 949 995
2019 year - Issued 1 282 051 shares at R7,02 on 6 December 2018	8 999 998	8 999 999
Fair value adjustment on the loans (Fair value: R4,60) - 30 September 2019	(10 997 852)	(10 997 852)
Fair value adjustment on the loans (Fair value: R3,03) - 30 September 2020	(4 605 267)	(4 605 267)
Fair value adjustment on the loans (Fair value: R3,35) - 30 September 2021	938 694	-
	<b>9 826 566</b>	<b>8 887 873</b>
	<b>61 979 054</b>	<b>72 038 137</b>
Non current portion of the Loans to Participants of Indluplace Share Purchase and Option Scheme	61 979 054	56 058 496
Current portion of the Loans to Participants of Indluplace Share Purchase and Option Scheme	-	15 979 641
	<b>61 979 054</b>	<b>72 038 137</b>



The loans were granted to the executive directors for the purpose of subscribing for shares in the Company as per the Indluplace Share Purchase and Option Scheme and in terms of the Companies Act of South Africa, No. 71 of 2008. The shares have been pledged as security against the loans.

The loans bear interest at a rate equal to the distribution dividends declared, and is calculated at 31 March and 30 September and are repayable at any time by the employee but not later than 10 years from the making of the loan.

The dividends received on the shares are used to repay the interest accrued to on the loans.

In terms of recourse available to the Company, the Directors of the entities to which the shares have been issued remain liable for the full amount of the outstanding scheme debt.

The directors reviewed the balances of the loans in terms of the IFRS 9 requirements in the financial period. As these loans are classified as financial assets under IFRS 9. They are measured at fair value through profit and loss.

Fair value of the loans is determined in terms of IFRS 13. The following parameters were used in calculating the loans value at year end:

- Shares price
- Annual dividend
- Escalation/growth in dividend (market conditions)
- Yield

The Board, on recommendation of the Remuneration and Nomination Committee, agreed to investigate further the impact of cancelling the discontinued Indluplace Share Purchase and Option Scheme on all stakeholders. Further details will be provided in due course.

	2021	2020
<b>10. Property loans receivable</b>		
Property loans receivable are presented at amortised cost, which is net of loss allowance, as follows:		
Buffet Loan Receivable	-	30 242 905
Disposal Property Receivable	8 660 975	20 197 000
	<b>8 660 975</b>	<b>50 439 905</b>

The Buffet loan is unsecured and was settled within the current year. The loan incurred interest at an interest rate of 9.5% per annum, calculated on the outstanding monthly balance.

The loan receivable arose off the back of a rental guarantee and purchase price adjustment that was agree on the Buffet transaction.

The outstanding balance in prior year comprised of R22 million relating to the buy back of a property acquired 1 October 2017 in terms of the Buffet acquisition and R5 million relates to the purchase price adjustment in respect of 12 properties acquired in terms of the same acquisition.

The property receivable consists of 3 properties (2020: 11 properties) that were sold and transferred but settlement has yet to take place.

### Exposure to credit risk

Property loans receivable were analysed in terms of IFRS 9 by assessing the credit risk (stage 1 – assessing if credit risk of components has not increased significantly, stage 2 – credit risk has increased significantly since initial recognition, stage 3 – credit impaired financial asset) and the expected default rate. Credit risk and default rate is assessed based on payment patterns and performance in terms of contractual obligations. The overall assessment resulted in the loan being categorised as stage 1 with a 5% default rate however, the mitigating factors resulted in a R nil (2020: R nil) expected credit loss allowance being required.

### Mitigating factors include:

- Regular weekly follows ups with outstanding debtors
- There is a backing from a big financier for the amount due
- We have sound legal documents in place for recourse in case of default

	2021	2020
<b>11. Trade and other receivables</b>		
<b>Financial instruments</b>		
Trade receivables	16 211 574	15 025 261
Allowance for expected credit losses	(10 156 397)	(10 196 683)
Trade receivables at amortised cost	6 055 177	4 828 578
Municipal deposits	5 168 901	4 879 059
Cash held in Property Managers' Trust accounts*	11 982 493	48 317 959
Interest receivable from Participants of the Indluplace Share Purchase and Option Scheme	5 204 569	10 464 746
Other receivable**	18 184 614	21 828 968
<b>Non-financial instruments</b>		
VAT	362 557	13 688 226
Prepayments	2 450 960	284 943
<b>Total trade and other receivables</b>	<b>49 409 271</b>	<b>104 292 479</b>
<b>Movement on the allowance for impairments of trade receivables</b>		
Balance at the beginning of the year	10 196 683	3 700 300
Expected credit loss recognised on receivables	(40 286)	6 496 383
	<b>10 156 397</b>	<b>10 196 683</b>

\* In the prior year, the tenant deposits were held by the external property managers and were classified as Trade and other receivables. Due to the internalisation of the property management function, the tenant deposits, in the current year are held by the Group, and are classified as Cash and Cash equivalents. The two lines are therefore not comparable year on year. The remaining balance relates to the funds still owed to the group by the property managers.

\*\* Other receivables is made up of the Amorspan loan as well as smaller receivables. The other receivables are to be paid within the next 12 months.



	2021	2020
<b>Financial instrument and non-financial instrument components of trade and other receivables</b>		
At amortised cost	46 595 754	90 604 253
Non-financial instruments	2 813 517	13 688 226
	<b>49 409 271</b>	<b>104 292 479</b>

### Exposure to credit risk

Trade receivables inherently expose the group to credit risk, being the risk that the group will incur financial loss if customers fail to make payments as they fall due.

In order to mitigate the risk of financial loss from defaults, the group only deals with reputable tenants with consistent payment histories. Sufficient collateral or guarantees are also obtained when appropriate. Each tenant is analysed individually for creditworthiness before terms and conditions are offered. Statistical credit scoring models are used to analyse tenants. These models make use of information submitted by the tenant as well as external bureau data (where available). Tenant credit limits are in place and are reviewed and approved by credit management committees. The exposure to credit risk and the creditworthiness of tenant, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

The Group apply the IFRS 9 simplified model of recognising lifetime expected credit losses for all trade receivables.

Trade receivables were assessed in terms of IFRS 9 by formulating a matrix that applied the historical performance of bad debts written-off as a percentage of aged credit sales to derive a historical loss rate. This matrix was adjusted to account for a forward looking economic and Group's specific risk assessment. All tenants with outstanding balances that do not have a deposit associated with them, have been fully provided for. Risks were weighted against low/medium/ high assessment, resulting in a cumulative ECL risk percentage. This ECL risk percentage was applied to current balance, and adjusted further to recognise additional risk with aging of trade debtors beyond current. Please refer to the table below for the percentages applied in the current year.

The overall assessment of trade receivables per the IFRS 9 exercise performed resulted in an expected credit loss allowance in Group R10,2 million (2020: R10,2 million).

### Mitigating factors:

- We have an internal collection team fully focused on the debt collection
- Management do regular reviews of all outstanding balances

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

### Credit risk disclosure:

Trade receivables are generally collected within 30 days of invoice, which represent normal credit terms. Trade receivables inherently expose the Group to credit risk, being the risk that the Group will incur financial loss if a customer fails to make payments as they fall due. An allowance is made for all customers where legal action has been taken and the

assessment of recovering the debt is doubtful. All other debtors older than 30 days which are past due but not impaired, are considered collectable based on historic payment behaviour and extensive analysis of individual circumstances in respect of each tenant. Trade receivables are written off when there is no reasonable expectation of further recovery per engagement with legal advisors and tenants.

### Other non-trade receivables

Other non-trade receivables were analysed in terms of IFRS 9 by assessing the credit risk of items (stage 1 – assessing if credit risk of components has not increased significantly, stage 2 – credit risk has increased significantly since initial recognition, stage 3 – credit impaired financial asset) and the expected default rate. Majority of other non-trade receivables were categorised as stage 1 implying that credit risk of components has not increased significantly. The default rates averaged 4%, however, the actual risk of default and the mitigating factors resulted in R nil ECL provision being required.

	2021		2020	
	ESTIMATED GROSS CARRYING AMOUNT AT DEFAULT	LOSS ALLOWANCE (LIFETIME EXPECTED CREDIT LOSS)	ESTIMATED GROSS CARRYING AMOUNT AT DEFAULT	LOSS ALLOWANCE (LIFETIME EXPECTED CREDIT LOSS)
<b>Expected credit loss rate</b>				
Not past due: 19% (2020: 30%)	4 191 847	776 943	8 376 822	5 110 361
Less than 30 days past due: 31% (2020: 50%)	2 373 072	743 224	2 717 952	1 356 984
31 - 60 days past due: 50% (2020: 84%)	2 024 439	1 014 014	1 262 057	1 060 908
61 - 90 days past due: 100% (2020: 100%)	1 574 613	1 574 613	743 648	743 648
91 - 120 days past due: 100% (2020: 100%)	6 047 603	6 047 603	1 924 782	1 924 782
<b>Total</b>	<b>16 211 574</b>	<b>10 156 397</b>	<b>15 025 261</b>	<b>10 196 683</b>

The decrease in the expected credit loss rate is due to the internalisation of the property management in which the group has a dedicated team that is focused on collections, which has increased due to this.

2021

2020

## 12. Cash and cash equivalents

Cash is invested with Standard Bank, ABSA and First National Bank. Cash and cash equivalents is subsequently measured at amortised cost which approximates the amount receivable from banking institutions and therefore no expected credit loss has been provided for.

### For purposes of the cash flow statement, cash and cash equivalents comprises

Bank balances*	60 694 376	55 945 626
Tenant deposits**	29 977 319	-
	<b>90 671 695</b>	<b>55 945 626</b>

\* The Group only deposits cash with major banks with high quality credit standing. The banks' credit rating range from Ba1 to BB+ which is considered to be adequate and does not require the recognition of expected credit loss.

\*\* In the prior year, the tenant deposits were held by the external property managers and were classified as Trade and other receivables. Due to the internalisation of the property management function, the tenant deposits, in the current year are held by the Group, and are classified as Cash and Cash equivalents. The two lines are therefore not comparable year on year.

## 13. Share capital

### Authorised

3 000 000 000 (2020: 3 000 000 000) ordinary shares of no par value

### Reconciliation of number of shares issued

314 082 990 (2020:319 356 799) ordinary shares of no par value	3 026 423 255	3 043 299 444
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### Movement of number of shares issued during the year

Balance at the beginning of the year	341 797 084	343 791 954
Share buy back	(5 273 809)	(1 994 870)
	336 523 275	341 797 084
Shares treated as not being in issue in terms of IFRS*	(22 440 285)	(22 440 285)
	<b>314 082 990</b>	<b>319 356 799</b>

### Movement for the year

	QUANTITY (SHARES)	AVERAGE PRICE (R)	TOTAL PRICE (R)
Balance at 1 October 2019	321 351 669		3 051 853 350
Share buy- back	(1 994 870)	4,29	(8 553 906)
Balance at 1 October 2020	319 356 799		3 043 299 444
Share buy- back	(5 273 809)	3,20	(16 876 189)
<b>Balance at 30 September 2021</b>	<b>314 082 990</b>		<b>3 026 423 255</b>

The unissued shares are under the control of the directors.

\*Refer to note 14 for detail on the shares issued in terms of IFRS.

	2021	2020
<b>14. Share based payment reserve</b>		
Loan Shares	19 993 469	19 993 469
Conditional Share Plan (CSP)	2 681 264	802 131
	<b>22 674 733</b>	<b>20 795 600</b>

**Loan shares**

22 440 285 shares valued at R240,8 million were issued to the Buffet Group. Indluplace provided the funding to the Buffet Group for the purchase of these 22 440 285 shares. The funding is secured by the pledge of shares issued to the Buffet Group and bears interest at a rate equal to the dividends received on those shares. The security will be released on the payment of the outstanding amounts which can take place from year three, but the loans must be settled by year 10. The issue of shares using the proceeds of a loan made by the share issuer, when the loan is recourse only to the shares, is treated as an option grant, in which options are exercised on the date or dates when the loan is repaid. This is based on an International Financial Reporting Interpretations Committee agenda decision issued in November 2005. This option grant is accounted for in terms of IFRS 2, more specifically as an equity-settled share-based payment, valued using a Black Scholes option pricing model. The issue of these options to the Buffet Group was considered to be part of the acquisition costs of the properties and has therefore been capitalised to the cost of the investment property. A further impact of this is that the shares are not treated as being in issue, until such time as the debt is settled. The shares were issued in October 2017.

**The key assumptions for the Black Scholes models are as follows**

Share price at grant date (R)	9,60
Option exercise price (R)	10,73
Expected life of options in years	10,00
Volatility (%)	23,56
Dividend Yield (%)	10,00
Risk free interest rate (%)	10,00
Black-Scholes fair value (R)	0,90

**Conditional Share Plan (CSP)**

The CSP provides for the annual award of Performance Shares which vest after three years subject to the achievement of strategically important performance conditions and the participant remaining employed with Indluplace.

The fair value of the Performance Shares is estimated at the grant date using the Black-Scholes-Merton Option Pricing Model, taking into account the terms and conditions upon which the shares were granted.

The expense recognised for employee services received during the year is as follows:

	2021	2020
<b>Expense arising from the equity-share based payment transactions</b>	<b>2 353 680</b>	<b>802 131</b>

Fair value was determined by using the Black Scholes model.

The following inputs were used:

	CSP 2019	CSP 2020
Weighted average shares price (R)	3,70	-
Exercise price (R)	-	-
Expected volatility (%)	34,29	67,51
Option life (years)	3,00	10,00
Dividend yield (%)	19,56	13,97
The risk free rate (%)	8,40	8,47

**Movement for the year**

	NUMBER OF SHARES	PRICE OPTION	VALUE
Outstanding at 1 October 2019	-		-
Granted during the year	1 169 611	2,057	2 406 393
<b>Outstanding at 30 September 2020</b>	<b>1 169 611</b>		<b>2 406 393</b>
Granted during the year	1 681 571	2,071	3 482 616
Forfeited for the year	(45 562)	2,057	(31 247)
<b>Outstanding at 30 September 2021</b>	<b>2 805 620</b>		<b>2 734 126</b>

Refer to the Directors' emolument note (Note 18) for the directors interest in CSP awarded during the year.

**Long Term Incentive Scheme ("Phantom Scheme")**

A long-term incentive scheme, in the form of a Conditional Share Plan ("CSP"), was approved by Indluplace shareholders on 5 February 2019.

To rectify the inability to grant awards under various LTI Schemes and that there was a period of two years during which no LTI awards vested, the Board approved the implementation of a "Phantom scheme" to put executives in the position they would have been in, had awards been capable of being made in terms of the Indluplace CSP (in respect of 2018 and 2019 financial years). The Phantom awards are subject to all the same terms and vesting conditions as equivalent awards under the CSP would have been, with the sole exception that if and to the extent that the vesting conditions are satisfied, the value of the awards are settled in cash as opposed to by the award of shares.

The expense recognised for the employee services received during the year is as follows:

	2021	2020
<b>Expense arising from cash-share based payments transactions</b>	<b>327 584</b>	<b>982 840</b>
<b>Movement during the year</b>		
Outstanding at beginning of the year	1 965 680	982 840
Granted during the year	327 584	982 840
	<b>2 293 264</b>	<b>1 965 680</b>

Refer to the Directors emolument note (Note 18) for the directors interest in CSP awarded during the year.



	2021	2020
<b>15. Secured financial liabilities</b>		
<b>Standard Bank</b>		
R200 million facility was settled on 15 November 2020.	-	150 000 000
<b>ABSA Bank Limited</b>		
<b>Facility B1</b> Secured by a mortgage bond over investment properties, bears interest at 3 month JIBAR + 2,20% (2020: 3 month JIBAR +2,20%), repayable in 5 years from advance date, current on 5 October 2022. The company is compliant in respect of loan covenants.	302 142 857	302 142 857
<b>Facility D1</b> Secured by a mortgage bond over investment properties, bears interest at 3 month JIBAR + 2,40% (2020: 3 month JIBAR +2,40%), repayable in 3 years from advance date, current on 16 November 2023. The company is compliant in respect of loan covenants.	310 235 712	171 428 571
<b>Facility D2</b> Secured by a mortgage bond over investment properties, bears interest at 3 month JIBAR + 2,55% (2020: 3 month JIBAR + 2,55%), repayable in 4 years from advance date, current on 16 November 2024. The company is compliant in respect of loan covenants.	79 833 094	85 714 286
<b>Facility D3</b> Secured by a mortgage bond over investment properties, bears interest at 3 month JIBAR + 2,7% (2020:3 month JIBAR + 2,7% ), repayable in 5 years from advance date, current on 16 November 2025. The company is compliant in respect of loan covenants.	75 401 902	85 714 285
<b>Investec Bank Limited</b>		
<b>Facility A1</b> Secured by a mortgage bond over investment properties, bears interest at 3 month JIBAR + 2,20% (2020: 3 month JIBAR +2,20%), repayable in 5 years from advance date, current on 16 October 2022. The company is compliant in respect of loan covenants.	302 142 857	302 142 857
<b>Facility C1</b> Secured by a mortgage bond over investment properties, bears interest at 3 month JIBAR + 2,30% (2020: 3 month JIBAR +2,30%), repayable in 3 years from advance date, current on 16 November 2023. The company is compliant in respect of loan covenants.	165 459 046	171 428 571
<b>Facility C2</b> Secured by a mortgage bond over investment properties, bears interest at 3 month JIBAR + 2,40% (2020: 3 month JIBAR + 2,40%), repayable in 4 years from advance date, current on 16 November 2024. The company is compliant in respect of loan covenants.	79 833 094	85 714 286



	2021	2020
<b>Facility C3</b>	75 401 902	85 714 286
Secured by a mortgage bond over investment properties, bears interest at 3 month JIBAR + 2,50% (2020: 3 month JIBAR + 2,50% ), repayable in 5 years from advance date, current on 16 November 2025.		
The company is compliant in respect of loan covenants.		
	<b>1 390 450 464</b>	<b>1 439 999 999</b>
<b>Less:</b> Structuring fee incurred	(2 225 161)	(52 679)
Opening balance	(52 679)	(144 482)
Finance costs incurred	(3 057 143)	-
Amortisation for the year	884 661	91 803
	<b>1 388 225 303</b>	<b>1 439 947 320</b>
<b>Facilities</b>		
<b>Investec - Revolving Credit facility A1</b>		
R50 million access facility, secured by mortgage over investment properties, bears interest at Prime less 1.00% repayable in 3 years from advance date, currently 23 November 2023.		
The company is compliant in respect of loan covenants		
<b>ABSA - Revolving Credit facility B1</b>		
R100 million access facility, secured by mortgage over investment properties, bears interest at Prime less 0.90% repayable in 3 years from advance date, currently 23 November 2023.		
The company is compliant in respect of loan covenants		
<b>Split between non-current and current portions</b>		
Non-current liabilities	1 388 225 303	1 289 947 320
Current liabilities	-	150 000 000
	<b>1 388 225 303</b>	<b>1 439 947 320</b>
<b>Maturity</b>		
	<b>3 MONTH JIBAR MARGIN %</b>	<b>CAPITAL 30 SEPTEMBER 2021</b>
October 2022 - ABSA	2,20	302 142 857
October 2022 - Investec	2,20	302 142 857
November 2023 - ABSA	2,40	310 235 712
November 2023 - Investec	2,30	165 459 046
November 2024 - ABSA	2,55	79 833 094
November 2024 - Investec	2,40	79 833 094
November 2025 - ABSA	2,70	75 401 902
November 2025 - Investec	2,50	75 401 902
<b>Total exposure</b>		<b>1 390 450 464</b>

	2021	2020
Standard Bank secured financial liabilities was secured over investment property valued at R587 million in the prior year. The loan was settled in the current year.		
The ABSA and Investec Bank facilities are jointly secured over investment property valued at R3,4 billion. At year-end, the company's unutilised facilities amounted to R150 million (2020: R150 million). The gearing ratio is 38,43%. (2020: 35,2%).		
Refer to note 26 Changes in liabilities arising from financing activities for details of the movement in the borrowings during the reporting period and note 29 Financial instruments and financial risk management for the fair value of borrowings.		
<b>16. Trade and other payables</b>		
<b>Financial instruments</b>		
Trade payables	63 409 975	41 594 331
Tenant deposits	27 400 624	33 298 647
<b>Non-financial instruments</b>		
Rental income received in advance	22 597 982	18 190 948
VAT	1 177 022	13 973 989
	<b>114 585 603</b>	<b>107 057 915</b>
<b>Financial instrument and non-financial instrument components of trade and other payables</b>		
At amortised cost	90 810 599	74 856 978
Non-financial instruments	23 775 004	32 164 937
	<b>114 585 603</b>	<b>107 021 915</b>
<b>17. (Loss)/Profit from operations</b>		
Net operating profit includes the following items:		
<b>Auditor's remuneration - external</b>		
Audit fees	781 000	728 000
Professional service fee	11 784 669	9 709 793
Property Management fees	25 108 616	32 951 859
Salaries	42 027 307	35 668 546
	<b>78 920 592</b>	<b>78 330 198</b>
<b>Depreciation and amortisation</b>		
Depreciation of property, plant and equipment	527 857	166 525
Depreciation of right-of-use assets	328 845	-
<b>Total depreciation and amortisation</b>	<b>856 702</b>	<b>166 525</b>

**18. Directors' emoluments**

<b>2021</b>						
	<b>EMOLUMENTS</b>	<b>BONUSES</b>	<b>LONG-TERM INCENTIVE SCHEME ("PHANTOMS")</b>	<b>DIRECTORS' FEES</b>	<b>DIRECTORS' FEES FOR SERVICES AS DIRECTORS OF THE HOLDING COMPANY</b>	<b>TOTAL</b>
Ayesha Rehman*	-	-	-	468 605	-	468 605
Carel De Wit	2 184 018	1 190 836	144 141	-	-	3 518 995
Clifford Abrams*	-	-	-	376 809	-	376 809
Grant Harris	1 850 000	1 137 056	-	-	-	2 987 056
Nindi Tetyana*	-	-	-	337 803	-	337 803
Taffy Adler*	-	-	-	565 802	494 693	1 060 495
Terence Kaplan	1 965 616	1 073 226	129 728	-	-	3 168 570
Selwyn Noik*	-	-	-	403 204	214 808	618 012
	<b>5 999 634</b>	<b>3 401 118</b>	<b>273 869</b>	<b>2 152 223</b>	<b>709 501</b>	<b>12 536 345</b>
<b>2020</b>						
Ayesha Rehman	-	-	-	459 414	-	459 414
Gregory Kinross*	-	-	-	53 777	50 899	104 676
Carel De Wit	2 184 018	1 654 394	-	-	-	3 838 412
Clifford Abrams	-	-	-	369 427	-	369 427
Grant Harris	1 850 000	1 387 500	-	-	-	3 237 500
Nindi Tetyana	-	-	-	299 733	-	299 733
Taffy Adler	-	-	-	480 659	365 125	845 784
Terence Kaplan	1 965 616	1 463 945	-	-	-	3 429 561
Selwyn Noik	-	-	-	390 645	400 639	791 284
	<b>5 999 634</b>	<b>4 505 839</b>	<b>-</b>	<b>2 053 655</b>	<b>816 663</b>	<b>13 375 791</b>

\*Non-Executive directors

The below table shows the unvested options for the Executive Directors:

	TOTAL	NUMBER OF UNVESTED OPTIONS	
		30 SEPTEMBER 2022	30 SEPTEMBER 2023
<b>2019 Options</b>			
Carel de Wit	304 617	304 617	
Terence Kaplan	274 155	274 155	
Grant Harris	258 029	258 029	
<b>2020 Option</b>			
Carel de Wit	420 828		420 828
Terence Kaplan	378 745		378 745
Grant Harris	356 467		356 467

	2021	2020
<b>19. Changes in fair value</b>		
Loss on revaluation of investment property	(252 893 248)	(362 992 976)
Loss on revaluation of non current asset held for sale	(18 158 262)	(255 350)
Straight line rental income accrual on investment property (refer to note 5)	1 433 425	2 866 418
Derivatives (refer to note 21)	50 567 024	(97 497 957)
	<b>(219 051 061)</b>	<b>(457 879 865)</b>
Change in fair value - Loans to Participants of Indluplace Share Purchase and Option Scheme	6 817 106	(37 326 780)
	<b>(212 233 955)</b>	<b>(495 206 645)</b>
<b>20. Net finance (charges)/income</b>		
<b>Finance charges</b>		
Interest paid - secured financial liabilities	(86 507 112)	(116 196 544)
Interest paid - interest rate swaps	(35 985 249)	(14 495 439)
Interest paid - other	(2 440 117)	(267 491)
Amortisation of structuring fee	(844 661)	(91 803)
Interest paid - IFRS 16	(110 964)	-
	<b>(125 888 103)</b>	<b>(131 051 277)</b>
<b>Interest income</b>		
Interest received from banks	1 257 546	5 682 472
Interest received from Participants of the Indluplace Share Purchase and Option Scheme	5 204 587	10 464 746
	<b>6 462 133</b>	<b>16 147 217</b>

	2021	2020
<b>21. Derivatives</b>		
<b>Long-term cancelable interest rate swaps</b>		
<b>Investec Bank Limited</b>		
R145,0 million at a 3 month JIBAR rate of 7,68% (2020: 3 month JIBAR rate of 7,68%) maturing 7 October 2024	(10 500 965)	(18 454 256)
R275 million at a 3 month JIBAR rate of 7,07% (2020: 3 month JIBAR rate of 7,07%) maturing 7 October 2024	(14 844 783)	(28 404 346)
R28,5 million at a 3 month JIBAR rate of 7,13% (2020: 3 month JIBAR rate of 7,13%) maturing 7 October 2024	(1 589 215)	(3 009 175)
R50 million at a 3 month JIBAR rate of 6,55% (2020: 3 month JIBAR rate of 6,55%) maturing 7 January 2025	(1 860 662)	(4 110 644)
<b>ABSA Bank Limited</b>		
R145,0 million at a 3 month JIBAR rate of 7,68% (2020: 3 month JIBAR rate of 7,68%) maturing 7 October 2024	(10 460 321)	(18 473 208)
R275,0 million at a 3 month JIBAR rate of 7,07% (2020: 3 month JIBAR rate of 7,07%) maturing 7 October 2024	(14 767 934)	(28 439 771)
R28,5million at a 3 month JIBAR rate of 7,13% (2020: 3 month JIBAR rate of 7,13%) maturing 7 October 2024	(1 581 254)	(3 012 850)
R50million at a 3 month JIBAR rate of 6,55% (2020: 3 month JIBAR rate of 6,55%) maturing 7 January 2025	(1 845 577)	(4 113 485)
	<b>(57 450 711)</b>	<b>(108 017 735)</b>
The fair value of the interest rate swap derivative was determined by ABSA and Investec and relates to the fixed rate swaps relative to 3 month JIBAR.		
<b>Shown on the statement of financial position as follows:</b>		
Non-current liabilities	<b>(57 450 711)</b>	<b>(108 017 735)</b>
Refer to note 31 fair value information for details of valuation policies and processes.		
Refer to note 29 financial instruments and risk management further details.		
<b>22. Taxation</b>		
<b>Major components of the tax expense</b>		
<b>Current</b>		
Local income tax - current period	-	13 119 605
<b>Deferred</b>		
Deferred tax	12 318 523	(32 208 354)
	<b>12 318 523</b>	<b>(19 088 748)</b>



	2021	2020
<b>Reconciliation of the tax expense</b>		
Reconciliation between accounting profit and tax expense.		
Accounting (loss)	(95 861 281)	(327 523 404)
Tax at the applicable tax rate of 28% (2020: 28%)	(26 841 159)	(91 706 553)
<b>Tax effect of adjustments on taxable income</b>		
Non deductible/Exempt income	-	(27 483 836)
Straight line rental income	434 341	802 597
Change in fair value	70 796 659	128 206 362
Change in fair value - Loans to Participants of Indluplace Share Purchase and Option Scheme	(1 908 742)	10 451 498
Qualifying distribution per section 25BB	(21 811 393)	(39 358 816)
Assessed loss not recognised	(7 270 464)	-
Under recovery of deferred tax in the prior year	(1 080 719)	-
	<b>12 318 523</b>	<b>(19 088 748)</b>

In the current and prior year, a 75% dividend pay-out ratio was continued. Off the back of retained profit not distributed and deductible under section 25BB, was taxed at a rate of 28%.

No current tax was raised in the current year, due to the utilisation of the assessed loss from Jika Properties Proprietary Limited and Diluculo Properties Limited.



	2021	2020
<b>23. Earnings and headline earnings</b>		
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 use used for the calculation of diluted earnings and headline earnings per share <sup>*</sup>	317 767 578	320 885 689
Number of shares in issue at year end used for the calculation of distribution per share	314 082 990	319 356 799
<b>Reconciliation of earnings and headline earnings</b>		
Loss for the year attributable to equity holders	(108 179 804)	(308 434 656)
Change in fair value of properties	269 617 913	360 381 907
Headline earnings attributable to equity holders	161 438 109	51 947 251
Change in fair value of derivative instruments	(50 567 024)	97 497 959
Straight line rental income accrual	1 433 425	2 866 418
Change in fair value of Indluplace Share Purchase and Option Scheme	(6 816 935)	37 326 780
Deferred tax	12 318 523	(32 208 354)
Current tax	-	13 119 605
<b>Amount available for distribution to shareholders</b>	<b>117 806 098</b>	<b>170 549 659</b>
Basic loss per shares in issue (cents)	(34,35)	(96,47)
Diluted earnings per share (cents)	(34,35)	(96,12)
Headline earnings per shares in issue (cents) <sup>*</sup>	51,26	16,25
Diluted headline earnings per share (cents)	50,80	16,19
Net asset value per share (cents)	709,55	792,39
Given the nature of its business, the Group uses dividend per share as its key performance measure as it is considered a more relevant performance measure than earnings or headline earnings per share.		



	2021	2020
<b>24. Cash generated from operations</b>		
(Loss) before taxation	(95 861 281)	(327 523 404)
<b>Adjustments for:</b>		
Fair value adjustments - Investment Property and Derivatives	219 050 889	457 879 865
Fair value adjustments of Indluplace Share Purchase and Option Scheme		
Straight line rental income accrual	1 433 425	2 866 418
Depreciation and amortisation	856 702	63 873
Interest income	(6 462 133)	(16 147 217)
Finance charges	125 888 103	131 051 277
Amortisation of structuring fee	(2 172 479)	91 803
Share based payments reserves	1 879 133	-
Fair value adjustments of Indluplace Share Purchase and Option Scheme	(6 817 106)	37 326 780
<b>Changes in working capital:</b>		
Trade and other receivables	54 883 207	19 072 848
Property Loan receivable	41 778 930	(5 672 835)
Trade and other payables	7 527 690	31 245 095
	<b>341 985 080</b>	<b>330 254 504</b>
<b>25. Tax paid</b>		
Balance at beginning of the year	(13 119 605)	-
Current tax for the year recognised in profit or loss	-	(13 119 606)
Balance at end of the year	-	13 119 606
	<b>(13 119 605)</b>	<b>-</b>

**26. Changes in liabilities arising from financing activities**

	OPENING BALANCE	PROCEEDS FROM SECURED FINANCIAL LIABILITIES	REPAYMENT OF SECURED FINANCIAL LIABILITIES	STRUCTURING FEE	SUNDRY MOVEMENTS	CLOSING BALANCE
<b>Reconciliation of liabilities arising from financing activities - 2021</b>						
Secured financial borrowings	1 439 947 320	79 000 000	(128 549 538)	(3 057 140)	884 661	1 388 225 303
	<b>1 439 947 320</b>	<b>79 000 000</b>	<b>(128 549 538)</b>	<b>(3 057 140)</b>	<b>884 661</b>	<b>1 388 225 303</b>
<b>Total liabilities from financing activities</b>	<b>1 439 947 320</b>	<b>79 000 000</b>	<b>(128 549 538)</b>	<b>(3 057 140)</b>	<b>884 661</b>	<b>1 388 225 303</b>

	OPENING BALANCE	SUNDRY MOVEMENTS	REPAYMENT OF BORROWINGS	CLOSING BALANCE
<b>Reconciliation of liabilities arising from financing activities - 2020</b>				
Secured financial liabilities	1 480 005 759	91 803	(179 008 215)	1 301 089 347
	<b>1 480 005 759</b>	<b>91 803</b>	<b>(179 008 215)</b>	<b>1 301 089 347</b>
<b>Total liabilities from financing activities</b>	<b>1 480 005 759</b>	<b>91 803</b>	<b>(179 008 215)</b>	<b>1 301 089 347</b>

	2021	2020
<b>27. Commitments</b>		
<b>Minimum lease payments receivable</b>		
<b>Minimum lease payments due</b>		
first year	78 051 971	292 430 010
second year	18 194 002	49 249 632
third year	240 046	1 578 287
	<b>96 486 019</b>	<b>343 257 929</b>

Minimum lease payments comprises contractual rental income from investment properties and operating lease recoveries due in terms of signed lease agreements.



		2021	2020
<b>28. Related parties</b>			
Holding company	Arrowhead Properties Limited		
Subsidiaries	Refer to the group structure in the Directors Report		
Fellow subsidiaries	Vividend Income Fund Limited		
	Vividend Management Group Proprietary Limited		
	Gemgrow Asset Management		
	Cumulative Properties Limited		
	Repository Properties Proprietary Limited		
	Arrowhead Charitable Trust		
	Barmoss Investments		
	Indite Property Fund Limited		
	Arrowhead Prop I Limited		
Members of key management	Carel de Wit		
	Terence Kaplan		
	Grant Harris		
<b>Related party balances</b>			
<b>Directors' emoluments</b>			
Executive directors		9 674 621	10 505 473
Non-executive directors		2 861 724	2 061 337
		<b>12 536 345</b>	<b>12 566 810</b>
<b>Loan accounts - Owning (to) by related parties</b>			
Loans to Participants of Indluplace Share Purchase and Option Scheme		61 979 054	72 038 137
<b>Related party transactions</b>			
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

## 29. Financial instruments and risk management

The Group's financial instruments consists mainly of deposits with banks, interest bearing liabilities, derivative instruments, trade and other receivables and trade and other payables.

Book value approximates fair value in respect of these financial instruments.

Exposure to market, credit and liquidity risks arises in the normal course of business.

### Categories of financial instruments

#### Categories of financial assets

	NOTE(S)	NON FINANCIAL INSTRUMENTS	FAIR VALUE THROUGH PROFIT OR LOSS	AMORTISED COST	TOTAL
<b>2021</b>					
Property Loans receivable	10	-	-	8 660 975	8 660 975
Trade and other receivables	11	2 813 517	-	46 595 754	49 409 271
Cash and cash equivalents	12	-	-	90 671 695	90 671 695
Loans to Participants of Indluplace Share Purchase and Option Scheme	9	-	61 979 054	-	61 979 054
		<b>2 813 517</b>	<b>61 979 054</b>	<b>145 928 424</b>	<b>210 720 995</b>
<b>2020</b>					
Property loans receivable	10	-	-	50 439 905	50 439 905
Trade and other receivables	11	13 688 226	-	90 604 253	104 292 479
Cash and cash equivalents	12	-	-	55 945 626	55 945 626
Loans to Participants of Indluplace Share Purchase and Option Scheme	9	-	72 038 137	-	72 038 137
		<b>13 688 226</b>	<b>72 038 137</b>	<b>196 989 784</b>	<b>282 716 147</b>
<b>Categories of financial liabilities</b>					
<b>2021</b>					
Trade and other payables	16	23 275 004	-	90 810 599	114 085 603
Secured financial liabilities	15	-	-	1 388 225 303	1 388 225 303
Derivatives	21	-	57 450 711	-	57 450 711
		<b>23 275 004</b>	<b>57 450 711</b>	<b>1 479 035 902</b>	<b>1 559 761 617</b>
<b>2020</b>					
Trade and other payables	16	32 164 936	-	74 892 978	107 057 914
Secured financial liabilities	15	-	-	1 439 947 320	1 439 947 320
Derivatives	21	-	108 017 735	-	108 017 735
Taxation payable		11 142 026	-	-	11 142 026
		<b>43 306 962</b>	<b>108 017 735</b>	<b>1 514 840 298</b>	<b>1 666 164 995</b>

### Interest rate risk

The Group manages its exposure to changes in interest rates by hedging its exposure to interest rates in respect of the majority of its borrowings either in the form of fixed rate loans or interest rate swaps. At year-end, interest rates in respect of 71,7% (2020: 69%) of borrowings were hedged.

#### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on exposure to interest rates at the reporting date.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the Group's profit for the year under review would have decreased/increased by R5,0 million (2020: R5,9 million).

The Group's sensitivity to interest rates has increased during the current period mainly due to the increased in secured financial liabilities combined with a decrease in the percentage of fixed vs variable debt.

	2021	2020
	+/-100 BASIS POINTS	+/-100 BASIS POINTS
Group	R5,0 million	R5,9 million

The below table sets out the items of income expense, gains or losses of each class of financial asset and liability:

	AT AMORTISED COST	AT FAIR VALUE THROUGH PROFIT AND LOSS	TOTAL
<b>For the year ended 30 September 2021</b>			
Change in Fair value - Indluplace	-	(6 817 106)	(6 817 106)
Share Purchase and Option Scheme			
Change in Fair value - Derivatives	-	50 567 024	50 567 024
Finance charges	(125 888 103)	-	(125 888 103)
Finance income	6 462 133	-	6 462 133
	<b>(119 425 970)</b>	<b>43 749 918</b>	<b>(75 676 052)</b>
<b>For the year ended 30 September 2020</b>			
Change in Fair value - Indluplace	-	(37 326 780)	(37 326 780)
Share Purchase and Option Scheme			
Change in Fair value - Derivatives	-	(97 497 958)	(97 497 958)
Finance charges	(131 051 277)	-	(131 051 277)
Finance income	16 147 217	-	16 147 217
	<b>(114 904 060)</b>	<b>(134 824 738)</b>	<b>(249 728 798)</b>

## Financial risk management

### Credit risk

Credit risk arises from the risk that a tenant may default or not meet its obligations timeously. The financial position of the tenants is monitored on an ongoing basis. The risk is minimised as receivables are spread over a wide customer base. Allowance is made for specific doubtful debts and credit risk is therefore limited to the carrying amount of the financial asset at year-end.

Other than mortgage bonds on investment properties, no other assets have been issued as collateral or security.

Management does not consider there to be any credit risk exposure that is not already covered in the impairment. The carrying value of receivables is considered to reasonably approximate fair value.

	NOTE(S)	2021			2020		
		GROSS CARRYING AMOUNT	CREDIT LOSS ALLOWANCE	AMORTISED COST	GROSS CARRYING AMOUNT	CREDIT LOSS ALLOWANCE	AMORTISED COST
Property Loans receivable	10	8 660 975	-	8 660 975	50 439 905	-	50 439 905
Trade and other receivables	11	56 752 151	(10 156 397)	46 595 754	100 515 993	(10 196 683)	90 319 310
Cash and cash equivalents	12	90 671 695	-	90 671 695	55 945 626	-	55 945 626
		<b>156 084 821</b>	<b>(10 156 397)</b>	<b>145 928 424</b>	<b>206 901 524</b>	<b>(10 196 683)</b>	<b>196 704 841</b>

### Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial commitments as and when they fall due. This risk is managed by holding cash balances and a revolving loan facility and by re-negotiating the roll over of long- term loans that fall due in the next 12 months.

The Group will utilise undrawn facilities and cash on hand to meet its short term funding requirements.

A maturity analysis of the group's financial assets and liabilities and its exposure to interest rate risk at year-end are set out in the preceding table.

The fair value of the interest rate swap derivative was determined by Investec and ABSA and relates to the fixed rate swaps relative to 3 month JIBAR.



	NOTE(S)	LESS THAN 1 YEAR	1 TO 5 YEARS	OVER 5 YEARS	TOTAL
<b>2021</b>					
<b>Non-current liabilities</b>					
Secured financial liabilities		-	1 579 937 884	151 615 084	1 731 552 968
Derivatives	21	-	57 450 711	-	57 450 711
<b>Current liabilities</b>					
Trade and other payables	16	74 892 978	-	-	74 892 978
Secured financial liabilities		121 214 622	-	-	121 214 622
		<b>196 107 600</b>	<b>1 637 388 595</b>	<b>151 615 084</b>	<b>1 985 111 279</b>
<b>Non-current assets</b>					
Loans to Participants of Indluplace Share Purchase and Option Scheme	9	-	-	61 979 054	61 979 054
<b>Current assets</b>					
Trade and other receivables	11	46 595 754	-	-	46 595 754
Property Loan receivable	10	8 660 975	-	-	8 660 975
Cash and Cash equivalents	12	90 671 695	-	-	90 671 695
		<b>145 928 424</b>	<b>-</b>	<b>61 979 054</b>	<b>207 907 478</b>
		<b>(50 179 176)</b>	<b>(1 637 388 595)</b>	<b>(89 636 030)</b>	<b>(1 777 203 801)</b>
<b>2020</b>					
<b>Non-current liabilities</b>					
Secured financial liabilities		-	1 618 367 635	172 350 806	1 790 718 441
Derivatives	21	-	108 017 734	-	108 017 734
<b>Current liabilities</b>					
Trade and other payables	16	107 057 915	-	-	107 057 915
Secured financial liabilities		124 258 333	-	-	124 258 333
		<b>231 316 248</b>	<b>1 726 385 369</b>	<b>172 350 806</b>	<b>2 130 052 423</b>
<b>Non-current assets</b>					
Loans to Participants of Indluplace Share Purchase and Option Scheme	9	-	-	72 038 137	72 038 137
<b>Current assets</b>					
Trade and other receivables	11	90 319 310	-	-	90 319 310
Property Loan receivable	10	50 439 905	-	-	50 439 905
Cash and Cash equivalents	12	55 945 626	-	-	55 945 626
Loans to Participants of Indluplace Share Purchase and Option Scheme	9	15 979 641	-	-	15 979 641
		<b>212 684 482</b>	<b>-</b>	<b>72 038 137</b>	<b>284 722 619</b>
		<b>(18 631 766)</b>	<b>(1 726 385 369)</b>	<b>(100 312 669)</b>	<b>(1 845 329 804)</b>

	NOTES	2021	2020
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### 30. Capital management

In terms of the Memorandum of Incorporation, Indluplace's borrowings are limited to 60% of total assets, and in terms of REIT legislation, Indluplace's borrowings are limited to 60% of property assets. To protect Indluplace's exposure, the board aims to limit borrowings to 45% of property assets over the long term.

Refer to note 13 Share capital for disclosure relating to shares issued during the year.

**As at 30 September 2021, the unutilised borrowing capacity of the group was as follows (note 15):**

Investment Property at valuation	4	3 351 111 092	3 761 738 063
Operating lease asset	5	1 551 219	2 984 644
Non current assets held for sale	7	163 535 296	43 202 500
Property, plant and equipment	8	4 482 986	-
Property loan receivables	10	8 660 975	50 439 905
Loans to participants of Indluplace Share Purchase and Option Scheme	9	61 979 054	56 058 496
Loans to participants of Indluplace Share Purchase and Option Scheme - Current portion	9	-	15 979 641
Cash and cash equivalents	12	60 694 376	55 945 626
Trade and other receivables	11	-	20 145 502
<b>Total assets</b>		<b>3 652 014 998</b>	<b>4 006 494 377</b>
Secured financial liabilities	15	1 388 225 303	1 289 947 320
Secured financial liabilities - Current portion	15	-	150 000 000
<b>Total secured financial liabilities</b>		<b>1 388 225 303</b>	<b>1 439 947 320</b>
Loan to value (LTV)		38,56%	34,70%

Management is committed to a gearing of less than 40%.

The board policy to maintain a strong balance sheet, so as to maintain its shareholders' interest, as to maintain investor, creditor and market confidence and to sustain future development and sustainability of the business. It is the group's stated purpose to deliver long-term sustainable growth in dividends per share. The board of directors monitors the level of dividends to shareholders and ensures compliance with the Income Tax Act and the JSE Listings Requirements. There were no changes in the group's approach to capital management during the year. Neither the group nor any of its subsidiaries are subject to externally imposed capital requirements.

### 31. Fair value hierarchy

#### The different levels have been defined as:

Level 1 - fair value is determined from quoted prices (unadjusted) in active markets for identical asset 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 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 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. Refer to note 4.

#### Levels of fair value measurements

	DESIGNATED AT FAIR VALUE	LEVEL 1	LEVEL 2	LEVEL 3
<b>Group</b>				
<b>Year ended 30 September 2021</b>				
Investment property (including non-current assets held for sale) (Note 4 and 7)	3 516 197 607	-	-	3 516 197 607
<b>Financial assets</b>	<b>61 979 054</b>	-	<b>61 979 054</b>	-
Loans to Participants of Indluplace Share Purchase and Option Scheme (Note 9)	61 979 054	-	61 979 054	-
<b>Total assets</b>	<b>3 578 176 661</b>	-	<b>61 979 054</b>	<b>3 516 197 607</b>
<b>Financial liabilities</b>	<b>57 450 711</b>	-	<b>57 450 711</b>	-
Interest rate swaps (note 21)	57 450 711	-	57 450 711	-
<b>Total liabilities</b>	<b>57 450 711</b>	-	<b>57 450 711</b>	-
<b>Year ended 30 September 2020</b>				
Investment property (including non-current assets held for sale) (Note 4 and 7)	3 807 925 208	-	-	3 807 925 208
<b>Financial assets</b>	<b>72 038 137</b>	-	<b>72 038 137</b>	-
Loans to Participants of Indluplace Share Purchase and Option Scheme (Note 9)	72 038 137	-	72 038 137	-
<b>Total assets</b>	<b>3 879 963 345</b>	-	<b>72 038 137</b>	<b>3 807 925 208</b>
<b>Financial liabilities</b>	<b>108 017 734</b>	-	<b>108 017 734</b>	-
Interest rate swaps (Note 21)	108 017 734	-	108 017 734	-
<b>Total liabilities</b>	<b>108 017 734</b>	-	<b>108 017 734</b>	-



### 32. Going concern

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The consolidated financial statements have been prepared on the basis of a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### COVID-19

The Group's investment property comprises residential multi-tenant buildings in Gauteng, the Free State, Kwazulu Natal and Mpumalanga which are held by the Group to earn rental income. Significant judgement is required when evaluating the inputs into the fair value determination and hence this is seen as critical to the estimation uncertainty.

The on-going effects of COVID-19 has significantly affected the South African economy and our industry. The virus has had an adverse effect on our tenants' employment and their ability to meet their rental obligations. As the income capitalisation method takes into account the long term value of the investment property, we believed that it was prudent not to factor in the short-medium term effect of COVID-19. A sensitivity analysis on the capitalisation rate and occupancy rate has been included further on the investment property note, refer to note 4 .

### 33. Events after the reporting period

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Dividend number 16 of 28,13096 cents per share was declared on 17 November 2021.

The Board, on recommendation of the Remuneration Committee, agreed to investigate the impact of canceling the discontinued Indluplace Share Purchase and Option Scheme on all stakeholders. Further details will be provided in due course.

After year end, 3 properties transferred with a fair value of R14,6 million.

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

### 34. Segmental reporting

Indluplace has four reporting segments based on the group'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 in each of the entity's reportable segments.

	GAUTENG	FREE STATE	MPUMALANGA	KWA-ZULU NATAL	TOTAL
<b>For the year ended 30 September 2021</b>					
<b>Property portfolio revenue</b>					
Contractual 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)
<b>Total revenue</b>	<b>565 694 068</b>	<b>3 639 334</b>	<b>29 650 524</b>	<b>1 896 593</b>	<b>600 880 519</b>
Operating costs	(322 581 447)	(1 166 241)	(11 771 465)	(1 155 532)	(336 674 685)
					<b>264 205 834</b>
Administration costs					(28 407 190)
<b>Net operating income</b>					<b>235 798 644</b>
Change in fair values					(212 233 955)
<b>Loss from operations</b>					<b>23 564 689</b>
Net finance charges					(119 425 970)
Finance income					6 462 133
Finance charges					(125 888 103)
<b>Loss before taxation</b>					<b>(95 861 281)</b>
Taxation income					(12 318 523)
<b>Total comprehensive loss for the year</b>					<b>(108 179 804)</b>
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)
	<b>3 261 988 655</b>	<b>25 647 947</b>	<b>218 932 119</b>	<b>27 606 026</b>	<b>2 211 028 533</b>

\* The straight lining rental income accrual relates to the commercial property held in Gauteng.

	GAUTENG	FREE STATE	MPUMALANGA	KWA-ZULU NATAL	TOTAL
<b>For the year ended 30 September 2020</b>					
<b>Property portfolio revenue</b>					
Contractual 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)
<b>Total revenue</b>	<b>606 380 691</b>	<b>3 556 615</b>	<b>29 901 852</b>	<b>3 172 177</b>	<b>643 011 335</b>
Operating costs	(315 105 542)	(1 139 165)	(11 920 393)	(2 155 097)	(330 320 198)
	<b>291 275 149</b>	<b>2 417 450</b>	<b>17 981 459</b>	<b>1 017 080</b>	<b>312 691 137</b>
Administration costs					(30 103 836)
<b>Net operating income</b>					<b>282 587 301</b>
Change in fair values					(495 206 645)
<b>Loss from operations</b>					<b>(212 619 344)</b>
Net finance charges					(114 904 060)
Finance income					16 147 217
Finance charges					(131 051 277)
<b>Loss before taxation</b>					<b>(327 523 404)</b>
Taxation income					19 088 748
<b>Total comprehensive loss for the year</b>					<b>(308 434 656)</b>
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)
	<b>3 451 468 249</b>	<b>23 567 143</b>	<b>218 247 446</b>	<b>10 064 927</b>	<b>2 454 750 973</b>

\* The straight lining rental income accrual relates to the commercial property held in Gauteng.

	2021	2020
<b>35. Net asset value</b>		
Shares in issue at the end of the year	314 082 990	319 356 799
Net asset value (R)	2 191 028 233	2 454 750 973
Net asset value per share (cents)	709,55	768,65



# Administration

## **Indluplace Properties Limited**

(Incorporated in the Republic of South Africa)

Company registration number: 2013/226082/06

JSE share code: ILU ISIN: ZAE000201125

2nd Floor, 158 Jan Smuts Building, 9 Walters Street,  
Rosebank, Johannesburg, 2196

PO Box 685, Melrose Arch, Johannesburg, 2076

+27 (0) 10 085 4000

[www.indluplace.co.za](http://www.indluplace.co.za)

Indluplace Properties Limited's, separate audited comx any financial statements are available on request at our offices at 2nd Floor, 158 Jan Smuts Building, 9 Walters Street, Rosebank, Johannesburg, 2196

## **Commercial bankers**

### **ABSA Bank Limited**

15 Alice Lane, Sandton, 2196

### **Investec Bank Limited**

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## **Independent auditors**

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## **Company secretary**

### **CIS Company Secretaries Proprietary Limited**

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## **Transfer secretaries**

### **Computershare Investor Services Proprietary Limited**

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### Independent valuers

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### Sponsor

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#### **Cliffe Dekker Hofmeyr Inc.**

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# Shareholders' diary

## Annual general meeting

1 March 2022

## Proposed dividend timetable for the 2022 financial year

	16	17	18
Six months ended	30 September 2021	31 March 2022	30 September 2022
Declaration date	17 November 2021	18 May 2022	23 November 2022
Last day to trade 'cum' dividend	13 December 2021	13 June 2022	12 December 2022
Shares trade 'ex' dividend	14 December 2021	14 June 2022	13 December 2022
Payment date	20 December 2021	20 June 2022	19 December 2022

The above dates and times are subject to change. Any changes will be announced on SENS.

# Notice of Annual General Meeting

## OF SHAREHOLDERS

### 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")

### Notice of Annual General Meeting of shareholders

Notice is hereby given that the annual general meeting of shareholders of Indluplace will be held at 10h00 on Tuesday, 1 March 2022 at 2nd Floor, 158 Jan Smuts Building, 9 Walters Street, Rosebank, Johannesburg, 2196 and through electronic participation by way of telephone conferencing or by way of MS Teams, (the "**annual general meeting**") for the purposes of:

- presenting the directors' report, the Social and ethics committee report, the audited annual financial statements containing the auditors' report and the Audit and risk committee report of the company for the year ended 30 September 2021, as is contained in the integrated annual report. The integrated annual report is available on the company's website at: [www.indluplace.co.za](http://www.indluplace.co.za);
- transacting any other business as may be transacted at an annual general meeting of shareholders of a company including the appointment of new auditors and re-election of retiring directors; and
- considering and, if deemed fit, adopting with or without modification, the shareholder ordinary and special resolutions set out below.

In terms of section 59(1)(a) and (b) of the Companies Act, 71 of 2008, as amended (the "**Companies Act**" or "**Act**"), the board of directors ("**the Board**") has set the record date for the purpose of determining which shareholders are entitled to:

- receive notice of the annual general meeting (being the date on which the shareholder must be registered in the share register in order to receive notice of the annual general meeting); and

- participate in and vote at the annual general meeting (being the date on which the shareholder must be registered in the company's share register in order to participate in and vote at the annual general meeting), as follows:

### Salient dates and times in respect of the Annual General Meeting

2022	
Record date for the receipt of notice of annual general meeting	Friday, 14 January
Notice of annual general meeting distributed to shareholders and announced on SENS on	Monday, 31 January
Last day to trade in order to be eligible to participate in and vote at the annual general meeting on	Tuesday, 15 February
Record date for voting purposes (" <b>voting record date</b> ") on	Friday, 18 February
Recommended last day to lodge forms of proxy for the annual general meeting by 10h00 on	Friday, 25 February
Annual general meeting (at 10h00) on	Tuesday, 1 March
Results of annual general meeting released on SENS on or before	Thursday, 3 March



In terms of section 62(3)(e) of the Companies Act, a shareholder who is entitled to attend and vote at the annual general meeting is entitled to:

- appoint one or more proxy/ies to attend the annual general meeting. A proxy need not be a shareholder of the company; and
- participate in and vote at the annual general meeting in the place of the shareholder, by completing the form of proxy in accordance with the instruction set out therein.

### Notice of annual general meeting

#### Identification

Kindly note that in terms of section 63(1) of the Companies Act, meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the annual general meeting. In this regard, all Indluplace shareholders recorded in the register of the company on the voting record date who wish to attend the annual general meeting will be required to provide identification satisfactory to the chairman of the annual general meeting. Forms of identification include valid identity documents, driver's licences and passports.

#### ORDINARY RESOLUTION 1:

##### Re-election and confirmation of appointment of directors

"Resolved that:

- 1.1 C. Abrams who retires in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be re-elected as a director of the company;
- 1.2 T. Adler who retires in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be re-elected as a director of the company;

1.3 T. Kaplan who retires in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be re-elected as a director of the company;

1.4 D. Wilder's appointment to the Board as a director of the company with effect from 1 February 2022 is confirmed in accordance with the company's Memorandum of Incorporation."

Brief curricula vitae in respect of C. Abrams, T. Adler and T. Kaplan are set out on pages 5 and 7 of the integrated annual report. A brief curriculum vitae in respect of D. Wilder is set out below.

Darren is the chief executive officer of Fairvest Limited, a position he has held since 2012, following his appointment as an executive director of Fairvest in 2011. Prior to joining Fairvest, Darren worked for Seeff Properties in various positions from 1991 until 1997. During 1997 he was appointed to the board of the then JSE-listed company, Capital Alliance Properties, and was a participant in its management buy-out. Darren co-founded Spearhead Property group and was part of the team that listed the company on the JSE. He was appointed chief executive officer in 1999. Darren's work experience also includes national leasing director for Madison Properties, business development director of the V&A Waterfront and also a consultant to the chief executive officer of the V&A Waterfront.

The Board, assisted by the remuneration and nomination committee, has considered each of C. Abrams, T. Adler and T. Kaplan's past performances and contribution to the company and recommends that C. Abrams, T. Adler and T. Kaplan be re-elected or confirmed as directors of the company. Furthermore, the Board has considered D. Wilder's experience and qualifications and recommends that D. Wilder's appointment be confirmed.

In order for each of ordinary resolutions 1.1, 1.2, 1.3 and 1.4 to be adopted, the support of more than 50% of the total number of votes exercised by shareholders is required.

**ORDINARY RESOLUTION 2:****Re-appointment of members of the Audit and Risk committee**

“Resolved that the members of the company’s Audit and risk committee set out below be and are hereby re-appointed, each by way of a separate vote, with effect from the end of this annual general meeting in terms of section 94(2) of the Companies Act:

2.1 C. Abrams (Chairman);

2.2 N. Tetyana; and

2.3 A. Rehman,

all of whom are independent non-executive directors.”

Brief curricula vitae of each of the above Audit and risk committee members are set out on pages 5 and 6 of the integrated annual report.

In order for each of ordinary resolutions 2.1, 2.2 and 2.3 to be adopted, the support of more than 50% of the total number of votes exercised by shareholders is required.

**ORDINARY RESOLUTION 3:****Re-appointment of auditors**

“Resolved that the reappointment of BDO South Africa Incorporated as auditors and Sergio Vittone as designated individual auditor of the company be and are hereby accepted from the conclusion of this annual general meeting.”

The Audit and risk committee has nominated BDO South Africa Incorporated for reappointment as auditors of the company under section 90 of the Companies Act and in accordance with the Listings Requirements of the JSE Limited (“**JSE Listings Requirements**”).

In order for ordinary resolution 3 to be adopted, the support of more than 50% of the total number of votes exercised by shareholders is required.

**ORDINARY RESOLUTION 4:****General authority to issue shares for cash**

“Resolved that, subject to the provisions of the Companies Act, the JSE Listings Requirements and the company’s Memorandum of Incorporation, the Board of the company be and is hereby authorised until this authority lapses at the next annual general meeting of the company, provided that this authority shall not extend beyond 15 months, to allot and issue shares in the capital of the company for cash on the following basis:

- the shares which are the subject of the general issue for cash must be of a class already in issue or, where this is not the case, must be limited to such shares, rights or options as are convertible into a class already in issue;
- the allotment and issue of shares for cash shall be made only to persons qualifying as “public shareholders”, as defined in the JSE Listings Requirements, and not to “related parties”;
- shares which are the subject of the general issue for cash shall not exceed 16 826 164 shares being 5% of the company’s total shares in issue (excluding treasury shares) as at the date of notice of this annual general meeting;
- accordingly, any shares issued under this authority prior to this authority lapsing shall be deducted from the 16 826 164 shares the company is authorised to issue in terms of this authority for the purpose of determining the remaining number of shares that may be issued in terms of this authority;
- in the event of a sub-division or consolidation of shares, prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- the maximum discount at which the shares may be issued is 5% of the weighted average traded price of such shares measured over the 30 business days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares adjusted for a dividend where the “ex” date of the dividend occurs during the 30-day period in question;



- after the company has issued shares in terms of this general authority to issue shares for cash representing on a cumulative basis within a financial year, 5% or more of the number of shares in issue prior to that issue, the company shall publish an announcement containing full details of that issue, including: -
  - the number of shares issued;
  - the average discount to the weighted average traded price of the shares over the 30 business days prior to the date that the issue is agreed in writing between the company and the party/ies subscribing for the shares; and an explanation, including supporting information (if any), of the intended use of the funds.”

In terms of the JSE Listings Requirements, in order for ordinary resolution 4 to be adopted, the support of at least 75% of the total number of votes exercised by shareholders is required.

**ORDINARY RESOLUTION 5:**

**Non-binding advisory vote on Remuneration Policy and Remuneration Implementation Report**

- “5.1 Resolved that on the Board’s recommendation and on a non-binding advisory basis, the company’s Remuneration Policy on base salary, benefits, short-term incentive and long-term incentives for executive directors be and is hereby approved.”
- “5.2 Resolved that on a non-binding advisory basis, the company’s Remuneration Implementation Report be and is hereby approved.”

In line with King IV on corporate governance, shareholders are requested to endorse the company’s Remuneration Policy and Remuneration Implementation Report. These votes allow shareholders to express their views on the company’s remuneration structures and the implementation thereof. A summary of the Remuneration Policy and Remuneration Implementation Report is included on page 44 to 50 of the integrated annual report.

In the event that 25% percent or more of the voting rights exercised on ordinary resolutions numbers 5.1 or 5.2 are cast against such resolution/s, the Board will engage with shareholders to address any reasonable objections and concerns regarding the company’s Remuneration Policy and/or Remuneration Implementation Report.

**ORDINARY RESOLUTION 6:**

**Specific authority to issue shares pursuant to a reinvestment option**

“Resolved that, subject to the provisions of the Companies Act, the company’s Memorandum of Incorporation and the JSE Listings Requirements, the Board be and is hereby authorised by way of a specific standing authority to issue shares, as and when they deem appropriate, for the exclusive purpose of affording shareholders opportunities from time to time to elect to reinvest their distributions in new shares of the company pursuant to a dividend reinvestment option.”

In order for ordinary resolution 6 to be adopted, the support of more than 50% of the total number of votes exercised by shareholders is required.

**SPECIAL RESOLUTION 1:**

**Share Repurchases**

“Resolved as a special resolution that the company or any of its subsidiaries be and are hereby authorised by way of a general authority to acquire shares issued by the company, in terms of sections 46 and 48 of the Companies Act and in terms of the JSE Listings Requirements being that:

- any acquisition of shares shall be implemented through the order book of the JSE Limited (“**JSE**”) and without prior arrangement;
- this general authority shall be valid until the company’s next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing of this special resolution;

- the company (or any subsidiary) is duly authorised by its Memorandum of Incorporation to do so;
- acquisitions of shares in the aggregate in any one financial year may not exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's issued share capital as at the date of passing this special resolution;
- in determining the price at which shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the 5 business days immediately preceding the repurchase of such shares;
- at any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;
- repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted to the JSE in writing prior to the commencement of the prohibited period;
- an announcement will be published as soon as the company or any of its subsidiaries have acquired shares constituting on a cumulative basis, 3% of the number of shares in issue as at the date that the general authority is granted by shareholders at the annual general meeting (“**the initial number**”) and for each 3% in aggregate of the initial number acquired thereafter, containing full details of such acquisitions; and
- the Board must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the group.”

In order for special resolution 1 to be adopted, the support of at least 75% of the total number of votes exercised by shareholders is required.

In accordance with the JSE Listings Requirements, the Board confirms that although there is no immediate intention to effect a repurchase of the shares of the company, the Board will utilise this general authority to repurchase shares as and when suitable opportunities present themselves, which may require expeditious and immediate action.

The Board confirms that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the share repurchase general authority, for a period of 12 months after the date of notice of this annual general meeting:

- the company and the group will, in the ordinary course of business, be able to pay its debts;
- the consolidated assets of the company and the group fairly valued in accordance with International Financial Reporting Standards, will exceed the consolidated liabilities of the company and the group fairly valued in accordance with International Financial Reporting Standards; and
- the company's and the group's share capital, reserves and working capital will be adequate for ordinary business purposes.

The following additional information, some of which may appear in the integrated annual report, is provided in terms of paragraph 11.26 of the JSE Listings Requirements for purposes of this general authority:

- Major beneficial shareholders - page 104 of integrated annual report;
- Capital structure of the company - page 91 in the Audited Financial Statements (note 13).

#### Directors' responsibility statement

The directors whose names appear on page 5 to 7 of the integrated annual report, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted



which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

#### **Material changes**

Other than the facts and developments reported on in the integrated annual report, there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 30 September 2021 and up to the date of this notice.

#### **Directors' intention regarding the general authority to repurchase the Company's shares**

The Board has no specific intention at present for the company to repurchase any of its securities but consider that such a general authority should be put in place should an opportunity present itself to do so during the year and which is in the best interests of the company and its shareholders.

#### **Reason for special resolution 1**

The reason for special resolution 1 is to grant the Board of the company (or a subsidiary of the company) general authority to effect a repurchase of the company's shares on the JSE.

#### **SPECIAL RESOLUTION 2:**

#### **Approval for the granting of financial assistance in terms of section 45 of the Companies Act**

"Resolved as a special resolution that the Board may authorise the company, for a period of two years from the date on which this resolution is passed, to generally provide any direct or indirect financial assistance in the manner contemplated and subject to the provisions of section 45 of the Companies Act, to any of its present or future subsidiaries and/or any other company or

corporation that is or becomes related or interrelated to the company and/or to a member of a related or interrelated company or corporation, pursuant to the authority hereby conferred upon the Board for these purposes, and that inasmuch as the company's provision of financial assistance to its subsidiaries will at any and all times be in excess of one tenth of 1% of the company's net worth, the company hereby provides notice to its shareholders of that fact."

In order for special resolution 2 to be adopted the support of 75% of the total number of votes exercised by shareholders is required.

#### **Reason for special resolution number 2**

The company would like the ability to provide financial assistance in appropriate circumstances and if the need arises, in accordance with section 45 of the Companies Act. This authority is necessary for the company to provide financial assistance in appropriate circumstances.

Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the Board is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and that, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act.

In the circumstances and *inter alia*, in order to ensure that the company's subsidiaries and other related and interrelated companies and corporations have access to financing and/or financial backing from the company, it is necessary to obtain the approval of shareholders, as set out in special resolution number 2.

Therefore, the reason for and effect of special resolution number 2 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 2 above.

### **Board resolution in terms of section 45(3)(b) of the Companies Act in respect of special resolution number 2:**

As required in terms of section 45(3)(b) of the Companies Act, subject to and following the passing of special resolution number 2 by the shareholders, the Board will adopt a resolution (“**section 45 Board resolution**”) authorising the company to provide, at any time and from time to time during the period of two years commencing on the date on which the special resolution is adopted, any direct or indirect financial assistance as contemplated in section 45 of the Companies Act to any one or more related or interrelated companies or corporations of the company and/or to any one or more members of any such related or interrelated company or corporation and/or to any one or more persons related to any such company or corporation; The section 45 Board resolution will be effective only if and to the extent that special resolution number 2 is adopted by the shareholders of the company, and the provision of any such direct or indirect financial assistance by the company, pursuant to any such resolution, will always be subject to the Board being satisfied that: (i) immediately after providing such financial assistance, the company will satisfy the solvency and liquidity test as referred to in section 45(3)(b)(i) of the Companies Act, and that (ii) the terms under which such financial assistance is to be given are fair and reasonable to the company as referred to in section 45(3)(b)(ii) of the Companies Act; and in as much as the section 45 Board resolution contemplates that such financial assistance will in the aggregate exceed one-tenth of 1% of the company’s net worth at the date of adoption of such resolution, the company hereby provides notice of the section 45 Board resolution to shareholders of the company.

### **SPECIAL RESOLUTION 3:**

#### **Approval of remuneration payable to non-executive directors**

“Resolved as a special resolution and by way of separate resolutions, that the remuneration payable by the company to non-executive directors for their services as non-executive directors (in terms of section 66 of the Companies Act)

be and is hereby approved by the passing of this resolution for the financial year ending 30 September 2022, as follows:

<b>ROLE</b>	<b>CURRENT (R)</b>	<b>PROPOSED (R)</b>
Chairman of the Board	435 000	435 000
Non-executive director	272 402	272 402
Chairman of the Audit and risk committee	104 407	104 407
Member of the Audit and risk committee	65 401	65 401
Remuneration and Nomination committee member	65 401	65 401
Investment committee member	65 401	65 401

The proposed remuneration assumes no increase from the prior year. The above remuneration is exclusive of Value Added Tax which will be added by directors in terms of current VAT registration, if applicable.

In order for the special resolution 3 to be adopted, the support of at least 75% of the total number of votes exercised by shareholders is required.

#### **Reason for special resolution 3**

The reason for this special resolution 3 is to obtain shareholder approval, by way of special resolution, in accordance with section 66(9) of the Companies Act, for the payment by the company of remuneration to the non-executive directors of the company for their services as non-executive directors for the ensuing financial year.

#### **Quorum**

A quorum for purposes of considering the resolutions above shall consist of three shareholders of the company personally present or represented by proxy (and if the shareholder is a body corporate, the representative of the body corporate) and entitled to vote at the annual general meeting. In addition, in order for the



annual general meeting to be quorate, at least 25% of all the voting rights that are entitled to be exercised by Indluplace shareholders in respect of at least one matter to be decided at the annual general meeting must be present, in person or represented by proxy, at the annual general meeting.

The date on which Indluplace shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited (“**Computershare**”) at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 (Private Bag X9000, Saxonwold, 2132), for the purposes of being entitled to attend, participate in and vote at the annual general meeting is Friday, 18 February 2022.

#### **Shareholders: General Instructions**

Shareholders are encouraged to attend, speak and vote at the annual general meeting.

#### **Electronic Participation**

The company has made provision for Indluplace shareholders or their proxies to participate electronically in the annual general meeting by way of telephone conferencing. Should shareholders wish to participate in the annual general meeting by telephone conference call as aforesaid, the shareholder or its proxy as the case may be, will be required to advise the company thereof by no later than 10h00 on Friday, 25 February 2022, by submitting by e-mail to

proxy@computershare.co.za and to the company secretary at Mosa.Matlosa@computershare.co.za, relevant contact details, including an e-mail address, cellular number and landline as well as full details of the Indluplace shareholder’s title to securities issued by the company and proof of identity, in the form of copies of identity documents and share certificates (in the case of materialised certificated Indluplace shares) and (in the case of dematerialised Indluplace shares) written confirmation from the Indluplace shareholder’s CSDP confirming the Indluplace shareholder’s title to the dematerialised Indluplace shares. Upon receipt of the required information, the Indluplace shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Indluplace shareholders must note that access to the electronic communication will be at the expense of the Indluplace shareholders who wish to utilise the facility. Indluplace shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the annual general meeting through this medium. Such shareholders, should they wish to have their vote counted at the annual general meeting must, to the extent applicable, complete the form of proxy or contact their CSDP or broker, in both instances as set out above.

#### **Voting, proxies and authority for representatives to act**

A shareholder of the company entitled to attend and vote at the annual general meeting is entitled to appoint one or more proxies (who need not be a shareholder of the company) to attend, vote and speak in his/her stead.



On a show of hands, every shareholder of the company present, in person or represented by proxy, shall have one vote only. On a poll, every shareholder of the company present, in person or represented by proxy shall have one vote for every share held in the company by such shareholder.

A form of proxy is attached for the convenience of any Indluplace shareholder holding certificated shares, who cannot attend the annual general meeting but wishes to be represented thereat. Forms of proxy may also be obtained on request from the company's registered office.

The attached form of proxy is only to be completed by those shareholders who are holding shares in certificated form or recorded on the company's sub-register in dematerialised electronic form with "own name" registration.

All other beneficial owners who hold dematerialised shares through a Central Securities Depository Participant ("CSDP") or broker and wish to attend the annual general meeting, must instruct their CSDP or broker (as applicable) to provide them with the necessary letter of representation, or they must provide the CSDP or broker with their voting instructions in terms of the relevant custody agreement entered into between them and the CSDP or broker. These shareholders must not use a form of proxy.

For administrative purposes, forms of proxy should be deposited with the transfer secretaries, Computershare, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or by fax on +27 (0) 11 688 6238 or via email to [proxy@computershare.co.za](mailto:proxy@computershare.co.za) and to [Mosa.Matlosa@computershare.co.za](mailto:Mosa.Matlosa@computershare.co.za) or posted to Private Bag X9000, Saxonwold, 2132, to be received by 10h00 on Friday, 25 February 2022.

Alternatively, the form of proxy may be handed to the chairman of the annual general meeting at the annual general meeting or to the transfer secretaries at any time prior to the commencement of the annual general meeting or prior to voting on any resolution proposed at the annual general meeting.

Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend, speak and vote in person at the annual general meeting should the shareholder decide to do so.

A company that is a shareholder, wishing to attend and participate at the annual general meeting should ensure that a resolution authorising a representative to so attend and participate at the annual general meeting on its behalf is passed by its directors.

Resolutions authorising representatives in terms of section 57(5) of the Companies Act should be lodged with the company's transfer secretaries prior to the commencement of the annual general meeting.

Indluplace does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of a dematerialised shareholder to notify such shareholder of the annual general meeting or any business to be conducted thereat.

By order of the Board

**INDLUPLACE PROPERTIES LIMITED**



# Form of proxy

**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")

Where appropriate and applicable the terms defined in the notice of annual general meeting to which this form of proxy is attached and forms part of bear the same meaning in this form of proxy.

This form of proxy is only for use by:

- registered shareholders who have not yet dematerialised their Indluplace shares; and
- registered shareholders who have already dematerialised their Indluplace shares and which shares are registered in their own names in the company's sub-register.

For completion by the aforesaid registered shareholders of Indluplace who are unable to attend the annual general meeting of the company to be held at the offices of the company at Indluplace, 2nd Floor, 158 Jan Smuts Building, 9 Walters Street, Rosebank, Johannesburg, at 10h00 on Tuesday, 1 March 2022 (the "annual general meeting") or any postponement or adjournment thereof.

Dematerialised shareholders, other than with "own name" registration, are not to use this form. Dematerialised shareholders, other than with "own name" registration, should provide instructions to their appointed Central Securities Depository Participant ("CSDP") or broker in the form as stipulated in the agreement entered into between the shareholder and the CSDP or broker.

**I/We (block letters please)** \_\_\_\_\_

**of (address)** \_\_\_\_\_

\_\_\_\_\_

**being the holder/s of** \_\_\_\_\_ **Indluplace shares**

**Hereby appoint:** 1. \_\_\_\_\_

2. \_\_\_\_\_

The chairman of the annual general meeting as my/our proxy to attend and speak and to vote for me/us and on my/our behalf at the annual general meeting and at any adjournment or postponement thereof, for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed at the annual general meeting, and to vote on the resolutions in respect of the ordinary shares registered in my/our name(s), in the following manner.



Please indicate with an “X” in the appropriate spaces below how you wish your votes to be cast. Unless this is done the proxy will vote as he/she thinks fit.

	IN FAVOUR OF*	AGAINST*	ABSTAIN*
<b>Ordinary resolutions</b>			
1.1 Approval for re-election of C. Abrams as director			
1.2 Approval for re-election of T. Adler as director			
1.3 Approval for re-election of T. Kaplan as director			
1.4 Confirmation of appointment of D. Wilder as director			
2.1 Approval for re-appointment of the members of the Audit and risk committee – C. Abrams			
2.2 Approval for re-appointment of the members of the Audit and risk committee – N. Tetyana			
2.3 Approval for re-appointment of the members of the Audit and risk committee – A. Rehman			
3 Approval for re-appointment of auditors			
4 Approval for general authority to issue shares for cash			
5.1 Non-binding advisory vote on remuneration policy			
5.2 Non-binding advisory vote on remuneration implementation report			
6 Specific authority to issue shares pursuant to the re-investment option			
<b>Special resolutions</b>			
1 Share repurchase			
2 Financial assistance to related and inter-related parties			
3 Approval of fees payable to non-executive directors			

\* one vote per share held by Indluplace shareholders recorded in the register on the voting record date. Unless otherwise instructed, my/our proxy may vote or abstain from voting as he/she thinks fit

Signed at \_\_\_\_\_ on \_\_\_\_\_

Signature \_\_\_\_\_ assisted by me (where applicable)

(State capacity and full name) \_\_\_\_\_

A shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, vote and speak in his/her stead. A proxy need not be a member of the company. Each shareholder is entitled to appoint one or more proxies to attend, speak and, on a poll, vote in place of that shareholder at the annual general meeting. For administrative purposes, forms of proxy should be deposited at Computershare, at Rosebank Towers, 15 Biermann Avenue, Rosebank, Johannesburg, 2196 or by fax on +27(0)11 688 6238, posted to Private Bag X9000, Saxonwold, 2132, or emailed to proxy@computershare.co.za and to Mosa.Matlosa@computershare.co.za, so as to arrive by no later than 10h00 on Friday, 25 February 2022. Please read the notes on the reverse side hereof.



## Notes to the form of proxy

1. Only shareholders who are registered in the register of the company under their own name on the date on which shareholders must be recorded as such in the register maintained by the transfer secretaries, Computershare Investor Services Proprietary Limited, being Friday, 18 February 2022 (the “**voting record date**”), may complete a form of proxy or attend the annual general meeting. This includes shareholders who have not dematerialised their shares or who have dematerialised their shares with “own name” registration. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. A proxy need not be a shareholder of the company.
2. Certificated shareholders wishing to attend the annual general meeting have to ensure beforehand with the transfer secretaries of the company (being Computershare Investor Services Proprietary Limited) that their shares are registered in their own name.
3. Beneficial shareholders whose shares are not registered in their “own name”, but in the name of another, for example, a nominee, may not complete a proxy form, unless a form of proxy is issued to them by a registered shareholder and they should contact the registered shareholder for assistance in issuing instructions on voting their shares, or obtaining a proxy to attend, speak and, on a poll, vote at the annual general meeting.
4. Dematerialised shareholders who have not elected “own name” registration in the register of the company through a Central Securities Depository Participant (“**CSDP**”) and who wish to attend the annual general meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend.
5. Dematerialised shareholders who have not elected “own name” registration in the register of the company through a CSDP and who are unable to attend, but wish to vote at the annual general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker.
6. A shareholder may insert the name of a proxy or the names of two or more alternative proxies of the shareholder’s choice in the space, with or without deleting “the chairman of the annual general meeting”. The person whose name stands first on the form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow.
7. The completion and lodging of this form will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed, should such shareholder wish to do so. In addition to the foregoing, a shareholder may revoke the proxy appointment by:
  - cancelling it in writing, or making a later inconsistent appointment of a proxy; and
  - delivering a copy of the revocation instrument to the proxy, and to the company.
8. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy’s authority to act on behalf of the relevant shareholder as of the later of the date:
  - stated in the revocation instrument, if any; or
  - upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act, 71 of 2008, as amended (“**Companies Act**”).

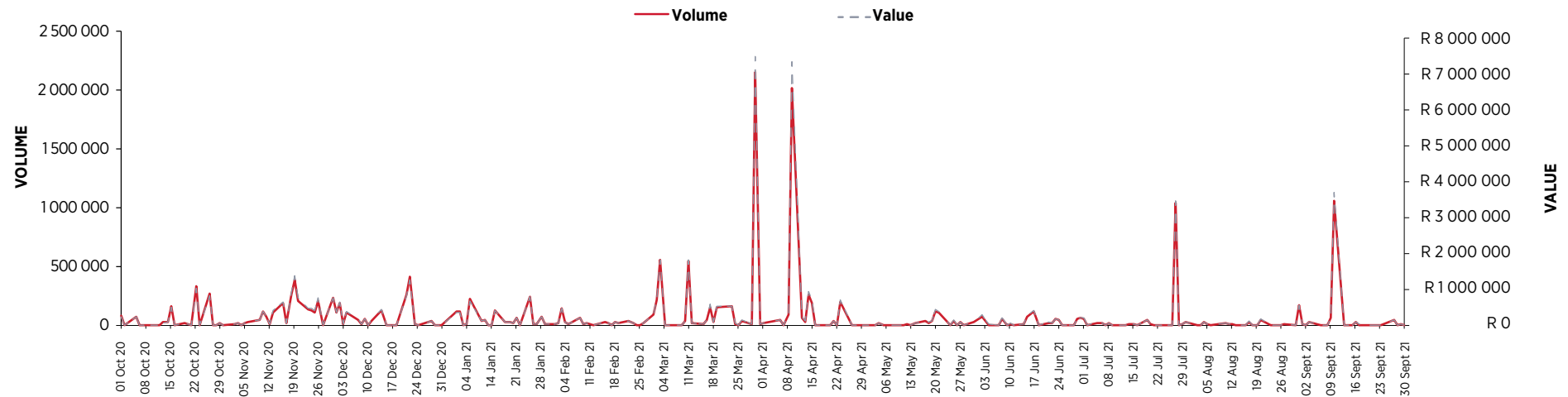
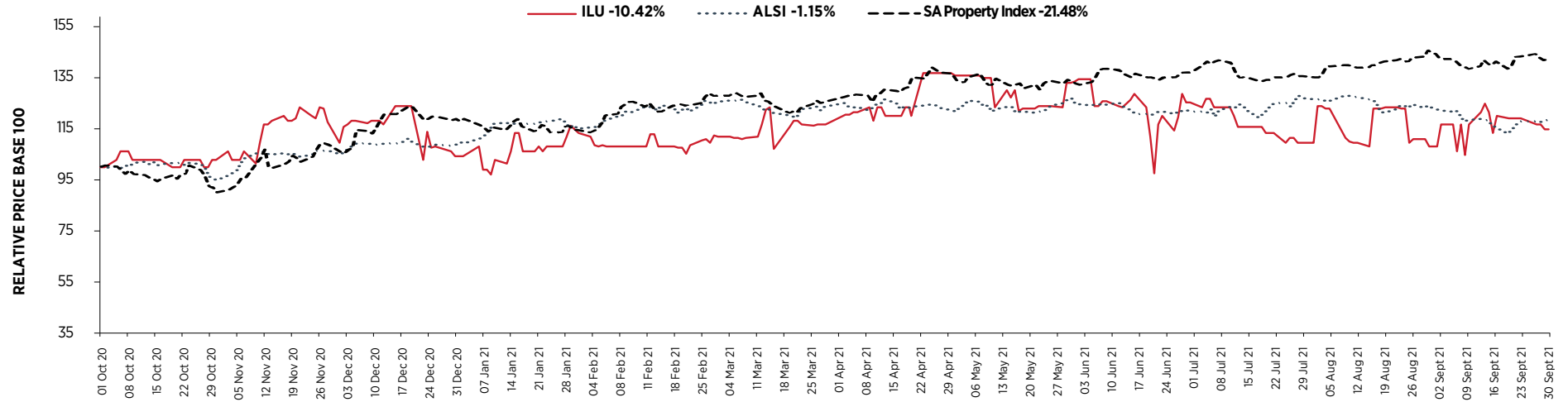


9. Should the instrument appointing a proxy or proxies have been delivered to the company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the company's Memorandum of Incorporation to be delivered by the company to the shareholder must be delivered by the company to:
  - the shareholder, or
  - the proxy or proxies if the shareholder has in writing directed the relevant company to do so and has paid any reasonable fee charged by the company for doing so.
10. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the Memorandum of Incorporation of the company or the instrument appointing the proxy provides otherwise.
11. If the company issues an invitation to shareholders to appoint one or more persons named by the company as a proxy, or supplies a form of instrument for appointing a proxy: -
  - such invitation must be sent to every shareholder who is entitled to receive notice of the meeting at which the proxy is intended to be exercised;
  - the company must not require that the proxy appointment be made irrevocable; and
  - the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.
12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies. A deletion of any printed matter and the completion of any blank space(s) need not be signed or initialled.
13. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form unless previously recorded by the transfer secretaries of the company or waived by the chairman of the annual general meeting.
14. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
15. A company holding shares in the company that wishes to attend and participate at the annual general meeting should ensure that a resolution authorising a representative to act is passed by its directors. Resolutions authorising representatives in terms of section 57(5) of the Companies Act must be lodged with the company's transfer secretaries prior to the annual general meeting.
16. Where there are joint holders of shares any one of such persons may vote at any meeting in respect of such shares as if he were solely entitled thereto; but if more than one of such joint holders be present or represented at the meeting, that one of the said persons whose name appears first in the register of shareholders of such shares or his proxy, as the case may be shall alone be, shall be entitled to vote in respect thereof.
17. On a show of hands, every shareholder of the company present at the annual general meeting, in person or represented by proxy, shall have one vote only. On a poll a shareholder who is present in person or by proxy has the number of votes determined in accordance with the voting rights associated with the shares held by that shareholder.



18. The chairman of the annual general meeting may reject or accept any proxy which is completed and/or received other than in accordance with the instructions, provided that he shall not accept a proxy unless he is satisfied as to the matter in which a shareholder wishes to vote.
19. A proxy may not delegate his/her authority to act on behalf of the shareholder, to another person.
20. A shareholder's instruction to the proxy must be indicated by the insertion of the relevant number of shares to be voted on behalf of that shareholder in the appropriate space provided. Failure to comply with the above will be deemed to authorise the chairperson of the annual general meeting, if the chairperson is the authorised proxy, to vote in favour of the resolutions at the annual general meeting or other proxy to vote or to abstain from voting at the annual general meeting as he/she deems fit, in respect of the shares concerned. A shareholder or the proxy is not obliged to use all the votes exercisable by the shareholder or the proxy, but the total of votes cast in respect whereof abstention is recorded may not exceed the total of the votes exercisable by the shareholder or the proxy.
21. It is requested that this form of proxy be lodged or posted or faxed to the transfer secretaries, Computershare Investor Services Proprietary Limited at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196 or by fax on +27(0)11 688 6238, posted to Private Bag X9000, Saxonwold, 2132, or emailed to proxy@computershare.co.za and to Mosa.Matlosa@computershare.co.za, to be received by the company by 10h00 on Friday, 25 February 2022. Alternatively, the form of proxy may be handed to the chairman of the annual general meeting or to the transfer secretaries at the annual general meeting at any time prior to the commencement of the annual general meeting or prior to voting on any resolution proposed at the annual general meeting. A quorum for the purposes of considering the resolutions shall comprise 25% of all the voting rights that are entitled to be exercised by shareholders in respect of each matter to be decided at the annual general meeting. In addition, a quorum shall consist of three shareholders of the company personally present or represented and entitled to vote at the annual general meeting.
22. This form of proxy may be used at any adjournment or postponement of the annual general meeting, including any postponement due to a lack of quorum, unless withdrawn by the shareholder.
23. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, as required in terms of that section.

# Shareholder analysis



# Analysis of shareholders

## Analysis of ordinary shareholders as at 30 September 2021

	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
<b>Shareholder Spread</b>				
1 - 1,000	546	38,37%	85 535	0,03%
1,001 - 10,000	520	36,54%	2 447 124	0,73%
10,001 - 100,000	273	19,18%	7 005 627	2,08%
100,001 - 1,000,000	65	4,57%	22 256 212	6,61%
Over 1,000,000	19	1,34%	304 728 777	90,55%
<b>Total</b>	<b>1 423</b>	<b>100,00%</b>	<b>336 523 275</b>	<b>100,00%</b>
<b>Distribution of Shareholders</b>				
Assurance Companies	3	0,21%	2 689 279	0,80%
Close Corporations	8	0,56%	158 042	0,05%
Collective Investment Schemes	20	1,41%	50 529 528	15,02%
Custodians	5	0,35%	251 415	0,07%
Foundations & Charitable Funds	10	0,70%	1 674 036	0,50%
Hedge Funds	5	0,35%	9 913 345	2,95%
Investment Partnerships	9	0,63%	696 218	0,21%
Managed Funds	3	0,21%	976 889	0,29%
Medical Aid Funds	1	0,07%	85 800	0,03%
Private Companies	58	4,08%	10 424 348	3,10%
Public Companies	2	0,14%	191 598 460	56,93%
Retail Shareholders	1 143	80,33%	8 445 960	2,50%
Retirement Benefit Funds	36	2,53%	18 950 689	5,63%
Scrip Lending	1	0,07%	664 860	0,20%
Share Schemes	1	0,07%	13 227 401	3,93%
Sovereign Funds	1	0,07%	1 386 500	0,41%
Stockbrokers & Nominees	4	0,28%	201 353	0,06%
Trusts	113	7,94%	24 649 152	7,32%
<b>Total</b>	<b>1 423</b>	<b>100,00%</b>	<b>336 523 275</b>	<b>100,00%</b>



	NUMBER OF SHAREHOLDINGS	% OF TOTAL SHAREHOLDINGS	NUMBER OF SHARES	% OF ISSUED CAPITAL
<b>Shareholder Type</b>				
<b>Non-Public Shareholders</b>	<b>7</b>	<b>0,49%</b>	<b>212 788 730</b>	<b>63,24%</b>
Directors and Associates (direct Holding)	2	0,14%	21 000	0,01%
Directors and Associates (Indirect Holding)	3	0,21%	7 958 967	2,37%
Beneficial Holders > 10%	1	0,07%	191 581 362	56,93%
Share Schemes	1	0,07%	13 227 401	3,93%
<b>Public Shareholders</b>	<b>1 416</b>	<b>99,51%</b>	<b>123 734 545</b>	<b>36,77%</b>
<b>Total</b>	<b>1 423</b>	<b>100,00%</b>	<b>336 523 275</b>	<b>100,00%</b>
<b>Fund Managers with a holding greater than 3% of the issued shares</b>				
Visio Capital Management			27 489 075	8,17%
CounterPoint Asset Management			23 472 921	6,98%
Old Mutual Investment Group			17 986 826	5,34%
<b>Total</b>			<b>68 948 822</b>	<b>20,49%</b>
<b>Beneficial Shareholders with a holding greater than 3% of the issued shares</b>				
Arrowhead Properties Ltd			191 581 362	56,93%
Nedbank Group			25 958 921	7,71%
The Buffet Bewind Trust			22 440 285	6,67%
Old Mutual Group			17 822 853	5,30%
Indluplace Properties Limited			13 227 401	3,93%
<b>Total</b>			<b>271 030 822</b>	<b>80,54%</b>
<b>Total number of shareholdings</b>	<b>1 423</b>			
<b>Total number of shares in issue</b>			<b>336 523 275</b>	

**Share price performance**

Opening Price 01 October 2020	R2,99
Closing Price 30 September 2021	R3,35
Closing High for period	R3,99
Closing Low for period	R2,83
Number of shares in issue	336 523 275
Volume traded during period	18 034 327
Ratio of volume traded to shares issued (%)	5,36%
Rand value traded during the period	R60 528 796
Price/earnings ratio as at 30 September 2021	10,42
Earnings yield as at 30 September 2021	9,59
Dividend yield as at 30 September 2021	13,14
Market capitalisation at 30 September 2021	R1 127 352 971
<b>Non-Public Breakdown:</b>	<b>30 September 2021</b>
	<b>336 523 275</b>

**Directors of the company or any of its subsidiaries**

	COUNT	HOLDING	%	
<b>Beneficial Holders &gt; 10%</b>				
Arrowhead Properties Ltd	1	191 581 362	56,05%	
	<b>1</b>	<b>191 581 362</b>	<b>56,05%</b>	
	DIRECT HOLDING	INDIRECT HOLDING	TOTAL	%
<b>Directors</b>				
C de Wit	11 000	5 020 283	5 031 283	1,50%
T Kaplan	10 000	2 933 291	2 943 291	0,87%
G Harris	-	5 393	5 393	0,00%
	<b>21 000</b>	<b>7 958 967</b>	<b>7 979 967</b>	<b>2,37%</b>

# Property schedule

Building name	Location	Residential UNITS						Retail GLA						
		ROOMS	BACHELORS	ONE BED	TWO BED	THREE BED	OTHER	TOTAL	VACANT 30 SEPT 2021	% VACANCY	SEPT 2021 m <sup>2</sup>	VACANT m <sup>2</sup>	% VACANCY	AVE R/m <sup>2</sup>
One Eloff	1 Eloff Street, Johannesburg CBD	-	-	138	182	-	-	320	40	13%	-			
320 Bree Street	Bree, Mooi, Jeppe, Polly Streets, Jhb CBD	1	42	5	7	5	-	60	4	7%	4 943	490	10%	99
Agatha	71 Countesses Ave Windsor	1	-	15	-	-	-	16	5	31%	-			
Airfield Towers	2 Mosquito Street, Rhodesfield	-	11	13	8	1	-	33	7	21%	-			
Albaro	Princes & Duchesses St, Windsor East	-	-	-	5	1	-	6	1	17%	-			
Amberfield Village	5 Jenner Street, Vanderbijlpark	-	-	-	204	-	-	204	0	0%	-			
Annlin Place	Matlabas Avenue, Sinoville, Pta	2	-	26	58	-	-	86	3	3%	-			
Arches	64 Howard Avenue, Benoni	-	-	12	30	-	-	42	15	36%	-			
Arvin Court <sup>s</sup>	Catherine Street, Berea	-	48	-	-	-	-	48	7	15%	-			
Avril Gardens	36 Dukes Ave, Windsor East	1	-	-	10	2	-	13	5	38%	-			
Balnagask	144 Basket Str, Hillbrow	14	108	42	27	-	-	191	19	10%	-			
Beacon Royal	c/o Louis Botha & Grafton, Yeoville	14	-	-	13	3	-	30	7	23%	1			95*
Belgrade	43 Fifth Street, Florida	-	4	29	11	-	-	44	12	27%	-			
Blauwberg	24 Kapteijn Street, Hillbrow	-	6	3	9	57	28	103	3	3%	-			
Cedar Valley	426 Rifle Range Road, Rosettenville	-	-	18	40	-	-	58	11	19%	-			
Charlotte	11 Selkirk Street, South Germiston	3	-	15	-	-	-	18	4	22%	-			
Cheryl Court	Bree, Mooi, Jeppe, Polly Streets, Jhb CBD	6	-	7	23	-	-	36	5	14%	-			
Chronicles	41 North Rand Road, Kempton Park	-	-	24	-	-	-	24	1	4%	-			
Cranborough Mews	63 Countesses Avenue, Windsor	-	13	15	14	6	-	48	7	15%	-			
Curzon Court	52 Klein Street, Hillbrow	-	17	19	-	-	-	36	5	14%	-			
Dalem Mews	56 Princes Avenue, Windsor East	-	-	-	12	-	-	12	0	0%	-			
Deutonomy	23 North Rand Road, Kempton Park	72	-	-	-	-	-	72	9	13%	-			
Dukes Lodge	4 Dukes Ave, Windsor West	1	-	-	10	-	-	11	5	45%	-			
Earls Den	10 Earls Avenue, Windsor	-	-	1	19	1	3	24	4	17%	-			
Elizabeth Gardens	Princes & Duchesses St, Windsor East	1	-	-	6	-	-	7	0	0%	-			
Empire Gardens <sup>s</sup>	Empire Road, Parktown	9	34	35	6	-	-	84	3	4%	-			

Building name	Location	Residential UNITS						Retail GLA						
		ROOMS	BACHELORS	ONE BED	TWO BED	THREE BED	OTHER	TOTAL	VACANT 30 SEPT 2021	% VACANCY	SEPT 2021 m <sup>2</sup>	VACANT m <sup>2</sup>	% VACANCY	AVE R/m <sup>2</sup>
En Gedi <sup>§</sup>	143 Pres Brand Rd, Rynfield Ext 117, Benoni	-	23	15	32	-	-	70	4	6%	-			
Exodus	67 Maxwell Street, Kempton Park	-	-	24	-	-	-	24	4	17%	-			
Ezra	64 North Rand Road, Kempton Park	-	-	24	-	-	-	24	4	17%	-			
Fairway View <sup>§</sup>	2 St Andrews Str, Pollak Park Ext 2	-	1	15	89	-	-	105	17	16%	-			
Fasser House	520 Paul Kruger Street, Pretoria	-	152	-	-	-	-	152	14	9%	702			110
Frangipani	96 Oxford Str, Ferndale	-	11	23	6	-	-	40	10	25%	781	220	28%	90
Franschoek	33 Hill Street, Ferndale	5	-	14	16	-	-	35	5	14%	-			
Frederick House	C/o Sauer & Frederick Street, Jhb	-	71	51	17	-	-	139	13	9%	789	54	7%	72
Garden View	C/o Sirdar Str & Abington Rd, Kensington B	-	-	16	48	-	-	64	10	16%	-			
Genesis	69 Maxwell Street, Kempton Park	-	-	24	-	-	-	24	6	25%	-			
Geraldine	54 Wolmarans Street, Joubert Park	-	24	19	32	7	-	82	9	11%	-			
Golden Oaks <sup>§</sup>	C/o Main Reef & Pta Road, Comet Ext 6	-	-	148	227	-	-	375	50	13%	-			
Golden Views	205 Victoria Street, Georgetown, Germiston	-	25	49	83	-	-	157	21	13%	1			95*
Greenshank Villas	C/o Greenshank and Van de Linde, Grobler Park	-	-	3	116	-	-	119	50	42%	-			
Harolean	13 Selkirk Street, South Germiston	-	12	-	-	-	-	12	6	50%	-			
Highveld View	Nita Avenue, Emalahleni	-	-	-	450	-	-	450	3	1%	-			
Hillandale <sup>§</sup>	c/o Lily & Alexandra, Berea	-	-	13	13	1	-	27	3	11%	-			
Hollyland	23 Andries Close, Bramley Park	-	2	13	-	1	12	28	6	21%	-			
Ilanga	49 Duchesses Ave, Windsor East	-	-	10	-	-	-	10	3	30%	-			
Irmgaud	12 Selkirk Street, South Germiston	2	-	15	-	-	-	17	4	24%	-			
Ironwood	Colleen Street, Honey Park	-	-	-	97	-	-	97	4	4%	92			95*
Jackson's Cove <sup>§</sup>	14A Reedbuck Street, Elandspark	-	-	-	88	-	-	88	6	7%	-			
Janin	69 Countesses Ave Windsor	-	-	-	12	-	-	12	2	17%	-			
Joshua	31 Maxwell Street, Kempton Park	72	-	-	-	-	-	72	5	7%	-			
Jozi House	29 Kerk Street, Jhb	-	64	135	45	-	-	244	4	2%	1 150			184
Judges	71 Maxwell Street, Kempton Park	-	-	-	21	-	-	21	7	33%	-			
Karen Place	33 Duchesses Ave, Windsor East	1	-	-	10	2	-	13	4	31%	-			

Building name	Location	Residential UNITS						Retail GLA						
		ROOMS	BACHELORS	ONE BED	TWO BED	THREE BED	OTHER	TOTAL	VACANT 30 SEPT 2021	% VACANCY	SEPT 2021 m <sup>2</sup>	VACANT m <sup>2</sup>	% VACANCY	AVE R/m <sup>2</sup>
Kenwyn	51 Duchesses Avenue, Windsor East	1	-	-	12	-	-	13	1	8%	-			
Kevrab Manor	61 Viscounts Ave, Windsor	-	-	-	4	2	-	6	2	33%	-			
Khaya Square	Beatrice Street, Windsor East	1	1	3	17	3	-	25	6	24%	631			90
Kilimanjaro	14 Reedbuck Street, Elandspark	-	-	-	92	-	-	92	8	9%	-			
Kings	39 North Rand Road, Kempton Park	-	-	-	21	-	-	21	7	33%	-			
Kings Ransom	36 Wolmarans Street, Joubert Park	-	7	17	160	78	29	291	62	21%	1 656	64	4%	74
Kingston	44 Kings Ave, Windsor East	1	-	15	-	-	-	16	7	44%	-			
Lana Lee	58 Princesses Ave, Windsor East	-	-	-	10	-	-	10	4	40%	-			
Levicitus	55 Maxwell Street, Kempton Park	-	-	24	-	-	-	24	4	17%	-			
Lionsgate	57 Countesses Rd Windsor	-	-	-	-	12	-	12	1	8%	-			
Logan's View <sup>s</sup>	8 Grasvoel Crescent, Liefde en Vrede	-	-	-	23	19	-	42	5	12%	-			
Longfellow Village <sup>s</sup>	c/o Longfellow & Emerson Street, Vanderbijlpark	-	-	-	-	51	-	51	0	0%	-			
Lorelei Rock	17 Duchesses Rd Windsor	1	-	-	-	4	-	5	0	0%	-			
Margedale	55 Princesses Rd, Windsor East	1	-	-	19	-	-	20	2	10%	-			
Maria Mansions	3 Neetling Street, Benoni	-	3	3	27	-	-	33	1	3%	-			
Marwyn	56 Dukes Avenue, Windsor East	1	-	-	12	-	-	13	6	46%	-			
Matroosberg	20 Ockerse Street, Hillbrow	-	46	9	1	47	41	144	26	18%	81			95*
Midhill Gardens	5 Ockerse Street, Hillbrow	1	11	59	2	7	-	80	4	5%	-			
Molrow House	c/o Victoria and Plantation Street, Georgetown	71	1	-	-	-	-	72	7	10%	650	12	2%	118
Monsmeg	156 Quartz Street, Hillbrow	2	21	11	28	-	-	62	19	31%	105			95*
Montere	113 Agulhas Rd, Hoogland	-	-	-	34	-	-	34	3	9%	-			
Morgenster	4 Kapteijn Street, Hillbrow	-	2	2	35	-	-	39	4	10%	-			
Mount Bradley	51 Dukes Ave, Windsor East	1	-	-	6	-	-	7	3	43%	-			
My Place on 6th	40 Sixth Ave, Florida	-	27	-	-	-	-	27	7	26%	-			
Nehemiah	13 Blockhouse Street, Kempton Park	-	-	6	24	-	-	30	5	17%	-			
Neilsway	60 Earls Rd Windsor	1	-	-	12	-	-	13	3	23%	-			
Noordheuwel Heights	7 Matroosberg Street, Noordheuwel	-	-	3	44	4	-	51	10	20%	-			

Building name	Location	Residential UNITS						Retail GLA						
		ROOMS	BACHELORS	ONE BED	TWO BED	THREE BED	OTHER	TOTAL	VACANT 30 SEPT 2021	% VACANCY	SEPT 2021 m <sup>2</sup>	VACANT m <sup>2</sup>	% VACANCY	AVE R/m <sup>2</sup>
Northways	c/o Claim & Jager Street, Hillbrow	8	-	8	16	8	-	40	7	18%	-			
Numbers	37 Maxwell Street, Kempton Park	71	-	-	-	-	-	71	11	15%	-			
Park Crescent <sup>§</sup>	Orange Blossom Boulevard, The Orchards, Pta N	-	76	37	30	-	-	143	7	5%	-			
Park Mews	19 Catherine Street, Hillbrow	-	79	5	-	-	-	84	13	15%	413			82
Park Village <sup>§</sup>	Hans Strijdom Street, Vanderbijlpark	-	-	-	-	225	-	225	0	0%	-			
Parnon Bftn	92 Henry Street, Bloemfontein	-	35	10	25	-	1	71	1	1%	-			
Philwade Manor	73 Earls Rd, Windsor East	1	-	-	6	-	-	7	1	14%	-			
Pomegranate Heights	1/3 Grenoble Road, Marshalls Town	-	-	24	92	-	-	116	18	16%	-			
Prince Allan	54 Princesses Ave, Windsor East	-	-	-	6	-	-	6	3	50%	-			
Progress House	1 Ryder Road, Bordeaux	-	6	69	-	-	-	75	2	3%	1 204	70	6%	70
Protea Glen	c/o Protea Boulevard & Lagwaia Str, Protea Glen	-	-	-	149	-	-	149	3	2%	-			
Quagga	295 Research Road, Pta West	-	-	-	247	-	-	247	3	1%	9			95*
Rand President <sup>§</sup>	340 Pretoria Avenue, Randburg	-	10	38	-	-	-	48	14	29%	-			
Redwood	Setter Street, Honey Park	-	-	-	136	-	-	136	5	4%	91			95*
Rhodes Court	3 Mosquito Street, Rhodesfield	1	4	21	4	-	-	30	1	3%	-			
Rinanda	35 Queens Ave Windsor	-	1	-	1	4	-	6	0	0%	-			
Robwill Mansions	91 Howard Avenue, Benoni	-	-	10	35	9	-	54	21	39%	-			
Rosdin	c/o Princes & Alexander, Windsor West	1	-	-	12	-	-	13	4	31%	-			
Rosewood	Colleen Street, Honey Park	-	-	-	100	-	-	100	6	6%	91			95*
Rothchild Manor <sup>§</sup>	80 Rothchild Road, Roodepoort	-	-	-	37	37	-	74	7	9%	-			
Sable Antelope	54A Queen Street, Windsor East	1	-	-	4	-	-	5	0	0%	-			
Samuel	69 North Rand Road, Kempton Park	-	-	-	21	-	-	21	7	33%	-			
Sand Marie	6 Kings Avenue, Windsor West	-	-	-	-	6	-	6	0	0%	-			
Sefton Court	76 Joubert Str, Joubert Park	-	16	26	28	-	-	70	23	33%	368	112	30%	258
Selwood Place	6 O'Reilly Ave, Berea	2	-	4	39	10	-	55	12	22%	-			
Selwyn Hall	55 Dukes Ave, Windsor East	5	-	-	12	8	-	25	10	40%	-			
Sentinel	28 Van der Merwe Street, Hillbrow	-	142	13	16	118	36	325	100	31%	1 013	99	10%	91

Building name	Location	Residential UNITS							Retail GLA					
		ROOMS	BACHELORS	ONE BED	TWO BED	THREE BED	OTHER	TOTAL	VACANT 30 SEPT 2021	% VACANCY	SEPT 2021 m <sup>2</sup>	VACANT m <sup>2</sup>	% VACANCY	AVE R/m <sup>2</sup>
Seswick Court <sup>§</sup>	7 Soper Road, Berea	5	-	25	-	-	-	30	6	20%	-			
Sixty One Contesses	67 Countesses Ave Windsor	-	-	-	6	9	-	15	5	33%	-			
Skypark	23 Masobiya Mdluli Street, Durban	-	3	13	24	-	-	40	12	30%	509			22
Sparrow Hawk <sup>§</sup>	1 Black Reef Road, Germiston	-	-	-	97	-	-	97	20	21%	-			
Springbok Court	5 Industry Road, Benoni	-	-	41	-	-	-	41	9	22%	1			95*
Stone Arch	Stone Arch Germiston	-	-	-	222	-	-	222	21	9%	-			
Sue Mark Court	High Street, Berea	7	29	13	4	-	-	53	8	15%	-			
Summer Place <sup>§</sup>	28 Topaz Avenue, Kloofendal	-	24	19	17	-	-	60	4	7%	-			
Summer Place <sup>§</sup>	Kosmosdal Ext 81, Centurion	-	-	-	22	27	-	49	9	18%	-			
Sunset View <sup>§</sup>	16 Swempie Crescent, Liefde en Vrede	-	-	-	30	-	-	30	3	10%	-			
Surrey	267 Surrey Avenue, Randburg	-	5	50	7	-	-	62	21	34%	-			
Syringa	Colin Paul Street, Kempton Park	-	-	66	80	-	-	146	19	13%	-			
Telmond	21 Andries Close, Bramley Park	1	2	9	2	1	11	26	5	19%	-			
Toronto Heights	110 Helen Joseph Str Johannesburg	1	-	38	7	2	-	48	10	21%	496			52
Treetops	48 Viscounts Ave Windsor	2	-	-	4	-	-	6	0	0%	-			
Trejon	2 Ivan Street, Florida	1	6	-	23	4	-	34	9	26%	-			
Upper East Side <sup>§</sup>	16 Edgar Road, Boksburg	-	-	-	52	-	-	52	5	10%	-			
Villa Borghese	81 Viscount Ave, Windsor	-	-	2	4	2	-	8	2	25%	-			
Villa Kazi	4 Harries Street, Marshalls Town	99	-	-	-	-	-	99	24	24%	81	15	19%	265
Villa Mia <sup>§</sup>	Viool Street, Benoni	-	-	-	81	-	-	81	0	0%	-			
Waterfront	1 Marguerite Avenue, Germiston	-	-	-	9	21	-	30	7	23%	-			
Willanda	Louis Botha Ave, Yeoville	17	-	8	3	9	-	37	1	3%	-			
Willowbrooke	Fleabane Cresc, Summerfield Estate, Centurion	-	-	-	100	-	-	100	0	0%	-			
Windmill	179 Main Street, Johannesburg CBD	-	20	44	26	1	-	91	24	26%	200			95*
Wonderpark <sup>§</sup>	First Avenue, Karenpark, Akasia, Pretoria North	-	180	-	-	-	-	180	7	4%	-			
		<b>510</b>	<b>1 425</b>	<b>1 773</b>	<b>4 515</b>	<b>815</b>	<b>161</b>	<b>9 199</b>	<b>1 173</b>	<b>12,8%</b>	<b>16 058</b>	<b>1 136</b>	<b>7%</b>	

A further 5 properties were disposed of post year end, where management was relinquished pre year end, that have been excluded from the above.

<sup>§</sup> ownership of units in sectional title scheme

\* weighted average rental

# Definitions

<b>A</b>	<b>Arrowgem</b>	Arrowgem Limited formerly known as Arrowhead Properties Limited (Registration number 2011/000308/06), the holding company of Indluplace
	<b>Arrowhead</b>	Arrowhead Properties Limited formerly known as Gemgrow Properties Limited (Registration number 2007/032604/06), a REIT listed on the JSE
<b>B</b>	<b>Board</b>	Board of directors of the company
	<b>B-BBEE</b>	Broad-Based Black Economic Empowerment
<b>C</b>	<b>CEO</b>	Chief executive officer
	<b>CFO</b>	Chief financial officer
	<b>CGT</b>	Capital Gains Tax
	<b>CIPC</b>	Companies and Intellectual Property Commission
	<b>Companies Act</b>	Companies Act, 2008 as amended
	<b>Company</b>	Indluplace Properties Limited
	<b>COO</b>	Chief Operating Officer
	<b>CSP</b>	Conditional Share Plan
	<b>CSDP</b>	Central Securities Depository Participant

<b>E</b>	<b>Executive</b>	CEO, CFO and COO
<b>F</b>	<b>FD</b>	Financial Director
<b>G</b>	<b>Gearing</b>	Loans from Investec Bank Limited and ABSA Bank Limited divided by investment property
	<b>Gross expense ratio</b>	On a gross basis, gross property expenses are divided by gross revenue when calculating the ratio
	<b>Group</b>	Indluplace, its subsidiaries and associates
<b>I</b>	<b>IFRS</b>	International Financial Reporting Standards
	<b>IT</b>	Information technology
	<b>Indluplace</b>	Indluplace Properties Limited
	<b>IPS</b>	Indluplace Property Services Proprietary Limited
	<b>Indluplace share scheme</b>	Indluplace Share Purchase and Option Scheme
<b>J</b>	<b>JSE</b>	JSE Limited
<b>K</b>	<b>King IV</b>	King IV™ report on corporate governance



<b>L</b>	<b>LTV</b>	Loan to value
<b>M</b>	<b>m<sup>2</sup></b>	Square meters
<b>N</b>	<b>NAV</b>	Net asset value
<b>N</b>	<b>Net expense ratio</b>	On a net basis, utility expenses are deducted from utility recoveries and included in the property expenses when calculating the ratio
<b>P</b>	<b>POPI</b>	The Protection of Personal Information Act, 2013
<b>R</b>	<b>Rand</b>	South African Rand
	<b>REIT</b>	Real Estate Investment Trust
	<b>SENS</b>	Stock Exchange News Service of the JSE
<b>S</b>	<b>Share or ordinary share</b>	Share or ordinary share of no par value share in the capital of the company
	<b>STI</b>	Short Term Incentive
	<b>Strate</b>	Strate is a licensed Central Securities Depository for the electronic settlement of financial instruments in South Africa
<b>U</b>	<b>Units</b>	Residential units



**INDLUPLACE**

DWELLING ON RESIDENTIAL

[www.indluplace.co.za](http://www.indluplace.co.za)

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