



INDLUPLACE

DWELLING ON RESIDENTIAL

Indluplace Properties Limited

(previously Arrowhead Properties Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2013/226082/06)

JSE share code: "ILU" ISIN: ZAE000201125

("Indluplace" or "the company")

PROSPECTUS

The definitions and interpretations commencing on page 7 of this prospectus have, where applicable, been used in these cover pages.

This prospectus is not an invitation to the general public to subscribe for shares but is issued in compliance with the Listings Requirements and the Companies Act, for the purpose of providing information to the public regarding Indluplace and is issued in respect of:

- a private placement to raise up to approximately R400 million by way of an offer for subscription to invited investors for up to approximately 40 million shares in the share capital of Indluplace at an issue price to be determined by demand and for which an indicative issue price of R10.00 per share has been used in this prospectus;
- the subsequent listing of all the shares of the company in the "Residential REITs" sector on the Main Board of the JSE

2015

Opening date of the private placement (09:00) on	Wednesday, 3 June
Closing date of the private placement (12:00)* on	Wednesday, 10 June
Results of the private placement released on SENS on	Thursday, 11 June
Results of the private placement published in the press on	Friday, 12 June
Proposed date of listing on the JSE from the commencement of trade on (09:00)	Friday, 19 June

* Invited investors must advise their CSDP or broker of their acceptance of the private placement shares in the manner and cut-off time stipulated by their CSDP or broker.

A copy of this prospectus in English, accompanied by the documents referred to under "Documents available for inspection" as set out in paragraph 36 of this prospectus, was registered by CIPC on Friday, 29 May 2015 in terms of the Companies Act.

The shares to be issued pursuant to the private placement will rank *pari passu* with all other shares issued by Indluplace. There are no convertibility or redemption provisions relating to any of the private placement shares offered in terms of the private placement. The private placement shares will only be issued in dematerialised form. No certificated private placement shares will be issued. There will be no fractions of private placement shares offered or issued in terms of the private placement. The private placement will not be underwritten. The listing is not conditional on raising a minimum amount in terms of the private placement but is subject to the company having satisfied the Listings Requirements regarding the spread of public shareholders. The proceeds of the private placement will be used by Indluplace to partially settle interest-bearing borrowings and to settle the preliminary and issue expenses.

Applications in terms of the private placement must be for a minimum of 50 000 private placement shares and in multiples of 1 000 private placement shares thereafter.

Immediately prior to the private placement and the listing:

- the authorised share capital of the company comprised 3 billion shares of no par value;
- the issued share capital of the company comprised 135 793 640 shares of no par value; and
- there were no treasury shares in issue.

Assuming that the private placement is fully subscribed for, immediately after the private placement and the listing:

- the authorised share capital of the company will comprise 3 billion shares of no par value;
- the issued share capital of the company will comprise 175 793 640 shares of no par value; and
- the company will have no treasury shares in issue.

At the date of listing, assuming the private placement is fully subscribed for, the anticipated market capitalisation of the company should be approximately R1.76 billion.

The JSE has granted Indluplace a listing, in terms of section 13 of the Listings Requirements, of up to approximately 175 793 640 shares in the “Residential REIT’s” sector of the JSE, in terms of the FTSE classification, under the abbreviated name: “Indlu”, JSE share code: “ILU” and ISIN: ZAE000201125, with effect from the commencement of trade on Friday, 19 June 2015, subject to the company having satisfied the Listings Requirements regarding the spread of public shareholders. Indluplace is the first Residential REIT to be listed on the JSE.

The directors, whose names are given in paragraph 2 of this prospectus, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts 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 this prospectus contains all information required by law and the Listings Requirements.

Each of the corporate advisor and bookrunners, the sponsor, the independent reporting accountants and auditors, the attorneys, the independent property valuer, the transfer secretaries, the bankers and the company secretary whose names are included in this prospectus, have consented in writing and have not prior to publication of this prospectus, withdrawn their written consent to the inclusion of their names in the capacity stated and, where applicable, to their reports being included in this prospectus.

An abridged version of this prospectus was published on SENS on Wednesday, 3 June 2015 and in the press on Thursday, 4 June 2015.

Corporate advisor, bookrunner and sponsor



Attorneys



Independent reporting accountants and auditors



Independent property valuer



Date of issue: Wednesday, 3 June 2015

This prospectus is only available in English. Copies of this prospectus may be obtained from the registered office of the company, the sponsor or the transfer secretaries whose addresses are set out in the “Corporate Information” section of this prospectus from Wednesday, 3 June 2015 to Friday, 19 June 2015 and on the company’s website at www.indluplaceproperties.co.za.

CORPORATE INFORMATION

Registered office of the company

2nd Floor
18 Melrose Boulevard
Melrose Arch
Melrose, 2196
(PO Box 685, Melrose Arch, Melrose, 2076)

Corporate advisor and bookrunner

Java Capital Proprietary Limited
(Registration number 2012/089864/07)
6A Sandown Valley Crescent
Sandown
Sandton, 2196
(PO Box 2087, Parklands, 2121)

Attorneys

Cliffe Dekker Hofmeyr Inc.
(Registration number 2008/018923/21)
11 Buitengracht Street
Cape Town, 8001
(PO Box 695, Cape Town, 8000)

Independent property valuers

Real Insight Proprietary Limited
(Registration number 2012/101775/07)
3rd Floor, North Wing
Hyde Park Corner
Hyde Park
Sandton, 2196
(PO Box 413581, Craighall, 2024)

Transfer secretaries

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Ground Floor
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Place and date of incorporation

Incorporated in the Republic of South Africa on 3 December 2013.

Offers in South Africa only

This prospectus has been issued in connection with the private placement in South Africa only and is addressed only to persons to whom the private placement may lawfully be made. The distribution of this prospectus and the making of an offer through this private placement may be restricted by law. Persons into whose possession this prospectus comes must inform themselves about and observe any such restrictions. This prospectus does not constitute an offer of or invitation to subscribe for and/or purchase any of the shares in any jurisdiction in which such offer, subscription or sale would be unlawful. No one has taken any action that would permit a public offering of shares in the company to occur outside South Africa.

Forward-looking statements

This prospectus includes forward-looking statements. Forward-looking statements are statements including, but not limited to, any statements regarding the future financial position of the group and its future prospects. These forward-looking statements have been based on current expectations and projections about future results which, although the directors believe them to be reasonable, are not a guarantee of future performance.

Company secretary

Neville Toerien (BA LLB)
CIS Company Secretaries Proprietary Limited
(Registration number 2006/024994/07)
70 Marshall Street
Johannesburg, 2001
(PO Box 61051, Marshalltown, 2107)

Sponsor

Java Capital Trustees and Sponsors Proprietary Limited
(Registration number 2006/005780/07)
Business address
6A Sandown Valley Crescent
Sandown, Sandton, 2196
(PO Box 2087, Parklands, 2121)

Independent reporting accountants and auditors

Grant Thornton (Jhb) Incorporated
Chartered Accountants
(Registration number 1994/001166/21)
52 Corlett Drive
Wanderers Office Park
Illovo, 2196
(Private Bag X28, Benmore, 2010)

Bankers

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3rd Floor, The First
Corner Cradock Avenue and Biermann Avenue
Rosebank, 2196
(PO Box 8786, Johannesburg, 2000)

Holding company

Arrowhead Properties Limited
(Registration number 2011/000308/06)
2nd Floor
18 Melrose Boulevard
Melrose Arch, Melrose, 2196
(PO Box 685, Melrose Arch, Melrose, 2076)

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SALIENT FEATURES

The information set out in this section of the prospectus is only an overview and is not intended to be comprehensive. It should be read in conjunction with the information contained in other sections of this prospectus.

1. INTRODUCTION

Indluplace was incorporated as a public company on 3 December 2013. The company's financial year end is 30 September. Indluplace, directly and through its subsidiaries, holds a portfolio of 95 residential properties across South Africa.

2. NATURE OF BUSINESS AND BUSINESS STRATEGY

Indluplace is focused on the owning and growing a substantial residential portfolio from which it will pay distributions to shareholders. Listed residential property comprises over 13% of the total listed property market in developed economies such as the USA. In South Africa, it is under 2% and Indluplace believes that there exists an opportunity for significant growth in this sector of the real estate market.

3. PROSPECTS

The Indluplace board is confident that the group will grow the portfolio substantially over the next few years. There is currently a shortage of affordable, well managed rental housing as evidenced in the relatively low vacancy rates in this market. Similarly, good demand exists for affordable student accommodation. The group aims to position itself as an exit for developers or owners of residential stock or portfolios.

4. DETAILS OF THE PRIVATE PLACEMENT

The private placement will be constituted by the issue of up to approximately 40 million shares at an issue price to be determined by demand and for which an indicative issue price of R10.00 per share has been used in this prospectus.

The listing is conditional on achieving a spread of shareholders, acceptable to the JSE, being a minimum 20% of the issued share capital of the company being held by public shareholders to ensure reasonable liquidity, by not later than 48 hours prior to the listing.

There are no convertibility or redemption provisions relating to the private placement shares being offered in terms of the private placement. Private placement shares will be issued in dematerialised form only. No fractions of private placement shares will be issued pursuant to the private placement. The private placement will not be underwritten. The listing is not conditional on raising a minimum amount in terms of the private placement.

5. STATEMENT AS TO LISTING ON THE JSE

The JSE has granted Indluplace a listing, in terms of section 13 of the Listings Requirements, of up to approximately 175 793 640 shares in the "Residential REITs" sector of the JSE, in terms of section 13 of the Listings Requirements, under the abbreviated names: "Indlu" JSE share code: "ILU" and ISIN: ZAE000201125 with effect from the commencement of trade on Friday, 19 June 2015. Indluplace is the first Residential REIT to be listed on the JSE.

6. ACTION REQUIRED

Applications for private placement shares must be made by invited investors in accordance with paragraph 16 of this prospectus and by completing the application form which accompanies this prospectus.

Applications for private placement shares can only be made for dematerialised shares and must be submitted through a CSDP or broker in accordance with the agreement governing the relationship between the applicant and the CSDP or broker by the cut-off time stipulated by the CSDP or broker.

If you are in any doubt as to what action to take, you should consult your broker, attorney or other professional advisor immediately.

Applications in terms of the private placement must be for a minimum of 50 000 private placement shares and in multiples of 1 000 private placement shares thereafter.

7. **FURTHER COPIES OF THE PROSPECTUS**

Copies of the prospectus may be obtained between 08:30 and 17:00 on business days from Wednesday, 3 June 2015 to Friday, 19 June 2015 at the following addresses and on the company's website at www.indluplaceproperties.co.za:

Indluplace Properties Limited

2nd Floor, 18 Melrose Boulevard, Melrose Arch, Melrose, 2196

Java Capital Trustees and Sponsors Proprietary Limited

6A Sandown Valley Crescent, Sandown, Sandton, 2196

Computershare Investor Services Proprietary Limited

Ground Floor, 70 Marshall Street, Johannesburg, 2001

An abridged version of this prospectus was released on SENS on Wednesday, 3 June 2015 and in the press on Thursday, 4 June 2015.

IMPORTANT DATES AND TIMES¹

The definitions and interpretations commencing on page 7 of this prospectus apply to these important dates and times:

2015

Abridged prospectus released on SENS on	Wednesday, 3 June
Opening date of the private placement (09:00) on	Wednesday, 3 June
Abridged prospectus published in the press on	Thursday, 4 June
Closing date of the private placement (12:00) ² on	Wednesday, 10 June
Results of the private placement released on SENS on	Thursday, 11 June
Notification of allotments on or from	Thursday, 11 June
Results of the private placement published in the press on	Friday, 12 June
Accounts at CSDP or broker updated and debited in respect of dematerialised shareholders ³	Friday, 19 June
Indluplace shares listed on the JSE from the commencement of trade (09:00)	Friday, 19 June

Notes

- (1) All references to dates and times are to local dates and times in South Africa. These dates and times are subject to amendment. Any such amendment will be released on SENS and published in the press.
- (2) Invited investors must advise their CSDP or broker of their acceptance of the private placement shares in the manner and cut-off time stipulated by their CSDP or broker.
- (3) CSDP's effect payment on a delivery-versus-payment basis.

DEFINITIONS AND INTERPRETATIONS

In this prospectus and the annexures hereto, unless inconsistent with the context, an expression which denotes one gender includes the other genders, a natural person includes a juristic person and vice versa, the singular includes the plural and *vice versa* and the expressions set out in the first column bear the meaning assigned to them in the second column.

“Aloegate”	Aloegate Proprietary Limited (Registration number 2009/004981/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
the “Amberfield Village acquisition”	the acquisition by Indluplace of units in a sectional title scheme known as the Amberfield Village complex, together with an undivided share in the common property, further details of which are set out in Annexure 10 ;
the “Amberfield Village complex”	comprising the property numbered 90 in Annexure 7 ;
“Amorispan”	Amorispan Proprietary Limited (Registration number 2011/115041/07), a private company registered and incorporated in accordance with the laws of South Africa, further details of which are set out in paragraph 2.6.3;
“Amorispan property management agreement 1”	the agreement entered into on 3 July 2014 between Amorispan, Propsky and Indluplace governing the provision by Amorispan of property management services to Indluplace in respect of certain properties detailed in Annexure 7 ;
“Amorispan property management agreement 2”	the agreement entered into on 21 October 2014 between Amorispan, Propsky and Indluplace governing the provision by Amorispan of property management services to Indluplace in respect of certain properties detailed in Annexure 7 ;
“application form”	the application form to be used by invited investors for purposes of subscribing for private placement shares in terms of the private placement which is attached to, and forms part of, this prospectus;
“Aptotrim”	Aptotrim Proprietary Limited (Registration number 2010/008486/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
“Arrowhead Properties”	Arrowhead Properties Limited (Registration number 2011/000308/06), a public company registered and incorporated in accordance with the laws of South Africa, the issued share capital of which is listed on the JSE and the holding company of Indluplace;
“attorneys” or “Cliffe Dekker Hofmeyr”	Cliffe Dekker Hofmeyr Incorporated (Registration number 2008/018923/21), a personal liability company incorporated in accordance with the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“Barvicarl Investments”	Barvicarl Investments Proprietary Limited (Registration number 1954/002947/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
“board” or “directors” or “board of Indluplace”	the board of directors of Indluplace as set out paragraph 2 of this prospectus;
the “Bree Street Block acquisition”	the acquisition by Indluplace of a property letting enterprise conducted in respect of and including certain properties and buildings, further details of which are set out in Annexure 10 ;
“Bree Street Block”	comprising the property numbered 92 in Annexure 7 ;
“business day”	any day other than a Saturday, Sunday or official public holiday in South Africa;
“CEO”	chief executive officer;

“certificated shares”	Indluplace shares which have not yet been dematerialised into the Strate system, title to which is represented by share certificates or other physical documents of title;
“CIPC”	the Companies and Intellectual Property Commission under the Companies Act;
“Citiq”	Citiq Property Services Proprietary Limited (Registration number 2008/022769/07), a private company registered and incorporated in accordance with the laws of South Africa, further details of which are set out in paragraph 2.6.1;
“Citiq property management agreement”	the agreement entered into on 17 February 2014 between Citiq and Indluplace governing the provision by Citiq of property management services to Indluplace in respect of certain properties detailed in Annexure 7 ;
“common monetary area”	collectively, South Africa, the Kingdoms of Swaziland and Lesotho and the Republic of Namibia;
“Companies Act” or “the Act”	the Companies Act (Act 71 of 2008), as amended;
“Companies Regulations” or “Regulations”	the Companies Regulations, 2012 promulgated in Government Gazette No. 34239 in terms of section 223 of the Companies Act;
“CSDP”	a Central Securities Depository Participant in South Africa appointed by a shareholder for purposes of, and in regard to, dematerialisation and to hold and administer securities or an interest in securities on behalf of a shareholder;
“CSI Rentals”	CSI Rentals Proprietary Limited (Registration number 2007/008290/07), a private company registered and incorporated in accordance with the laws of South Africa, further details of which are set out in paragraph 2.6.5;
“CSI Rentals property management agreement”	the agreement entered into on 22 January 2015 between CSI Rentals and Indluplace governing the provision by CSI Rentals of property management services to Indluplace in respect of certain properties detailed in Annexure 7 ;
“Dalem Mews”	Dalem Mews Proprietary Limited (Registration number 2015/081394/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Jika, further details of which are set out in Annexure 2 ;
“dematerialisation”	the process whereby certificated shares are converted to an electronic form as dematerialised shares and recorded in the sub-register of shareholders maintained by a CSDP or broker in South Africa;
“dematerialised shareholders”	Indluplace shareholders who hold dematerialised shares;
“dematerialised shares”	Indluplace shares which have been incorporated into the Strate system, title to which is no longer represented by share certificates or other physical documents of title;
“documents of title”	share certificates, certified transfer deeds, balance receipts and any other documents of title to share acceptable to the board;
“Earls Den”	Earls Den Proprietary Limited (Registration number 2015/082427/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Jika, further details of which are set out in Annexure 2 ;
“Exchange Control Regulations”	the Exchange Control Regulations of South Africa issued under the Currency and Exchanges Act, as amended;
“Financial Markets Act”	Financial Markets Act (Act 19 of 2012), as amended;
“G and N Tarn Enterprises”	G and N Tarn Enterprises Proprietary Limited (Registration number 1969/015283/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
the “Germiston acquisition”	the acquisition by Indluplace of Golden Views and Molrow House, further details of which are set out in Annexure 10 ;
the “Germiston property portfolio”	collectively, the properties numbered 93 and 94 in Annexure 7 ;
“GLA”	gross lettable area being the total area of a property that can be rented to a tenant;

“government”	the government of South Africa;
“GR”	gross rental;
“Helen Joy Holdings”	Helen Joy Holdings Proprietary Limited (Registration number 1969/015071/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
the “Highveld View acquisition”	the acquisition by Indluplace of the Highveld View complex, further details of which are set out in Annexure 10 ;
the “Highveld View complex”	comprising the property numbered 89 in Annexure 7 ;
the “Honey Park acquisition”	the acquisition by Indluplace of the Honey Park portfolio, further details of which are set out in Annexure 10 ;
the “Honey Park property portfolio”	comprising the property numbered 88 in Annexure 7 ;
“Houghton Mansions”	Houghton Mansions Proprietary Limited (Registration number 1927/000438/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
“Income Tax Act”	Income Tax Act (Act 58 of 1962), as amended;
“independent reporting accountants and auditors” or “independent reporting accountants” or “Grant Thornton”	Grant Thornton (Jhb) Incorporated (Registration number 1994/001166/21), a partnership formed in terms of the laws of South Africa, full details of which are set out in the “Corporate Information” section;
“independent property valuers” or “Real Insight”	the independent property valuers of the company, being Real Insight Proprietary Limited (Registration number 2012/101775/07), a private company duly registered and incorporated in South Africa, further details of which are set out in the “Corporate Information” section;
“Indluplace” or “the company”	Indluplace Properties Limited (Registration number 2013/226082/06), a public company registered and incorporated in accordance with the laws of South Africa and to be listed on the JSE;
“Indluplace group” or “group”	collectively, Indluplace, its subsidiaries, associates and joint ventures;
“invited investors”	those specifically identified individuals, financial institutions, selected private clients and selected residential investors to whom the offer under the private placement will be addressed and made;
“issue price”	the indicative price at which it is assumed the private placement shares are to be issued by Indluplace pursuant to the private placement, being R10.00 per share;
“IFRS”	International Financial Reporting Standards;
“Java Capital”	collectively, Java Capital Proprietary Limited (Registration number 2012/089864/07), the corporate advisor and bookrunner and Java Capital Trustees and Sponsors Proprietary Limited (Registration number 2006/005780/07), the sponsor, further details of which are set out in the “Corporate Information” section;
“JHI”	JHI Properties Proprietary Limited (Registration number 2007/021131/07), a private company registered and incorporated in accordance with the laws of South Africa, further details of which are set out in paragraph 2.6.2;
“JHI property management agreement”	the agreement entered into on 13 September 2011 between JHI and Arrowhead Properties governing the provision by JHI of property management services to Indluplace in respect of certain properties detailed in Annexure 7 ;
“Jika”	Jika Properties Proprietary Limited (Registration number 2005/035424/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Indluplace;

the “ Jika 1 acquisition ”	the acquisition by Indluplace of the Jika 1 property portfolio, further details of which are set out in Annexure 10 ;
the “ Jika 1 property portfolio ”	collectively, the properties numbered 1 to 29 in Annexure 7 and the subsidiaries numbered 9 to 21 in Annexure 2 ;
“ Jika 2 acquisition ”	the acquisition by Indluplace of all the shares in and claims against Jika, further details of which are set out in Annexure 10 ;
“ Jika 2 acquisition agreement ”	the agreement dated 27 November 2014 between Indluplace, Citiq and Amber Falcon 185 Proprietary Limited, further details of which are set out in Annexure 10 ;
the “ Jika 2 property portfolio ”	collectively, the properties numbered 30 to 87 in Annexure 7 and the subsidiaries numbered 1 to 8 in Annexure 2 ;
“ JSE ”	Johannesburg Stock Exchange, being the exchange operated by the JSE Limited (Registration number 2005/022939/06), licensed as an exchange under the Financial Markets Act, as amended and a public company registered and incorporated in accordance with the laws of South Africa;
“ Karavas ”	Karavas Proprietary Limited (Registration number 2012/178347/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Jika, further details of which are set out in Annexure 2 ;
“ Kenwyn Flats ”	Kenwyn Flats Proprietary Limited (Registration number 1997/020093/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Jika, further details of which are set out in Annexure 2 ;
“ King III ”	the Code of Corporate Practices and Conduct in South Africa representing principals of good corporate governance as laid out in the King Report, as amended from time to time;
“ last practical date ”	the last trading date before the finalisation of this prospectus, being Wednesday, 13 May 2015;
“ the listing ”	the listing of all of the shares of Indluplace in the “Residential REITs” sector on the Main Board of the JSE;
“ the listing date ”	the expected date of the listing, being Friday, 19 June 2015;
“ Listings Requirements ”	the Listings Requirements, as issued by the JSE from time to time;
“ m² ”	square metres;
“ Mafadi ”	Mafadi Property Management Proprietary Limited (Registration number 2010/018485/07), a private company registered and incorporated in accordance with the laws of South Africa, further details of which are set out in paragraph 2.6.4;
“ Mafadi property management agreements ”	the agreements entered into on 19 March 2015 between Mafadi and Indluplace governing the provision by Mafadi of property management services to Indluplace in respect of certain properties detailed in Annexure 7 ;
“ Monks Court ”	Monks Court Proprietary Limited (Registration number 2008/029294/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
“ MOI ”	the memorandum of incorporation of the company, extracts of which are set out in Annexure 6 ;
“ Myso Holdings ”	Myso Holdings Proprietary Limited (Registration number 1969/001980/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
“ NAV ”	net asset value;

“NDF Investment and Trading”	NDF Investment and Trading Proprietary Limited (Registration number 2012/162772/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
“own-name dematerialised shareholders”	dematerialised Indluplace shareholders who/which have elected own-name registration;
“Park Chambers”	Park Chambers Share Block Proprietary Limited (Registration number 1965/005131/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
the “Park Village acquisition”	the acquisition by Indluplace of units in a sectional title scheme known as the Park Village complex, together with an undivided share in the common property, further details of which are set out in Annexure 10 ;
the “Park Village complex”	the property numbered 91 in Annexure 7 ;
“Pondos Investments”	Pondos Investments Proprietary Limited (Registration number 2014/012598/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
“press”	the Business Day newspaper;
“private placement”	the private placement to raise approximately R400 million by Indluplace by way of an offer to invited investors to subscribe for up to approximately 40 million ordinary shares at indicative an issue price of R10.00 per ordinary share;
“private placement shares”	approximately 40 million shares in the share capital of Indluplace to be offered and issued in terms of the private placement;
“promoter”	the party(ies) responsible for the formation of a company to be listed, or acquired by an existing issuer, and who earn(s) a fee therefrom, in cash or otherwise;
“property management agreements”	collectively, the Amorispan 1 property management agreement, the Amorispan 2 property management agreement, the JHI property management agreement, the Citiq property management agreement, the CSI Rentals property management agreement and the Mafadi property management agreements;
“property managers”	each of Amorispan, Citiq, JHI, CSI Rentals and Mafadi in respect of different portfolios of properties in the property portfolio;
“property portfolio” or “Indluplace property portfolio” or “properties”	comprising the properties set out in Annexure 7 ;
“Propsky”	Propsky 2 Properties Proprietary Limited (Registration number 2014/059858/07), a private company registered and incorporated in accordance with the laws of South Africa;
“prospectus”	this bound document inclusive of all annexures and accompanying specimen application form dated 3 June 2015, prepared in compliance with the Companies Act and the JSE Listings Requirements;
“R” or “Rand” or “ZAR”	the South African Rand, the lawful currency of South Africa;
“Radzyn Investments”	Radzyn Investments Shareblock Proprietary Limited (Registration number 1954/001986/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Jika, further details of which are set out in Annexure 2 ;
“REIT”	a public company listed as a Real Estate Investment Trust on the securities exchange operated by the JSE;

“737 Rosettenville”	Erf 737 Rosettenville Proprietary Limited (Registration number 2013/186454/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
“SARB”	South African Reserve Bank;
“SENS”	Stock Exchange News Service of the JSE;
“shares” or “ordinary shares” or “Indluplace shares”	the issued shares in the share capital of Indluplace;
“shareholders” or “Indluplace shareholders”	holders of Indluplace shares, as recorded in the share register of the company;
“Strate”	Strate Proprietary Limited (Registration number 1998/022242/07), a private company which is registered in terms of the Financial Markets Act responsible for the electronic settlement system of the JSE;
“subsidiaries”	collectively, Jika, Karavas, Teaca Properties, Dalem Mews, Radzyn Investments, Earls Den, Kenwyn Flats, 427 Windsor, Triaid, Myso Holdings, Aloegate, Aptotrim, Barvicarl Investments, Helen Joy Holdings, NDF Investment and Trading, Park Chambers, Monks Court, Houghton Mansions, Pondos Investments, Sunnysore Trade and Invest, 737 Rosettenville and G and N Tarn Enterprises, further details of which are set out in Annexure 2 ;
“Sunnysore Trade and Invest”	Sunnysore Trade and Invest 103 Proprietary Limited (Registration number 2007/014839/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of the company, further details of which are set out in Annexure 2 ;
“Teaca Properties”	Teaca Properties Proprietary Limited (Registration number 2006/009429/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Jika, further details of which are set out in Annexure 2 ;
“TNAV”	tangible net asset value;
“transfer secretaries” or “Computershare”	Computershare Investor Services Proprietary Limited, (Registration number 2004/003647/07), a private company registered and incorporated in South Africa, full details of which are set out in the “Corporate Information” section;
“transfer”	the registration of transfer of the relevant immovable property into the name of Indluplace in the relevant deeds registry office;
“Triad”	Triad Proprietary Limited (Registration number 2014/051141/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Jika, further details of which are set out in Annexure 2 ;
“VAT”	value added tax as defined in the Value Added Tax Act, 1991, as amended;
“VWAP”	volume weighted average price;
“427 Windsor”	Erf 427 Windsor Proprietary Limited (Registration number 1995/002627/07), a private company registered and incorporated in accordance with the laws of South Africa and a wholly owned subsidiary of Jika, further details of which are set out in Annexure 2 ; and
“yield”	the distribution available to a holder of a share in any 12-month period or any financial year, as the case may be, divided by the market price of that share.



INDLUPLACE

DWELLING ON RESIDENTIAL

Indluplace Properties Limited

(previously Arrowhead Residential Limited)

(Incorporated in the Republic of South Africa)

(Registration number 2013/226082/06)

JSE share code: "ILU" ISIN: ZAE000201125

("Indluplace" or "the company")

Directors of the company

Executive directors

Gerald George Leo Leissner (*CEO*)

Imraan Ebrahim Suleman

Mark Jonathan Kaplan

Petrus Carel de Wit (*Financial director*)

Non-executive directors

Taffy Monty Adler (*Chairman*)

Selwyn Noik

Independent non-executive directors

Gregory Stephen Kinross (*Lead independent chairman*)

Clifford Lawrence Abrams

Ayesha Rehman

PROSPECTUS

SECTION ONE – INFORMATION ON THE INDLUPLACE GROUP

1. NAME, ADDRESS AND INCORPORATION

- 1.1 Indluplace Properties Limited (previously Arrowhead Residential Limited) (Registration number 2013/226082/06) was registered and incorporated as a public company on 3 December 2013.
- 1.2 The chairman of the board is Taffy Adler and the lead independent chairman is Gregory Kinross.
- 1.3 The addresses of the company's registered office and the transfer secretaries' registered office is set out in the "Corporate Information" section.
- 1.4 The group structure is set out in **Annexure 1** and the names, registration numbers, places of incorporation, dates of incorporation, nature of business and issued capital of each of Indluplace's subsidiaries are set out in **Annexure 2** to this prospectus.

2. DIRECTORS, OTHER OFFICE HOLDERS OR MATERIAL THIRD PARTIES

2.1 Directors of the company

The board is currently made up of 9 directors of which 5 are non-executives (3 of whom are independent) and 4 are executive directors.

2.1.1 The full names, ages, business addresses, qualifications, positions and experience of the directors of the company of Indluplace are outlined below:

Name and age	Gerald George Leo Leissner (73)
Business address	2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2196
Qualification	CA(SA)
Position	Chief executive officer
Experience	Gerald is a chartered accountant with 50 years' experience in the property industry, both in South Africa and abroad. He is the CEO of Indluplace and the CEO of Arrowhead Properties which was listed on the JSE in December 2011 and which made a foray into residential property in 2013. Gerald was a non-executive director of the Johannesburg Housing Company, which led a pioneering path in the development of social housing in the Johannesburg inner city. Gerald was the CEO of ApexHi Properties Limited from its founding in 2001 until ApexHi Properties Limited was acquired by Redefine Properties Limited (" Redefine ") in 2009, after which he served as a non-executive director of Redefine. He retired from Redefine when Arrowhead Properties was formed in 2011.

Name and age	Petrus Carel de Wit (48)
Business address	2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2196
Qualification	BSc Building Science
Position	Financial director
Experience	Carel has extensive experience in a variety of commercial property investments and developments including the managing of the Johannesburg Housing Company portfolio of more than 4 000 rental units situated mainly in the Johannesburg inner city. Carel has been appointed as the financial director of Indluplace with effect from the listing date.

Name and age	Imraan Ebrahim Suleman (43)
Business address	2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2196
Qualification	BCom (Hons) Acc, CA(SA)
Position	Executive director
Experience	Imraan is a chartered accountant. He is the financial director of Arrowhead Properties, which was listed on the JSE in December 2011, and an executive director of Indluplace. He joined Java Capital in 2005 from one of the big four audit firms for which he had worked in both South Africa and the UK. Imraan advised clients on a wide range of transactions including listings, mergers and acquisitions, capital raisings and empowerment transactions. He is a non-executive director of the Johannesburg Housing Company, which provides homes to more than 12 000 people in the low to middle income communities.

Name and age **Mark Jonathan Kaplan (34)**
Business address 2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2196
Qualification BBusSc, Finance (Hons)
Position Executive director
Experience Mark is an executive director of Indluplace and the chief operating officer of Arrowhead Properties, which was listed on the JSE in December 2011. He was previously managing director of Aengus Property Holdings, which pioneered upmarket student accommodation in South Africa.

Name and age **Gregory Stephen Kinross (42)**
Business address 27 Fricker Road, Illovo, Johannesburg, 2196
Qualification BCom, BAcc. CA(SA)
Position Independent non-executive director (Lead independent chairman)
Experience Gregory served articles at PricewaterhouseCoopers from January 1995 to December 1997 and qualified as a chartered accountant in December 1997, before starting his own private equity business in 1998 which invested across a diverse range of industries and during which period he was appointed as CEO of McCarthy Bank Limited.
Between 2005 and 2013, he was CEO and President of Tau Capital Corp., a mining and resources business that founded, developed, managed and raised in excess of \$300m for a number of major mining projects, including CIC Energy Corp. (which he founded and was President of), AfriOre Limited and Talon Metals Corp. (in respect of which he remains on the board of directors).
In 2013, after exiting from the mining sector, Gregory formed Innovo Capital (Pty) Ltd to again pursue private equity opportunities as well as new business opportunities and in October 2014, Gregory entered into a partnership with the Genesis Capital Group to form Genesis Innovo Capital (Pty) Ltd.
Gregory was appointed as an independent non-executive director of Indluplace on 25 February 2015.

Name and age **Taffy Monty Adler (64)**
Business address 2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2196
Qualification BA, BPhil in African Studies, MSC in Building Science
Position Non-executive director (Chairman)
Experience Taffy is the CEO of the Housing Development Agency whose mission is fast-tracking the acquisition and release of state, private and community owned land for human settlement developments. He was previously CEO of the Johannesburg Housing Company. Taffy is a director of Arrowhead Properties. Taffy was appointed as a non-executive director and chairman of Indluplace on 25 February 2015.

Name and age **Selwyn Noik (68)**
Business address 2nd Floor, 18 Melrose Boulevard, Melrose Arch, Johannesburg, 2196
Qualification CA(SA)
Position Non-executive director
Experience After qualifying as a chartered accountant, Selwyn joined listed property company, Pioneer Holdings & Finance Corporation Limited in a managerial position, which he held for over 10 years. Selwyn was an executive director of Reichmans Limited and after its acquisition by Investec, he assumed the position of Group Secretary of Investec, a position he held for thirteen years until his retirement in 2007. Thereafter he filled a company secretarial and compliance role with Investec Property Limited until the end of 2011. Selwyn is a director of Arrowhead Properties. Selwyn was appointed as a non-executive director of Indluplace on 25 February 2015.

Name and age	Clifford Lawrence Abrams (45)
Business address	29 West Street, Houghton Estate, 2198
Qualification	BCom, B Acc, CA(SA), Registered auditor
Position	Independent non-executive director
Experience	Clifford is a Chartered Accountant and has been in private practice for the past 15 years. He is the proprietor of Clifford Abrams & Associates. He has held various communal positions and is a board member of Bnei Akiva Foundation (Youth Movement). Clifford was appointed as an independent non-executive director of Indluplace on 18 March 2015.

Name and age	Ayesha Rehman (64)
Business address	17 Melia Road, Blairgowrie, Randburg
Qualification	Diploma in Financial Accounting, Certificate in Management, Certificate in Project Management, Certificate in Property Development
Position	Independent non-executive director
Experience	Ayesha was appointed as senior financial manager of the Johannesburg Housing Company in 1998. In 2009, she was appointed as the chief financial officer of the Johannesburg Housing Company and held this position until she retired in February 2015. She was previously an accountant at the Joint Education Trust. Ayesha was appointed as an independent non-executive director of Indluplace on 18 March 2015.

All of the directors are South African nationals

2.2 Directors of major subsidiaries

- 2.2.1 The company has 22 subsidiaries, further details of which are set out in **Annexure 2**.
- 2.2.2 The directors of Jika, being the company's major subsidiary, are Imraan Suleman and Mark Kaplan.
- 2.2.3 The full names, ages, business addresses, qualifications, capacities and positions of Imraan Suleman and Mark Kaplan are set out in paragraph 2.1 above.

2.3 Indluplace advisors and company secretary

- 2.3.1 The names and business addresses of the company's advisors are set out in the "Corporate Information" section.
- 2.3.2 Neville Toerien (Director of CIS Company Secretaries Proprietary Limited) fulfils the role of company secretary whose qualification and business address is set out in the "Corporate Information" section.
- 2.3.3 The company's advisors and the company secretary do not have any material interest in Indluplace' shares.

2.4 Additional information related to the directors

- 2.4.1 **Annexure 3** contains the following information:
 - 2.4.1.1 directors' emoluments;
 - 2.4.1.2 borrowing powers of the group exercisable by the directors;
 - 2.4.1.3 directors' interests in shares and transactions;
 - 2.4.1.4 interests of directors and promoters; and
 - 2.4.1.5 directors' declarations

- 2.4.2 **Annexure 4** contains details of directors' other directorships and partnerships in the previous five years.
- 2.4.3 The salient terms of the service contract of PC de Wit is set out in **Annexure 5**. As further detailed in paragraph 1.7 of **Annexure 3**, I E Suleman, GG Leissner and MJ Kaplan have not signed service contracts with Indluplace.
- 2.4.4 The provisions of the MOI with regard to the following are set out in **Annexure 6**:
 - 2.4.4.1 powers of the company;
 - 2.4.4.2 issue of shares and variation of rights;
 - 2.4.4.3 votes of shareholders;
 - 2.4.4.4 shareholder rights, proxies and representatives;
 - 2.4.4.5 shareholders' resolutions;
 - 2.4.4.6 composition and powers of the board of directors;
 - 2.4.4.7 terms of office of the directors;
 - 2.4.4.8 directors' compensation and financial assistance;
 - 2.4.4.9 the borrowing powers exercisable by directors and how such borrowing powers can be varied;
 - 2.4.4.10 distributions; and
 - 2.4.4.11 winding up.

2.5 **Asset management**

The asset management function of the group is undertaken internally by its executive management, further details of whom is set out in paragraph 2.1 above.

2.6 **Property management**

The property management function of the group is outsourced on market related terms to Citiq, JHI, Mafadi, Amorispan and CSI Rentals.

2.6.1 ***Citiq property management agreement***

- 2.6.1.1 Citiq's directors are Paul Lapham and Grant Harris.
- 2.6.1.2 Citiq's business and registered address is Anchor House, 7th Floor, 100 Juta Street, Braamfontein, Johannesburg.
- 2.6.1.3 The shareholders of Citiq are Stanislaus Investments Proprietary Limited, Amber Falcon 185 Proprietary Limited, Old Mutual Life Assurance Company (South Africa) Limited, First European Finance Investment Limited, Mayflower Investments Proprietary Limited and Regional Lionel Lasker.
- 2.6.1.4 Neither Citiq nor its members have any beneficial interest, direct or indirect, in relation to any property held by Indluplace or property to be acquired by the group nor are they contracted to become a tenant of any part of the property of the group.
- 2.6.1.5 Citiq does not have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties.
- 2.6.1.6 Citiq's functions as property manager include, *inter alia*, compiling budgets and monthly reports, non-essential and essential maintenance, issuing and delivering invoices and rent statements to tenants, collecting rentals, appointing a meter reading agent and inspecting the property.

2.6.2 ***JHI property management agreement***

- 2.6.2.1 JHI's directors are JE Wellsted, M van der Walt and NNN Radebe.
- 2.6.2.2 JHI's registered and business address is JHI Place, Norwich Place East, 2 Norwich Close, Sandton, South Africa, 2010.
- 2.6.2.3 JHI is a wholly-owned subsidiary of Excellerate Property Services Proprietary Limited.
- 2.6.2.4 Neither JHI nor its directors have any beneficial interest, direct or indirect, in relation to any property held by Indluplace or property to be acquired by the group nor are they contracted to become a tenant of any part of the property of the group.
- 2.6.2.5 JHI does not have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties.
- 2.6.2.6 JHI's functions as property manager include, *inter alia*, compiling budgets, dispatching tax invoices and collecting income, monitoring of arrears in rents, collecting debt and outstanding arrears, managing and adhering to legal processes, assessing prospective tenants, lease management, leasing, compliance with the Occupational Health and Safety Act, 1993, maintenance, procurement, project management drafting of service level agreements, appointing sub-contractors, account payments, compiling reports and control procedures.

2.6.3 ***Amorispan property management agreement***

- 2.6.3.1 Amorispan's directors are JM Floor and L Goxo.
- 2.6.3.2 Amorispan's registered and business address is 122 Rossini Boulevard, Vanderbijlpark.
- 2.6.3.3 The shareholders of Amorispan are JM Floor and L Goxo.
- 2.6.3.4 Neither Amorispan nor its members have any beneficial interest, direct or indirect, in relation to any property held by Indluplace or property to be acquired by the group nor are they contracted to become a tenant of any part of the property of the group.
- 2.6.3.5 Amorispan does not have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties.
- 2.6.3.6 Amorispan's functions as property manager include, *inter alia*, concluding lease agreements with prospective tenants, essential maintenance to the properties, issuing and delivering invoices and rent statements to tenants, collecting monthly rentals and monthly charges, inspecting properties, and the compiling of budgets and monthly reports.

2.6.4 ***Mafadi property management agreements***

- 2.6.4.1 Mafadi's directors are Simon Shimon Rubin and Ilan Subodzky.
- 2.6.4.2 Mafadi's business address is 5th Floor, The Main Change, 20 Kruger Street, City and Suburban, Johannesburg and registered address is Unit 3, Chesterwood Place, 85 Sandler Road, Percelia Estate, Gauteng, 2192.
- 2.6.4.3 The shareholders of Mafadi are Silare Trust, Ilan Subodzky, Jonathan Liebmann and Malewell Investment Proprietary Limited.
- 2.6.4.4 Neither Mafadi nor its members have any beneficial interest, direct or indirect, in relation to any property held by Indluplace or property to be acquired by the group nor are they contracted to become a tenant of any part of the property of the group.
- 2.6.4.5 Mafadi does not have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties.
- 2.6.4.6 Mafadi's functions as property manager include, *inter alia*, attending to essential and non-essential maintenance to the property, issuing and delivering invoices and rent statements to tenants, collecting monthly rentals and monthly charges from tenants, maintaining a record of monthly rentals and monthly charges due by a tenant, maintaining a record of security deposits paid and received by tenants, appointing a meter reading agent and compiling budgets and monthly reports.

2.6.5 **CSI Rentals property management agreement**

- 2.6.5.1 CSI Rental's directors are C Legassick and R Kleyn.
- 2.6.5.2 CSI Rental's business address is 8A Block A, Lone Creek, Waterfall Office Park, Bekker Street, Midrand and registered address is 601 Harrogate Park, 1237 Pretorius Street, Hatfield, 0083.
- 2.6.5.3 The shareholders of CSI Rentals are Central Developments West (Pty) Ltd, Central Property Developments Johannesburg (Pty) Ltd and Wapadsig 11 CC.
- 2.6.5.4 Neither CSI Rentals nor its members have any beneficial interest, direct or indirect, in relation to any property held by Indluplace or property to be acquired by the group nor are they contracted to become a tenant of any part of the property of the group.
- 2.6.5.5 CSI Rentals does not have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties.
- 2.6.5.6 CSI Rentals' functions as property manager include, *inter alia*, concluding lease agreements, attending to essential and non-essential maintenance to the property, conducting moving out inspections, issuing and delivering accurate invoices and rent statements to tenants, collecting monthly rentals and monthly charges from tenants, maintaining a full and proper record of all monthly rental and monthly charges due by all tenants and payments received from tenants, appointing a meter reading agent and compiling budgets and monthly reports.

3. HISTORY, STATE OF AFFAIRS AND PROSPECTS OF THE GROUP

3.1 History and nature of business

Indluplace was incorporated as a public company on 3 December 2013. The company's financial year end is 30 September. Indluplace, directly and through its subsidiaries, further details of which are set out in **Annexure 2**, holds a portfolio of 95 residential properties across South Africa.

The historical trading results of the company are set out in **Annexure 19**.

Indluplace is focused on owning and growing a substantial residential property portfolio from which it will pay distributions to its shareholders. Listed residential property comprises over 13% of the total listed property market in a developed economy such as the USA. In South Africa, it is under 2% and Indluplace believes that there exists an opportunity for significant growth in this sector of the real estate market.

Set out below is a brief history of the Indluplace property portfolio:

3.1.1 **The Jika 1 and the Jika 2 property portfolios**

Indluplace acquired the Jika 1 property portfolio in April 2014. The portfolio consists of 872 residential units with 1 529m² of retail space. The buildings in the portfolio provide a diverse range of accommodation options from inner city high-rise buildings to suburban townhouse complexes and smaller city blocks. Similarly, the unit sizes vary considerably between blocks with older buildings, generally providing very spacious units. Over the last year the average vacancy rate has been approximately 2,5% per month and the turnover approximately 1% of the units per month. The length of stay in this type of building varies from a few months to years, with an average stay of approximately 36 months. Rental collections have generally been high with approximately 2% of rental income in arrears at month end, with bad debts of less than 1%.

The Jika 2 property portfolio is very similar to the Jika 1 property portfolio although there are slightly more suburban townhouse complexes as compared to the Jika 1 property portfolio. The Jika 2 property portfolio is a more recent acquisition of Indluplace but the expectation is that the performance will be very similar to that of the Jika 1 property portfolio. The Jika 2 property portfolio comprises 1 495 residential units and retail space with a GLA of 3 894m².

Although there are some longer term leases, most of the portfolio is let on a monthly basis. Citiq has been managing both the Jika 1 and Jika 2 property portfolios for the sellers and will continue to manage these portfolios for Indluplace.

The sellers of both portfolios have provided a net income guarantee for the first two years, further details of which are set out in **Annexure 10**.

3.1.2 *The Honey Park property portfolio*

The Honey Park property portfolio consists of three complexes comprising 333 residential units that were let to Monash University South Africa Limited (“**Monash**”) for student housing. As further detailed in paragraph 33, the company has been advised that Monash has repudiated the Monash lease agreement and the lease agreement was consequently cancelled by the company. Approximately 190 units remain occupied.

3.1.3 *The Highveld View complex*

The Highveld View complex comprises 450 residential units in one complex. The property was completed around the middle of 2014 and has been fully let since completion. The units are let mostly to contractors working in the Emalahleni area on mines and power stations but also to the general public, with twelve month leases being entered into. The tenant turnover and arrears of this building has been extremely low from completion to date.

The seller has provided a net income guarantee for the first two years, further details of which are set out in **Annexure 10**.

3.1.4 *The Amberfield Village complex and Park Village complex*

These two complexes are jointly owned with partner investors. Indluplace owns 102 of the units in the Amberfield Village complex and 116 of the units in the Park Village complex. The units comprising both complexes are fully let to the Vaal University of Technology and the North West University. The units are utilised as shared accommodation with four students in a two bedroom set-up or six students in a three bedroom set-up, respectively. As there are head leases in place there are no tenant turnover or arrears in the portfolio from Indluplace’s perspective.

3.1.5 *Bree Street Block*

This portfolio consists virtually of a full Johannesburg inner city street block. It is made up of two residential tower blocks of 94 residential units in total with the remainder being retail space with a GLA of 3 906m², varying from small, inner city type retail spaces for small entrepreneurs to larger national tenants. Residential leases are predominantly for 12 months with retail leases varying between monthly leases and long leases. Both the residential and retail spaces are in high demand with vacancies of about 2% recorded over recent months.

3.1.6 *The Germiston property portfolio*

The Germiston property portfolio consists of two buildings comprising 228 residential units and retail area with a GLA of 140m². The larger building, Golden Views, has recently been converted from an under-used office building to residential units. The unit take-up in the newly opened building has been brisk with latest vacancy figures below 1%. Molrow House is aimed at the lower end of the market with room sharing facilities. Turnover and arrears in both buildings are generally low.

3.2 **Investment and growth strategy**

The company will continue to grow its portfolio aggressively through acquiring yield enhancing properties and portfolios that provide income from the first day of acquisition. Investments in properties rental nationally will focus on affordable housing where a proven demand exists, generally in larger urban centres close to work opportunities and transport infrastructure. Other residential forms such as student housing or higher income housing will be evaluated on a case by case basis.

The company will utilise specialist outsourced property managers for the appropriate portfolios.

3.3 **Prospects**

The board is confident that the group will grow the portfolio substantially over the next few years. There is currently a shortage of affordable, well managed rental housing as evidenced in the relatively low vacancy rates in this market. Similarly good demand exists for affordable student accommodation. The group aims to position itself as an exit for developers or owners of residential stock or portfolios.

3.4 The property portfolio

The group's property portfolio was valued as at 31 December 2014 in aggregate at R1 607 780 000 consisting of 95 properties. A detailed list of the properties comprising the property portfolio appears in **Annexure 7**.

3.4.1 Analysis of the property portfolio

An analysis of the property portfolio in respect of sectoral, geographic, tenant, vacancy and lease expiry profiles as at 31 March 2015 is provided in the tables below.

3.4.1.1 Sectoral profile

The property portfolio comprises 3 690 residential units and 133 retail spaces with a GLA of 9 469m².

Sector	GR* % of total
Residential – normal	79.2
Residential – student	14.3
Retail	6.5
Total	100

** Based on forecast rentals for the property portfolio (excluding Honey Park) for March 2015. Leases with lease holidays have been pro rata adjusted.*

3.4.1.2 Residential portfolio breakdown

Unit type	Average size* (m ²)	Residential – normal	Residential – student	Total
Rooms	15	241	–	241
Bachelor	35	718	–	718
One bedroom	45	615	–	615
Two bedroom	62	1 440	435	1 875
Three bedroom	75	107	116	223
Other	–	18	–	18
Total		3 139	551	3 690

** Average unit size may vary considerably between different buildings.*

3.4.1.3 Geographic profile

Of the 3 690 residential units, 3 240 (87.8%) are situated in Gauteng and 450 (12.2%) are situated in Mpumalanga.

All of the retail GLA is situated in Gauteng.

The geographic profile by gross revenue is as follows:

Province	GR* % of total
Gauteng	82.3
Mpumalanga	17.7
Total	100

** Based on forecast rentals for the property portfolio (excluding Honey Park) for March 2015. Leases with lease holidays have been pro rata adjusted.*

3.4.1.4 Tenant profile for residential portfolio

Residential portfolio

The tenant profile of the Indluplace property portfolio, based on the categories per unit, is as follows:

3.4.1.4.1 The Amberfield Village complex is a sectional title complex comprising 204 residential units, of which 102 are owned by Indluplace, and is leased to the Vaal University of Technology for student housing for a period of three years expiring on 31 December 2016, with an option to renew the lease agreement for a further three year period on the same terms and conditions save that the monthly rental amount will escalate by 8% per annum.

- 3.4.1.4.2 The Park Village complex comprises 232 residential units in a sectional title scheme, of which 116 are owned by Indluplace, and is leased to the Vaal University of Technology and North West University for student housing for a period of three years, with leases on 20 units expiring on 31 December 2015. The Vaal University of Technology has an option to renew the lease agreement for a further three year period on the same terms and conditions save that the monthly rental amount will escalate by 8% per annum.
- 3.4.1.4.3 The Bree Street Block property is a mixed use property comprising Global Bakeries, Cheryl Court, USave, Film Trust House, Bree City Mall and 320 Bree Street.
- Cheryl Court comprise 30 affordable residential units and ground floor retail and is let to individuals; and
- 320 Bree Street comprise 64 affordable residential units and is let to individuals.
- 3.4.1.4.4 The Highveld View complex comprises 450 residential units and is let to individuals.
- 3.4.1.4.5 Honey Park comprises 333 residential units of which approximately 190 units are occupied.
- 3.4.1.4.6 Jika 1 and Jika 2 consist of 88 mainly residential buildings with limited street level retail predominantly situated in inner city areas. The two portfolios comprise 2 367 residential units which are let to individuals.
- 3.4.1.4.7 The Germiston portfolio comprises 228 residential units with limited street level retail which are let to individuals.
- 3.4.1.4.8 Retail portfolio

	Based on GLA
A	8.1
B	13.2
C	78.7
Total	100

For the tenant profile table, the following key is applicable:

- A. Large international and national tenants, large listed tenants and government or smaller tenants in respect of which rental guarantees are issued. Examples of these include Shoprite and MTN.
- B. Smaller international and national tenants, smaller listed tenants, major franchisees and medium to large professional firms.
- C. Other local tenants and sole proprietors. These comprise approximately 129 tenants.

3.4.1.5 Lease expiry profile

Residential – normal

Approximately 85% of the residential units are let to individuals, generally on a month-to-month basis. Although considered as “un-contracted income” in the traditional sense, this is common practice in the residential letting environment. Tenants will enter into a lease agreement which will automatically renew until notice of termination, which is normally one month, is given by either party. The Consumer Protection Act (Act No. 68 of 2008), provides that residential tenants may give twenty business days notice irrespective of a long term lease. The tables below sets out the lease expiry profile by the total number of residential normal units and by unit type, respectively.

Residential – normal lease expiry*	Unit % of total	GR% of total
Vacant	2.9	–
Monthly	76.5	71.6
30 September 2015	15.4	20.2
30 September 2016	5.2	8.2
30 September 2017	–	–
After	–	–
Total	100	100

Residential – normal lease expiry by unit*	Rooms	Bachelor	One bedroom	Two Bedroom	Three bedroom	Other
Vacant	–	2.5	6.4	1.4	12.3	5.6
Monthly	98.8	94.2	92.6	56.1	87.7	94.4
30 September 2015	0.8	2.9	0.8	31.6	–	–
30 September 2016	0.4	0.4	0.2	10.9	–	–
30 September 2017	–	–	–	–	–	–
After	–	–	–	–	–	–
Total	100	100	100	100	100	100

*Based on existing leases at 31 March 2015.

Residential – student

The remaining 15% of the residential units are let to students through head leases with various universities. The expiry profile of these leases are shown in the following table:

Residential – student lease expiry*	Unit % of total	GR% of total
Vacant	60.4	–
Monthly	–	–
30 September 2015	–	–
30 September 2016	3.6	8.5
30 September 2017	36.0	91.5
After	–	–
Total	100	100

Residential – student lease expiry by unit type*	Two bedroom	Three bedroom
Vacant	76.6	–
Monthly	–	–
30 September 2015	–	–
30 September 2016	–	17.2
30 September 2017	23.4	82.8
After	–	–
Total	100	100

*Based on existing leases at 31 March 2015. Due to the cancellation of the lease agreement, further details of which are set out in paragraph 33, the 333 Honey Park residential units have been treated as vacant.

Retail portfolio

The retail portfolio comprises approximately 6% of Indluplace's rental income. The spaces are mostly inner city street level retail rented to small businesses and entrepreneurs. Although some longer leases have been entered into with more established businesses and franchises, 29% of GLA is let on a month-to-month basis similar to the residential practice. Street level retail space in busy areas are in demand in the inner city and experience has shown that vacated spaces are re-let very quickly.

Retail expiry*	GLA % of total	GR % of total
Vacant	2.0	-
Monthly	29.1	36.3
30 September 2015	7.3	9.2
30 September 2016	23.2	22.2
30 September 2017	11.5	11.3
30 September 2018	16.4	10.4
30 September 2019	10.5	8.1
After	-	2.5
Total	100	100

* Based on existing leases at 31 March 2015

3.4.1.6 Vacancy profile

188m² (2%) of retail space is currently vacant. As a result of the cancellation of the lease agreement, further details of which are set out in paragraphs 3.1.2 and paragraph 33, the 333 two bedroom residential units for the Honey Park portfolio are treated as vacant. Save for the aforementioned, there are no vacancies in the residential – student portfolios. The vacancy profile in the residential – normal portfolio by number of units is set out below.

Unit type	Number of vacant units	% of total
Rooms	0	-
Bachelors	18	19.8
One bedroom	39	42.8
Two bedroom	20	22.0
Three bedroom	13	14.3
Other	1	1.1
Portfolio vacancy	91	100

* Based on existing leases at 31 March 2015

3.4.1.7 Weighted average rental and escalations

3.4.1.7.1 Weighted average rental per month

Unit type	Residential – normal (R/unit)	Residential – student (R/unit)
Rooms	1 144	-
Bachelors	2 788	-
One Bedroom	3 563	-
Two Bedroom	5 153	5 886
Three bedroom	5 274	11 262

* Based on existing leases at 31 March 2015. Leases with lease holdings have been pro rata adjusted.

3.4.1.7.2 For the retail portfolio, the weighted average rental per month is R111/m². The weighted average escalation for the retail portfolio is 8.0%.

- 3.4.1.8 The average annualised property yield of the property portfolio, (based on the independent property valuations) for the 12 months ending 31 May 2016 is 9.5%. The average annualised property yield of the property excluding the Honey Park property portfolio is 10.7%.

3.5 Valuation reports

- 3.5.1 The properties in the property portfolio were valued by Theuns Behrens of Real Insight, who is an independent external registered professional valuer in terms of the Property Valuers Profession Act, No 47 of 2000.
- 3.5.2 Detailed valuation reports have been prepared in respect of each of the properties and are available for inspection in terms of paragraph 3.6. The summary of the valuation reports in respect of each of the properties comprising the property portfolio has been included in **Annexure 8**.

3.6 Material changes

Save for the acquisitions set out in **Annexure 10**, the change of name of the company, the cancellation of the Monash lease agreement, further details of which are set out in paragraph 33 below and the private placement contemplated in this prospectus:

- 3.6.1 there have been no other material changes in the financial or trading position of the group since Indluplace published its audited financial information for the period ended 30 September 2014; and
- 3.6.2 there have been no other changes in the business, controlling shareholder or trading objects of Indluplace since its incorporation.

3.7 Material commitments, lease payments and contingent liabilities

In terms of a guarantee signed by Indluplace and Bowwood and Main No. 104 Proprietary Limited (“**Bowwood**”) in or about December 2014 (the “**guarantee**”), Indluplace agreed to guarantee to Bowwood (a special purpose vehicle) the due performance by Arrowhead Properties of the present and future liabilities and obligations which Arrowhead Properties may have to Bowwood under the finance documents concluded between Arrowhead Properties and The Standard Bank of South Africa Limited up to a maximum amount of R550 000 000.

Save for the above, the company has no material commitments, lease payments or contingent liabilities.

3.8 Turnover, profit/loss and dividend history

As required in terms of Regulations 59(3)(g) and 79 of the Companies Act, particulars of the gross turnover, the profits or losses (before and after tax) and dividends paid by the group in the preceding period, being the year ended 30 September 2014, are contained in **Annexure 12**. The financial information presented in **Annexure 12** has been extracted from the audited financial statements of Indluplace for the period ended 30 September 2014.

4. SHARE CAPITAL OF THE COMPANY

- 4.1 The authorised and issued share capital of the company as at the last practical date were as follows:

	Number of shares	R'000
<i>Authorised share capital</i>		
Ordinary shares of no par value	3 000 000 000	–
<i>Issued share capital</i>		
Stated capital – ordinary shares of no par value	100	–

- 4.2 The authorised and issued share capital of the company after the share subscription by Arrowhead Properties as set out in note 10 of **Annexure 16** and immediately prior to the listing will be as follows:

	Number of shares	R'000
<i>Authorised share capital</i>		
Ordinary shares of no par value	3 000 000 000	–
<i>Issued share capital</i>		
Stated capital – ordinary shares of no par value	135 793 640	1 222 140

- 4.3 The authorised and issued share capital of the company after the private placement and the listing is expected to be as follows:

	Number of shares	R'000
<i>Authorised share capital</i>		
Ordinary shares of no par value	3 000 000 000	–
<i>Issued share capital</i>		
Stated capital – ordinary shares of no par value	175 793 640	1 611 418

The table above in paragraph 4.3 assumes that the private placement is fully subscribed.

- 4.4 **Annexure 9** contains the following salient information relating to the authorised and issued share capital:

- 4.4.1 authorisations;
- 4.4.2 alterations to share capital from the date of incorporation of the company;
- 4.4.3 issues and repurchases of shares from the date of incorporation of the company; and
- 4.4.4 statement as to listing on stock exchange.

- 4.5 **Annexure 6** contains provisions relating to distributions and winding up.

4.6 **Founders of Indluplace**

Indluplace was founded by Gerald Leissner, Imraan Suleman and Mark Kaplan. Details of their beneficial interest in Indluplace shares are set out in paragraph 3 of **Annexure 3**.

4.7 **Major and controlling shareholders**

- 4.7.1 Arrowhead Properties held 100% of the shares in Indluplace since its incorporation.
- 4.7.2 Set out below is the issued shares of Indluplace held by Arrowhead Properties after the share subscription by Arrowhead Properties as set out in note 10 of **Annexure 16** and immediately prior to listing.

Name of shareholder	Number of shares controlled	Percentage of issued shares
Arrowhead Properties	135 793 640	100%
Total	135 793 640	100%

- 4.7.3 Post the listing and the private placement, Arrowhead Properties is expected to hold 70% of the issued share capital of the company.
- 4.7.4 As at the last practical date Arrowhead Properties is the controlling shareholder and following implementation of the private placement and the listing, Arrowhead Properties will remain as Indluplace's controlling shareholder.

5. **OPTIONS AND PREFERENTIAL RIGHTS IN RESPECT OF SHARES**

- 5.1 The company is not party to any contract or arrangement (or proposed contract or arrangement), whereby an option or preferential right of any kind is (or is proposed to be) given to any person to subscribe for any shares in the company or any subsidiary of the company.
- 5.2 There are no preferential conversion and/or exchange rights in respect of any shares.

6. **COMMISSIONS PAID OR PAYABLE IN RESPECT OF UNDERWRITING**

- 6.1 There have been no commissions paid or payable in respect of underwriting by the company from the date of incorporation of the company to the date of this prospectus.
- 6.2 No other commissions, discounts or brokerages have been paid nor have any other special terms been granted in connection with the issue or sale of any shares in the share capital of the company, from the date of incorporation of the company to the date of this prospectus.
- 6.3 The group is not subject to any royalty agreements and no royalties are payable by the company.
- 6.4 Other than the property management agreements, further details of which are set out in paragraph 2.6, the group is not subject to any other management agreements.

7. MATERIAL CONTRACTS

- 7.1 Other than the service contract as set out in **Annexure 5**, neither the company nor its subsidiaries have entered into any contracts relating to the directors' and managerial remuneration, royalties, secretarial and technical fees and restraint payments.
- 7.2 Save for the service contract as set out in **Annexure 5**, and the material contracts as set out in **Annexure 10**, neither the company nor its subsidiaries have entered into any other material contract, being a contract entered into otherwise than in the ordinary course of business, from the date of incorporation of the company to the date of this prospectus or at any time containing an obligation or settlement that is material to the company at the date of this prospectus.

8. INTERESTS OF DIRECTORS AND PROMOTERS

Details of the directors' and promoters' interests in the company are set out in paragraph 4 of **Annexure 3** to this prospectus.

9. LOANS AND BORROWINGS

9.1 Material borrowings advanced to the group

- 9.1.1 The table below sets out the material borrowings advanced to the group as at the last practical date:

	R'000
Loan from Arrowhead Properties	R1 215 682
The loan is unsecured with no fixed terms of repayment. The loan bears interest at a rate equating to the distributable income of the company.	
Loan from Standard Bank of South Africa Limited	R395 736
The loan is secured over the Jika 2 property portfolio, Highveld View, Bree Street Block and the Germiston property portfolio with a total valuation of R940.82 million. The loan bears interest at prime less 2.05% per annum.	
Total	R1 611 418

As set out in note 10 of **Annexure 16**, immediately prior to the listing, Arrowhead Properties will subscribe for 135 793 540 Indluplace shares at a subscription price of R9.00 per share raising proceeds of R1 222.14 million. R1 215.68 million of the proceeds will be used to settle the loan owing to Arrowhead Properties and the balance of R6.45 million will be used to partially settle the loan from The Standard Bank of South Africa Limited.

- 9.1.2 Save as stated in the table above:

- 9.1.2.1 There have been no material borrowings advanced to the group as at the last practical date.
- 9.1.2.2 The company has no loan capital outstanding.
- 9.1.2.3 As at the last practicable date, the group has not entered into any other material inter-company financial or other transactions.
- 9.1.2.4 As at the last practical date, the group has not undertaken any off-balance sheet financing.

9.2 Material loans advanced by the group

- 9.2.1 No material loans were made by the Indluplace group as at the last practical date.
- 9.2.2 There are no interest and/or capital redemption payments in arrears.
- 9.2.3 Save as disclosed in paragraph 1.6 of **Annexure 3**, no loans have been made or security furnished by the group for the benefit of any director, manager or associate of any director or manager of the group.

10. SHARES ISSUED OR TO BE ISSUED OTHERWISE THAN FOR CASH

Save as disclosed in **Annexure 9**, no other shares were issued or agreed to be issued by the company or any of its subsidiaries from the date of incorporation of the company otherwise than for cash.

11. PROPERTIES, ASSETS AND BUSINESS UNDERTAKINGS ACQUIRED OR TO BE ACQUIRED

11.1 Other than as disclosed in **Annexure 11**, no other material immovable properties and/or fixed assets and/or business undertakings have been acquired by the group since incorporation or are in the process of being or are proposed to be acquired by the group (or which the group has an option to acquire).

11.2 Details relating to the vendors of material properties (“**acquisition properties**”) purchased by the group since its incorporation on 3 December 2013 or proposed to be purchased are set out in paragraph 29 and **Annexure 11**.

12. AMOUNTS PAID OR PAYABLE TO PROMOTERS

Details of the promoters’ interests in the company are set out in paragraph 4 of **Annexure 3** to this prospectus.

13. PRELIMINARY AND ISSUE EXPENSES

The preliminary and issue expenses (excluding VAT) relating to the private placement and the listing which have been incurred or that are expected to be incurred by the group are presented in the table below.

Expense	Recipient	R
Corporate advisory and sponsor fees	Java Capital	2 000 000
Transaction advisor and bookrunner fee	Java Capital	6 000 000
Independent reporting accountants’ fees	Grant Thornton	550 000
Independent property valuer’s fees	Real Insight	577 500
Competition Commission fees	Competition Commission	450 000
Competition advisor fees	Baker and Mckenzie	380 000
Legal and tax advisor fees	Cliffe Dekker Hofmeyr	250 000
Transfer secretarial fees	Computershare	10 000
JSE listing fees	JSE	110 400
JSE REIT status application fee	JSE	13 500
JSE REIT new listing documents fee	JSE	7 300
JSE documentation inspection fee	JSE	61 700
JSE fees for review of the MOI	JSE	7 200
JSE ruling fees	JSE	4 600
Strate fees	Strate	–
Press announcements, printing and marketing	Ince	250 000
Contingency costs	Other	50 000
Total		10 722 200

SECTION TWO – DETAILS OF THE PRIVATE PLACEMENT

14. PURPOSES OF THE PRIVATE PLACEMENT AND THE LISTING

- 14.1 The main purposes of the private placement and the listing are to:
- 14.1.1 provide investors, both institutional and private, with an opportunity to participate over the long term in the income streams and future capital growth of the company;
 - 14.1.2 enhance the liquidity and tradability of the shares;
 - 14.1.3 provide the company with a platform to raise equity funding to pursue growth and investment opportunities in the future; and
 - 14.1.4 enhance the public profile and general public awareness of Indluplace.
- 14.2 The main purposes of this prospectus are to:
- 14.2.1 provide investors with relevant information relating to the company and the proposed listing on the JSE;
 - 14.2.2 communicate the strategy and the objectives of Indluplace; and
 - 14.2.3 set out the salient details of the private placement and the procedure for participating therein.
- 14.3 The proceeds of the private placement will be used by Indluplace to:
- 14.3.1 partially settle interest-bearing borrowings; and
 - 14.3.2 settle the preliminary and issue expenses.

15. SALIENT DATES AND TIMES

	2015
Opening date of the private placement (09:00) on	Wednesday, 3 June
Closing date of the private placement (12:00) on	Wednesday, 10 June
Results of the private placement released on SENS on	Thursday, 11 June
Notification of allotments to successful invited investors on or from	Thursday, 11 June
Results of the private placement published in the press on	Friday, 12 June
Accounts at CSDP or broker updated and debited in respect of dematerialised shareholders on	Friday, 19 June
Listing of shares and the commencement of trading on the JSE (09:00) on	Friday, 19 June

The dates and times in this prospectus are subject to change and any changes will be communicated on SENS and in the press.

16. PARTICULARS OF THE PRIVATE PLACEMENT

16.1 Details of the private placement

- 16.1.1 Indluplace intends to raise up to approximately R400 million by way of an offer for subscription to invited investors for up to approximately 40 million private placement shares in the company at an issue price to be determined by demand and for which an indicative issue price of R10.00 per private placement share has been used in this prospectus.
- 16.1.2 The private placement shares issued in terms of this prospectus will be allotted subject to the provisions of the MOI and will rank *pari passu* in all respects including distributions, with all existing issued shares in the company.
- 16.1.3 There are no convertibility or redemption provisions relating to any shares.
- 16.1.4 The private placement shares will only be issued in dematerialised form. No certificated private placement shares will be issued.
- 16.1.5 No fractions of private placement shares will be offered in terms of the private placement.

16.2 Conditions to the listing

- 16.2.1 The listing is subject to the achievement of a spread of shareholders acceptable to the JSE, being a minimum of 20% of the issued share capital of the company being held by public shareholders to ensure reasonable liquidity.
- 16.2.2 If the condition precedent fails, the private placement and any acceptance thereof shall not be of any force or effect and no person shall have claim whatsoever against Indluplace or any other person as a result of the failure of any condition.

16.3 Procedures for acceptance

- 16.3.1 The private placement is open to invited investors only.
- 16.3.2 Invited investors are to provide Java Capital, the bookrunner, with their completed application forms by 12:00 on Wednesday, 10 June 2015. Invited investors will be informed of their allocated private placement shares, if any, on or from Thursday, 11 June 2015. Invited investors must make the necessary arrangements to enable their CSDP or broker, as the case may be, to make payment for the allocated private placement shares on settlement date. The allocated private placement shares will be transferred, on a 'delivery-versus-payment' basis, to successful applicants on the settlement date, which is expected to be Friday, 19 June 2015.
- 16.3.3 The following parties may not participate in the private placement:
 - 16.3.3.1 any person who may not lawfully participate in the private placement; and/or
 - 16.3.3.2 any investor who has not been invited to participate; and/or
 - 16.3.3.3 any person acting on behalf of a minor or deceased estate.
- 16.3.4 No applications will be accepted after 12:00 on Wednesday, 10 June 2015. The remainder of Wednesday, 10 June will be reserved for auditing the applications.
- 16.3.5 Applications submitted by invited investors are irrevocable and may not be withdrawn once received by Java Capital.
- 16.3.6 Application forms must be completed in accordance with the provisions of this prospectus and the instructions contained in the application form, which is attached to this prospectus.
- 16.3.7 Copies or reproductions of the application form will be accepted at the discretion of the directors of the company.
- 16.3.8 Any alterations on the application form must be authenticated by full signature.
- 16.3.9 Receipts will not be issued for applications, application monies or supporting documents received.
- 16.3.10 Each application will be regarded as a single application.
- 16.3.11 Other than as detailed in the application form, no documentary evidence of capacity to apply need accompany the application form, but the company reserves the right to call upon any applicant to submit such evidence for noting, which evidence will be held on file with the company or the transfer secretaries or returned to the applicant at the applicant's risk.
- 16.3.12 The directors of the company reserve the right to accept or refuse any applications, either in whole or in part, or to abate any or all applications (whether or not received timeously) in such manner as they may, in their sole and absolute discretion, determine.

16.4 Issue and allocation of private placement shares

- 16.4.1 All shares subscribed for in terms of this prospectus will be issued at the expense of Indluplace.
- 16.4.2 It is intended that notice of the allocations will be given on or from Thursday, 11 June 2015.
- 16.4.3 Successful applicants' accounts with their CSDP or broker will be credited with the allocated private placement shares on the settlement date being Friday, 19 June 2015, on a 'delivery-versus-payment' basis.

16.5 Payment and delivery of shares

- 16.5.1 No payment should be submitted with the application form delivered to the bookrunner, Java Capital. Applicants must make the necessary arrangements to enable their CSDP or broker to make payment for the allocated private placement shares on the settlement date, which is expected to be Friday, 19 June 2015, in accordance with each applicant's agreement with its CSDP or broker.
- 16.5.2 The allocated private placement shares will be transferred, on a 'delivery-versus-payment' basis, to successful applicants on the settlement date, which is expected to be Friday, 19 June 2015.
- 16.5.3 The applicant's CSDP or broker must commit to Strate to the receipt of the applicant's allocation of private placement shares against payment on Friday, 19 June 2015.
- 16.5.4 On the settlement date, the applicant's allocation of private placement shares will be credited to the applicant's CSDP or broker against payment during the Strate settlement runs, prior to the opening of the market.
- 16.5.5 The CSDP or broker concerned will receive and hold the dematerialised private placement shares on the applicants' behalf.
- 16.5.6 In the event that the listing does not proceed, the shares will not be issued to investors and no funds will be transferred to the company.

16.6 Representation

Any invited investor applying for or accepting the private placement shares in the private placement shall be deemed to have represented to Indluplace that such investor was in possession of a copy of this prospectus at that time. Any party applying for or accepting private placement shares on behalf of another investor shall be deemed to have represented to Indluplace that it is duly authorised to do so and warrants that it and the purchaser for whom it is acting as agent is duly authorised to do so in accordance with all relevant laws and such investor guarantees the payment of the issue price and that a copy of this prospectus was in the possession of such investor for whom it is acting as agent.

16.7 Applicable law

The private placement, applications, allocations and acceptances will be exclusively governed by the laws of South Africa and, by applying for shares, each invited investor will be deemed to have consented and submitted to the jurisdiction of the courts of South Africa in relation to all matters arising out of or in connection with the private placement.

16.8 Strate

- 16.8.1 Shares may be traded only on the JSE in electronic form (as dematerialised shares) and will be trading for electronic settlement in terms of Strate immediately following the listing.
- 16.8.2 Strate is a system of "paperless" transfer of securities. If you have any doubt as to the mechanics of Strate please consult your broker, CSDP or other appropriate adviser and you are referred to the Strate website (www.strate.co.za).
- 16.8.3 Some of the principal features of Strate are:
 - 16.8.3.1 electronic records of ownership replace certificates and physical delivery of certificates;
 - 16.8.3.2 trades executed on the JSE must be settled within five business days;
 - 16.8.3.3 all investors owning dematerialised shares or wishing to trade their securities on the JSE are required to appoint either a broker or a CSDP to act on their behalf and to handle their settlement requirements; and
 - 16.8.3.4 unless investors owning dematerialised shares specifically request their CSDP to register them as an "own name" holder (which entails a fee), their respective CSDP's or broker's nominee company holding shares on their behalf, will be the holder (member) of the relevant company and not the investor. Subject to the agreement between the investor and the CSDP or broker (or the CSDP's or broker's nominee company), generally in terms of the rules of Strate, the investor is entitled to instruct the CSDP or broker (or the CSDP's or broker's nominee company), as to how it wishes to exercise the rights attaching to the shares and/or to attend and vote at shareholder meetings.

16.9 **Pre-commitments**

As at the last practicable date, there are no pre-commitments.

16.10 **Over subscription**

16.10.1 There is no maximum number of shares that can be subscribed for and/or purchased in terms of the private placement per applicant.

16.10.2 In the event of an over-subscription, the board shall, in its sole discretion, determine an appropriate allocation mechanism, such that the private placement shares will be allocated on an equitable basis, as far as reasonably possible, taking into account the spread requirements of the JSE, the liquidity of the shares and considering the potential shareholder base that the board wishes to achieve and whether or not the board considers it appropriate to grant preferential allocation to any applicant or group of applicants.

16.10.3 Depending upon the level of demand, invited investors may receive no private placement shares or fewer than the number of private placement shares applied for. Any dealing in shares prior to delivery of the private placement shares is entirely at the invited investor's own risk.

16.11 **Simultaneous issues**

No shares of the same class are issued or to be issued simultaneously or almost simultaneously with the issue of shares for which application is being made.

16.12 **Underwriting**

The private placement will not be underwritten.

16.13 **Previous issues of securities for cash**

16.13.1 Save as disclosed in paragraph 3.1 of **Annexure 9**, the company did not issue any securities for cash during the period from incorporation to the date of the prospectus.

16.13.2 The company did not issue any securities at a premium from the date of incorporation of the company to the date of the prospectus.

17. **MINIMUM SUBSCRIPTION**

The listing is not conditional on raising a minimum amount in terms of the private placement, but is subject to the company having satisfied the Listings Requirements regarding the spread of public shareholders. In the event that the private placement raises less than the maximum amount that could be raised in terms of the private placement, the balance required by the company to partially settle interest bearing borrowings and the preliminary and issue expenses will be funded out of facilities available to it.

SECTION THREE – FINANCIAL INFORMATION

18. ADEQUACY OF CAPITAL

18.1 The directors of the company are of the opinion that the issued capital of the group is adequate for the purposes of the business of the group, for at least the next 12 months from the date of issue of this prospectus.

18.2 The directors are of the opinion that the working capital available to the Indluplace group is sufficient for the group's present requirements, that is, for at least the next 12 months from the date of issue of this prospectus.

19. REPORT BY DIRECTORS AS TO MATERIAL CHANGES

Save for the acquisitions as set out in **Annexure 11** and the private placement contemplated in this prospectus, there have been no other material changes in the assets or liabilities of the group between the financial year ended 30 September 2014, being the latest reported period, and the date of this prospectus.

20. STATEMENT AS TO LISTING ON STOCK EXCHANGE

Subject to the achievement of a spread of public shareholders acceptable to the JSE, being a minimum of 20% of the issued share capital of the company being held by public shareholders to ensure reasonable liquidity, the JSE has granted Indluplace approval for the listing, in terms of section 13 of the Listings Requirements, of up to approximately 175 793 640 shares in the "Residential REITs" sector of the JSE, in terms of the FTSE classification, under the abbreviated names: "Indlu", JSE share code: "ILU" and ISIN: ZAE000201125. It is anticipated that the listing will be effective as from the commencement of trade of the JSE on Friday, 19 June 2015. Indluplace is the first Residential REIT to be listed on the JSE.

21. REPORT BY AUDITOR OF THE INDLUPPLACE GROUP

In terms of Regulation 79 of the Companies Act, the auditor is required to prepare a report on the profits and losses, dividends and assets and liabilities of Indluplace and the Indluplace group for the preceding three financial years. As Indluplace was incorporated on 3 December 2013, it does not have financial information for the preceding three financial years. Accordingly, the financial information for the Indluplace group presented in **Annexure 12** is for the period from incorporation to 30 September 2014. **Annexure 13** of this prospectus sets out the auditor's report in respect of the financial information.

22. FORECAST STATEMENTS OF COMPREHENSIVE INCOME

22.1 The forecast statements of comprehensive income of the Indluplace group ("**forecasts**") for the years ending 30 September 2015 and 30 September 2016 are presented in **Annexure 14**.

22.2 The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors. The forecasts must be read in conjunction with the independent reporting accountants' assurance report on the forecasts which is presented in **Annexure 15**.

22.3 The forecasts have been prepared in compliance with IFRS and in accordance with the group's accounting policies as set out in **Annexure 19**.

23. CONSOLIDATED *PRO FORMA* STATEMENT OF FINANCIAL POSITION

23.1 The consolidated *pro forma* statement of financial position of the Indluplace group as at 30 September 2014 is presented in **Annexure 16**.

23.2 The consolidated *pro forma* statement of financial position, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors. The independent reporting accountants' assurance report on the consolidated *pro forma* statement of financial position of the group is presented in **Annexure 17**.

23.3 The independent reporting accountants' review conclusion on the value and existence of the assets and liabilities acquired by the group is set out in **Annexure 18**.

24. HISTORICAL FINANCIAL INFORMATION

- 24.1 The audited historical financial information for Indluplace for the period from incorporation to 30 September 2014 is presented in **Annexure 19**.
- 24.2 The auditors' report in terms of Regulation 79 of the Companies Regulations is presented in **Annexure 13**.
- 24.3 The compilation, contents and presentation of all the historical financial information is the responsibility of the directors. The independent reporting accountant's report on the historical financial information of Indluplace is presented in **Annexure 20**.

25. DIVIDEND AND DISTRIBUTIONS

- 25.1 No dividends have been declared by the company or any of its subsidiaries to date.
- 25.2 The company's first distribution period after the listing will be for the period from the listing date to 30 June 2015. Thereafter, the company intends making quarterly dividend distributions, which are expected to be declared for the periods ended 31 March, 30 June, 30 September and 31 December.
- 25.3 Any dividend distributions remaining unclaimed for a period of three years from the declaration date thereof may be forfeited by resolution of the directors for the benefit of the group.
- 25.4 There are no arrangements in terms of which future dividends and distributions are waived or agreed to be waived.

SECTION FOUR – ADDITIONAL MATERIAL INFORMATION

26. RELATIONSHIP INFORMATION

- 26.1 Other than the directors' interests in transactions, details of which are set out in paragraph 3.2 of **Annexure 3**, the directors of Indluplace, the directors of its subsidiaries and the promoters, did not have any beneficial interests, direct or indirect, in relation to any property held or property to be acquired by the group nor are they contracted to become a tenant of any part of the property of the group.
- 26.2 Other than in respect of the directors' interests in entities, details of which are set out in paragraph 3.2 of **Annexure 3**, there is no relationship between any parties mentioned in paragraph 2 of the prospectus and another person that may conflict with a duty to the group.
- 26.3 Neither the property managers, nor its directors have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties in the property portfolio.
- 26.4 Save as disclosed in respect of the acquisitions set out in **Annexure 11**, the vendors did not have any beneficial interest, direct or indirect, in any securities or participatory interests to be issued by the company in order to finance the acquisition of any properties.
- 26.5 Other than the directors' interests in transactions, details of which are set out in paragraph 3.2 of **Annexure 3**, the directors of Indluplace, the directors of its subsidiaries and the promoters did not have any material beneficial interest in the acquisition or disposal of any properties of the company since incorporation to the date of the valuation of such properties being 31 December 2014.

27. CONSIDERATIONS RELATING TO INDLUPPLACE BEING APPROVED AS A REIT

- 27.1 The JSE has granted Indluplace a listing of all its issued ordinary shares in the "Residential REIT's" sector on the Main Board of the JSE lists, in terms of the "FTSE classification".
- 27.2 With effect from 1 April 2013 a unified system was created for taxing REITs.
- 27.3 The new legislation has been drafted in line with international norms on the basis that the objective of a REIT is to provide investors with a steady rental stream whilst also providing capital growth that flows from the investment in the underlying property.
- 27.4 In order to qualify as a REIT for tax purposes, the entity must be a South African tax resident and its securities must be listed on the JSE as securities in a REIT.
- 27.5 A REIT is entitled to claim a deduction in respect of all qualifying distributions made by it either in the form of dividends or as interest on the debenture portion of a linked unit. The deduction does not apply to any dividends in the form of share buybacks. In order to become a REIT a qualifying distribution of at least 75% of the gross income received by or accrued to a REIT must consist of rental income. The concept of rental income is not only defined with reference to amounts received or accrued in respect of the use of immovable property such as rental, but also:
- 27.5.1 a penalty or interest in respect of the late payment of rentals;
 - 27.5.2 a dividend from a company that is a REIT at the time of the distribution of the dividend;
 - 27.5.3 a qualifying distribution from a controlled company; or
 - 27.5.4 a dividend from a property company.
- 27.6 By being able to claim a deduction in respect of these qualifying distributions, the tax liability of a REIT is expected to be minimal.
- 27.7 The consequence of being able to claim a deduction in respect of qualifying distributions is that the dividends distributed by a REIT to resident shareholders will be subject to normal tax and will not be exempt. No additional dividends withholding tax will be deducted in respect of these distributions which are subject to income tax. With effect from 1 January 2014, dividends that are distributed by a REIT to foreign shareholders are subject to dividends withholding tax.

- 27.8 The tax dispensation that applies to REITs also applies to so-called controlled companies. A controlled company is a company that is a subsidiary of a REIT as defined in terms of IFRS. In other words, the requirement is to be determined from an IFRS perspective and not from a company law perspective. For instance, a company can be a subsidiary of a trust in certain circumstances. The effect is that a controlled company can make deductible distributions to the REIT for so long as the 75% rental test is satisfied.
- 27.9 A second category of companies that is relevant for a REIT is that of a property company. This is a company in which 20% or more of the equity share or linked units are held by a REIT or a controlled company and of which at the end of such previous year of assessment 80% or more of the value of the assets, as reflected in the annual financial statements of such property company for the previous year of assessment is, directly or indirectly, attributable to immovable property. Even though this type of entity is not entitled to deduct distributions, the distributions so received by a REIT from a property company will qualify as rental income if the property company has made distributions in circumstances where it satisfies the 75% rental test.
- 27.10 Pursuant to being classified as a REIT for tax purposes, capital gains or losses that arise in respect of the disposal by a REIT or a controlled company of the following assets are to be ignored for capital gains tax purposes:
- 27.10.1 immovable property;
 - 27.10.2 a share or a linked unit in a company that is a REIT at the time of the disposal; or
 - 27.10.3 a share or a linked unit in a company that is a property company at the time of the disposal.
- 27.11 It is important to note that speculative transactions are still taxable.
- 27.12 The aggregate amount of the deductions that can be claimed by a REIT in respect of a qualifying distribution may not exceed the taxable income for that year of assessment of that REIT or the relevant controlled company, before taking into account:
- 27.12.1 any deduction of an amount as envisaged in section 25BB of the Companies Act;
 - 27.12.2 any assessed loss brought forward in terms of section 20 of the Companies Act; and
 - 27.12.3 the amount of taxable capital gain included in taxable income in terms of section 26A of the Companies Act.
- 27.13 Any amount received by or accrued to a REIT or a controlled company in respect of a financial instrument must now be included in the income of the relevant company, whether or not the financial instrument may have been held on capital account. However, this deeming provision does not apply to the disposal of a share or a linked unit in a company that is a REIT, a controlled company, or a property company on the date of disposal.
- 27.14 Both the acquisition and disposal of shares in a REIT are exempt from the payment of securities transfer tax.

28. **PROPERTIES, ASSETS AND BUSINESS UNDERTAKINGS DISPOSED OF OR TO BE DISPOSED OF**

No material immovable properties and/or fixed assets and/or business undertakings have been disposed of since the date of incorporation of the company to the last practical date or are intended to be disposed of within six months of listing on the JSE.

29. **VENDORS**

- 29.1 Details relating to the vendors of material properties (“**acquisition properties**”) purchased by the group since the date of incorporation of the company or proposed to be purchased are set out in **Annexure 11**.
- 29.2 The vendors of the acquisition properties have not guaranteed the book debts of the letting enterprises acquired or to be acquired by the group. The agreements entered into governing the acquisition of the acquisition properties contain warranties which are usual for transactions of this nature.
- 29.3 The agreements entered into between the company and each of the vendors of the acquisition properties do not preclude the vendors of the acquisition properties from carrying on business in competition with the company nor do the agreements impose any other restrictions on the vendors of the acquisition properties and therefore no payment in cash or otherwise has been made in this regard.
- 29.4 There are no liabilities for accrued taxation that will be settled in terms of agreements with vendors of the acquisition properties.
- 29.5 Save as disclosed in respect of the acquisitions set out in **Annexure 10**, Indluplace has not purchased any securities in any company.

- 29.6 Other than the directors' interests in transactions, details of which are set out in paragraph 3.2 of **Annexure 3**, no promoter or director (or any partnership, syndicate or other association in which a promoter or director had an interest) had any beneficial interest, direct or indirect in any transaction relating to any of the assets detailed in **Annexure 11**.
- 29.7 No cash or securities have been paid or any benefit given since the date of incorporation of the company to the date of this prospectus or is proposed to be paid or given to any promoter (not being a director).
- 29.8 Other than those acquisitions referred to in **Annexure 11**, all of the assets acquired have been transferred into the name of the group. The assets referred to in **Annexure 11** have not been ceded or pledged to any party.

30. **GOVERNMENT PROTECTION AND INVESTMENT ENCOURAGEMENT LAW**

There is no government protection or any investment encouragement law pertaining to any of the businesses operated by the group.

31. **EXCHANGE CONTROL REGULATIONS**

The following summary is intended as a guide and is, therefore, not comprehensive. If you are in any doubt hereto, please consult your professional advisor.

31.1 **Emigrants from the common monetary area**

- 31.1.1 A former resident of the common monetary area who has emigrated from South Africa may use blocked Rands to purchase shares in terms of the private placement.
- 31.1.2 All payments in respect of subscriptions for placement shares by emigrants using blocked Rands must be made through an authorised dealer in foreign exchange.
- 31.1.3 Statements issued to dematerialised shareholders will be restrictively endorsed as "NON-RESIDENT".
- 31.1.4 If applicable, refund monies in respect of unsuccessful applications, emanating from blocked Rand accounts, will be returned to the authorised dealer administering such blocked Rand accounts for the credit of such applicant's blocked Rand account.
- 31.1.5 No residents of the common monetary area may, either directly or indirectly, be permitted to receive an allocation as employees of any offshore subsidiaries.

31.2 **Applicants resident outside the common monetary area**

- 31.2.1 A person who is not resident in the common monetary area should obtain advice as to whether any government and/or legal consent is required and/or whether any other formality must be observed to enable an application to be made in terms of the private placement.
- 31.2.2 This prospectus is accordingly not a placement in any area or jurisdiction in which it is illegal to make such a placement. In such circumstances this prospectus is provided for information purposes only. Statements issued to dematerialised shareholders will be restrictively endorsed as "NON-RESIDENT".

32. **CORPORATE GOVERNANCE**

The board has outlined the corporate governance statement set out in **Annexure 21**.

33. **LITIGATION STATEMENT**

Pursuant to Indluplace's acquisition of Honey Park, The Standard Bank of South Africa ceded and assigned all of its rights and obligations in terms of its lease agreement with Monash to Indluplace (the "**Monash lease agreement**"). In April 2015 Monash withheld the payment of rental and wrongfully claimed an entitlement to remission of past rentals. This conduct amounted to a repudiation of the Monash lease agreement which was accepted by Indluplace. The Monash lease agreement was consequently cancelled by Indluplace. Monash is disputing the cancellation and Indluplace has commenced proceedings in the High Court in order to resolve the dispute. The effect of the cancellation of the Monash lease agreement on the group's financial position is set out in notes and assumptions in **Annexure 14**.

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

34. DIRECTORS' RESPONSIBILITY STATEMENT

The directors, whose names are given in paragraph 2.2.1 of this prospectus, collectively and individually, accept full responsibility for the accuracy of the information given herein and certify that, to the best of their knowledge and belief, no facts 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 this prospectus contains all information required by law and the Listings Requirements.

35. CONSENTS

Each of the corporate advisor and bookrunner, sponsor, independent reporting accountants and auditors, the attorneys, independent property valuer, transfer secretaries, bankers and company secretary have consented in writing to act in the capacities stated and to their names appearing in this prospectus and have not withdrawn their consent prior to the publication of this prospectus.

The independent reporting accountants and the independent property valuer have consented to the inclusion of their reports in the form and context in which they are included in the prospectus, which consents have not been withdrawn prior to the publication of this prospectus.

36. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the company's registered office and from the company's JSE sponsor during business hours from date of issue of the prospectus up to and including Friday, 19 June 2015:

- 36.1 the signed prospectus;
- 36.2 the MOI of Indluplace and its subsidiaries;
- 36.3 the guarantee referred to in paragraph 3.7 above;
- 36.4 the material contracts referred to in **Annexure 10**;
- 36.5 the property management agreements;
- 36.6 the summary valuation report prepared by the independent property valuer as set out in **Annexure 8**;
- 36.7 the detailed valuation reports prepared by the independent property valuer;
- 36.8 the service contract as set out in **Annexure 5**;
- 36.9 the letters of consent referred to in paragraph 35 above;
- 36.10 the signed reports by the independent reporting accountants and auditors, the facts of which are set out in **Annexure 13, Annexure 15, Annexure 17, Annexure 18 and Annexure 20**;
- 36.11 the audited financial statements of the Indluplace group for the period from incorporation to 30 September 2014 and the auditors' report thereto;
- 36.12 audited statement of financial position of Jika at 31 December 2014 and the auditor's report thereto;
- 36.13 the Indluplace share purchase and option scheme;
- 36.14 the roadshow presentation;
- 36.15 the written resolutions of the company; and
- 36.16 the relevant power of attorney documents from each director authorising the signing of the prospectus by Gerald George Leo Leissner.

Signed in Johannesburg by Gerald George Leo Leissner on his behalf and on behalf of all of the directors of the company on 22 May 2015 in terms of powers of attorney granted by them.

Gerald George Leo Leissner

For: Mark Jonathan Kaplan, a director, herein represented by Gerald George Leo Leissner under and in terms of a power of attorney executed on 15 May 2015

For: Imraan Ebrahim Suleman, a director, herein represented by Gerald George Leo Leissner under and in terms of a power of attorney executed on 14 May 2015

For: Petrus Carel De Wit, a director, herein represented by Gerald George Leo Leissner under and in terms of a power of attorney executed on 14 May 2015

For: Taffy Adler, a director, herein represented by Gerald George Leo Leissner under and in terms of a power of attorney executed on 15 May 2015

For: Selwyn Noik, a director, herein represented by Gerald George Leo Leissner under and in terms of a power of attorney executed on 15 May 2015

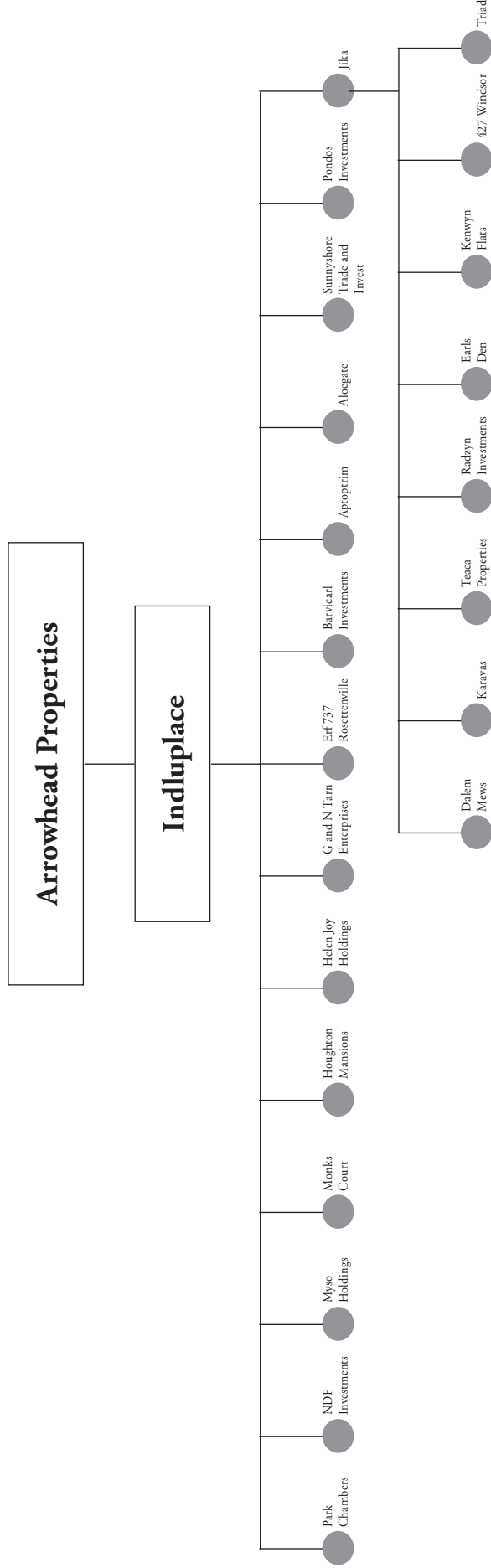
For: Gregory Stephen Kinross, a director, herein represented by Gerald George Leo Leissner under and in terms of a power of attorney executed on 15 March 2015

For: Clifford Lawrence Abrams, a director, herein represented by Gerald George Leo Leissner under and in terms of a power of attorney executed on 14 March 2015

For: Ayesha Rehman, a director, herein represented by Gerald George Leo Leissner under and in terms of a power of attorney executed on 21 March 2015

GROUP STRUCTURE

Save as otherwise indicated all companies are private companies incorporated in South Africa.



DETAILS OF SUBSIDIARIES

The following table contains a list, as at the date of this prospectus, of the subsidiaries of the company.

	Subsidiary	Date and place of incorporation and registration number	Date became subsidiary	Nature of business	Issued share capital (R)	Effective holding by Indluplace (%)
1	Karavas Proprietary Limited	Registered in Pretoria (Registration number 2012/178347/07)	1 April 2015	Property investments deriving rental revenue	100 ordinary shares	100
2	Teaca Properties Proprietary Limited	Registered in Pretoria (Registration number 2006/009429/07)	1 April 2015	Property investments deriving rental revenue	100 ordinary shares	100
3	Radzyn Investments Shareblock Proprietary Limited	Registered in Pretoria (Registration number 1954/001986/07)	1 April 2015	Property investments deriving rental revenue	1 000 ordinary shares	100
4	Earls Den Proprietary Limited	Registered in Pretoria (Registration number 2015/082427/07)	1 April 2015	Property investments deriving rental revenue	1 000 ordinary shares	100
5	Kenwyn Flats Proprietary Limited	Registered in Pretoria (Registration number 1997/020093/07)	1 April 2015	Property investments deriving rental revenue	1 000 ordinary shares	100
6	Erf 427 Windsor Proprietary Limited	Registered in Pretoria (Registration number 1995/002627/07)	1 April 2015	Property investments deriving rental revenue	1 000 ordinary shares	100
7	Triaid Proprietary Limited	Registered in Pretoria (Registration number 2014/051141/07)	1 April 2015	Property investments deriving rental revenue	1 000 ordinary shares	100
8	Dalem Mews Proprietary Limited	Registered in Pretoria (Registration number 2015/081394/07)	1 April 2015	Property investment deriving rental revenue	1 000 ordinary shares	100
9	Myso Holdings Proprietary Limited	Registered in Pretoria (Registration number 1969/001980/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100

Subsidiary	Date and place of incorporation and registration number	Date became subsidiary	Nature of business	Issued share capital (R)	Effective holding by Indluplace (%)
10 Aloegate Proprietary Limited	Registered in Pretoria (Registration number 2009/004981/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100
11 Aptotrim Proprietary Limited	Registered in Pretoria (Registration number 2010/008486/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100
12 Barvicarl Investments Proprietary Limited	Registered in Pretoria (Registration number 1954/002947/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100
13 Helen Joy Holdings Proprietary Limited	Registered in Pretoria (Registration number 1969/015071/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100
14 Houghton Mansions Proprietary Limited	Registered in Pretoria (Registration number 1927/000438/07)	1 April 2014	Property investment deriving rental revenue	5 000 ordinary shares	100
15 Monks Court Proprietary Limited	Registered in Pretoria (Registration number 2008/029294/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100
16 NDF Investment and Trading Proprietary Limited	Registered in Pretoria (Registration number 2012/162772/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100
17 Park Chambers Share Block Proprietary Limited	Registered in Pretoria (Registration number 1965/005131/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100
18 Podos Investments Proprietary Limited	Registered in Pretoria (Registration number 2014/012598/07)	1 April 2014	Property investment deriving rental revenue	1 000 ordinary shares	100
19 Sunnysore Trade and Invest 103 Proprietary Limited	Registered in Pretoria (Registration number 2007/014839/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100

Subsidiary	Date and place of incorporation and registration number	Date became subsidiary	Nature of business	Issued share capital (R)	Effective holding by Indluplace (%)
20 Erf 737 Rosettenville Proprietary Limited	Registered in Pretoria (Registration number 2013/186454/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100
21 G and N Tarn Enterprises Proprietary Limited	Registered in Pretoria (Registration number 1969/015283/07)	1 April 2014	Property investment deriving rental revenue	100 ordinary shares	100
22 Jika Properties Proprietary Limited	Registered in Pretoria (Registration number 2005/035424/07)	1 April 2015	Property investment deriving rental revenue	211 921 ordinary shares	100

All subsidiaries are incorporated in South Africa and are not listed on any stock exchange.

The amounts owing by/to subsidiaries are unsecured and bear interest at rates agreed from time to time and the terms of the repayment have not been determined. The directors do not intend to demand payment within 12 months.

As at the last practicable date, there are no inter-company loans owing to or by Indluplace.

INFORMATION ON THE DIRECTORS, MANAGEMENT, MATERIAL THIRD PARTIES AND THE PROPERTY MANAGERS

1. **DIRECTORS' EMOLUMENTS**

- 1.1 None of the executive directors received a salary for the period from incorporation to 30 September 2014.
- 1.2 There were no non-executive directors appointed for the period from incorporation to 30 September 2014.
- 1.3 The emoluments of the directors anticipated to be paid for the period from the listing date to 30 September 2015 are set out in the table below:

Director	Basic salaries R	Directors' fees R	Bonuses and other performance payments R	Total R
<i>Executive directors</i>				
IE Suleman	175 000	–	–	175 000
GG Leissner	175 000	–	–	175 000
MJ Kaplan	175 000	–	–	175 000
PC de Wit	582 000	–	–	582 000
Total	1 107 000	–	–	1 107 000
<i>Non-executive directors</i>				
TM Adler*	–	105 000	–	360 000
S Noik*	–	82 250	–	282 000
GS Kinross*	–	95 000	–	326 000
A Rehman#	–	66 730	–	228 000
CL Abrams#	–	24 630	–	272 800
Total	1 107 000	373 610	–	1 480 610

* Appointed with effect from 25 February 2015.

Appointed with effect from 18 March 2015.

- 1.4 Save for the tables above, the directors of the company did not receive any emoluments in the form of:
- 1.4.1 fees for services as a director;
- 1.4.2 management, consulting, technical or other fees paid for such services rendered, directly or indirectly, including payments to management companies, a part of which is then paid to a director of the company;
- 1.4.3 basic salaries;
- 1.4.4 bonuses and performance-related payments;
- 1.4.5 sums paid by way of expense allowance;
- 1.4.6 any other material benefits received;
- 1.4.7 contributions paid under any pension scheme; or
- 1.4.8 any commission, gain or profit-sharing arrangements.
- 1.5 Save as detailed in paragraph 3.1.2 below, no share options or any other right has been given to a director of the company in respect of providing a right to subscribe for shares in the company.

- 1.6 Indluplace has established a share purchase and option scheme which was approved by the JSE on 25 March 2015, the extracts of which are set out in **Annexure 22**. No shares have been issued and allotted in terms of the Indluplace share purchase and option scheme to any of the employees. However, the directors have resolved that the executive directors will be offered shares and granted credit in terms of the Indluplace share purchase and option scheme, post the private placement and listing, further details of which are set out in paragraph 3.1.2 below.
- 1.7 IE Suleman, GG Leissner and MJ Kaplan, who are directors of the holding company, Arrowhead Properties, have not signed service contracts with Indluplace. Arrowhead Properties will charge Indluplace a fee of R1 800 000 per annum, which fee will be utilised by Arrowhead Properties to remunerate IE Suleman, GG Leissner and MJ Kaplan for their services to Indluplace. Save for the aforementioned, the remainder of the directors of Indluplace will be remunerated by Indluplace. The directors did not receive any remuneration or benefit in any form from any subsidiary, joint venture or other third party management or advisory company.
- 1.8 Save as disclosed in paragraph 1.7 above, the company has not paid any other fees or incurred any fees that are payable to a third party *in lieu* of directors' fees.
- 1.9 The remuneration received by any of the directors will not be varied as a consequence of any transactions.
- 1.10 Other than as detailed in paragraph 2.6 of this prospectus, the business of the group, or any part thereof, is not managed or proposed to be managed by any third party under contract or arrangement.

2. BORROWING POWERS

- 2.1 The borrowing powers of the group exercisable by the directors are unlimited. The borrowing powers of the group may not be varied unless a special resolution has been passed by shareholders with the support of 75% of voting rights exercised.
- 2.2 The borrowing powers have not been exceeded since the date of incorporation of the company to the date of the prospectus. There is no exchange control or other restrictions on the borrowing powers of the group. Further information related to the borrowing powers of directors are set out in **Annexure 6**.

3. DIRECTORS' INTERESTS

3.1 Directors' interests in Indluplace shares

- 3.1.1 Save in relation to their holdings in Arrowhead Properties A linked units and Arrowhead Properties B linked units set out in paragraph 3.2.2 below, none of the directors of the company and major subsidiaries are directly or indirectly beneficially interested in Indluplace shares in issue at the last practicable date.
- 3.1.2 Set out below are the names of directors of the company and major subsidiaries that, directly or indirectly, will be beneficially interested in Indluplace shares in issue post the private placement and listing.

Directors	Beneficially held		Total	%
	Directly	Indirectly*		
IE Suleman	–	5 273 809	5 273 809	3%
GG Leissner	–	5 273 809	5 273 809	3%
MJ Kaplan	–	5 273 809	5 273 809	3 %
PC de Wit	–	1 757 936	1 757 936	1 %
Total	–	17 579 363	17 579 363	10%

* As at the last practicable date, no shares have been issued to the executive directors. As detailed in paragraph 1.6 above, the executive directors will be offered shares in the numbers indicated above and granted credit in terms of the Indluplace share purchase and option scheme, post the private placement and listing. The executive directors are expected to accept the offers and all holdings will be indirectly held by the executive directors.

3.2 Directors' interests in transactions

3.2.1 Save in relation to their holdings in Indluplace shares as detailed in paragraph 3.1.2 above and their holdings in Arrowhead Properties A linked units and B linked units set out in paragraph 3.2.2 below, none of the directors have or have had a material beneficial interest, direct or indirect, in transactions that were effected by the entities listed in the table below during the current or immediately preceding financial year or during any earlier financial year and which remain in any respect outstanding or unperformed.

3.2.2 Set out below are the Indluplace directors direct and indirect beneficial interests in Arrowhead Properties A linked units and Arrowhead Properties B linked units as at the last practicable date.

Directors' (indirect holdings) – A linked units	Indirect beneficial	% held
GG Leissner (2B Mervyn Road)	6 225 947	1.48
GG Leissner (S Leissner)	47 104	0.01
Total	6 273 051	1.49

Directors' (direct holdings) – A linked units	Direct beneficial	% held
MJ Kaplan	5 205 210	1.23
GG Leissner	–	–
IE Suleman	5 451 036	1.29
C de Wit	196 912	0.04
Total	10 853 158	2.56

Directors' (indirect holdings) – B linked units	Indirect beneficial	% held
GG Leissner (2B Mervyn Road)	6 225 947	1.48
S Leissner	1 104	0.00
Total	6 227 051	1.48

Directors' (direct holdings) – B linked units	Direct beneficial	% held
MJ Kaplan	5 790 914	1.37
IE Suleman	5 451 036	1.29
PC de Wit	196 912	0.04
S Noik	70 000	0.01
Total	11 508 862	2.71

4. INTERESTS OF DIRECTORS AND PROMOTERS

4.1 No amount has been paid, or is accrued as payable, since the date of incorporation of the company to the date of the prospectus, or is proposed to be paid to any promoter or to any partnership, syndicate or other association of which such promoter is or was a member and no other benefit has been given or is proposed to be given to such promoter, partnership, syndicate or other association within the said period.

4.2 Other than the directors' interests in transactions through their holdings in Arrowhead Properties, details of which are set out in paragraph 3.2 above and as disclosed in **Annexure 10**, neither the directors nor the promoters of the company have received any material beneficial interest, direct or indirect, in the promotion of the company and its properties since the date of incorporation of the company to the date of the prospectus. This includes a partnership, company, syndicate or other association.

4.3 No amount has been paid, or has been agreed to be paid, since the date of incorporation of the company to the date of this prospectus, to any director of the company or to any company in which such director is beneficially interested, directly or indirectly, or of which he is a director ("**the associate company**") or to any partnership, syndicate or other association of which he is a member ("**the associate entity**"), in cash, securities or otherwise, by any person, either to induce him to become, or to qualify him as a director or otherwise for services rendered by him or by the associate company or the associate entity in connection with the promotion or formation of the group.

5. DIRECTORS' DECLARATIONS

- 5.1 Gerald Leissner is the chairman and a non-executive director of Stenprop Limited, which has a secondary listing on the Alternative Exchange of the JSE.
- 5.2 None of the directors have:
- 5.2.1 been a director of a company that has been put into liquidation or been placed under business rescue proceedings or had notices delivered in terms of section 129(7) of the Companies Act or entered into receiverships, compulsory liquidation, creditors' voluntary liquidations, administrations, company voluntary arrangements or any compromise or arrangement with creditors generally or any class of creditors of a company or had an administrator or other executor appointed during the period when he was (or within the preceding 12 months had been) one of its directors, or alternate directors or equivalent position;
 - 5.2.2 either themselves or any company of which he was a director or an alternate director or officer at the time of the offence, been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;
 - 5.2.3 been removed from an office of trust, on grounds of misconduct, involving dishonesty;
 - 5.2.4 been disqualified by a court from acting as a director of the company, or from acting in management or conduct of the affairs of any company;
 - 5.2.5 been convicted of an offence resulting from dishonesty, fraud, theft, perjury, misrepresentation or embezzlement;
 - 5.2.6 been adjudged bankrupt or sequestered in any jurisdiction;
 - 5.2.7 been a party to a scheme of arrangement or made any other form of compromise with his creditors;
 - 5.2.8 been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities;
 - 5.2.9 had any court grant an order declaring him to be a delinquent or placed such director under probation in terms of section 162 of the Companies Act and/or 47 of the Close Corporations Act, 1984 (Act No. 69 of 1984) of South Africa;
 - 5.2.10 been barred from entry into any profession or occupation;
 - 5.2.11 been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act;
 - 5.2.12 has received any official public criticisms by any statutory or regulatory authorities (including recognised professional bodies);
 - 5.2.13 entered into any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person is or was a partner at the time of or within the 12 months preceding such event;
 - 5.2.14 entered into receiverships of any asset(s) of such person or of a partnership of which the person is or was a partner at the time of, or within the 12 months preceding, such event; or
 - 5.2.15 been involved in any offence involving dishonesty committed by such person.

CURRENT AND PAST DIRECTORSHIPS

The table below lists the companies and partnerships of which each director or senior management of the company is currently a director or partner as well as the companies and partnerships of which each director of the company was a director or partner over the five years preceding this prospectus:

Directors of the company

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
Gerald George Leo Leissner	Indluplace Properties Limited, Arrowhead Properties Limited, Stands 20X50 Raedene Proprietary Limited, 2B Mervyn Road Proprietary Limited, Stenprop Limited, Jika Properties Proprietary Limited, Vividend Income Fund Limited	Beyachad, Terrace Road Co-operative, ApexHi Property Fund Limited, ApexHi UK Limited, Redefine Properties Limited, Stonehage Westcity Management Company Limited, Johannesburg Housing Company
Imraan Ebrahim Suleman	Arrowhead Properties Limited Indluplace Properties Limited, Indite Properties Limited, Aloegate Proprietary Limited, Aptotrim Proprietary Limited, Barvicarl Investments Proprietary Limited, Helen Joy Holdings Proprietary Limited, Houghton Mansions Proprietary Limited, Monks Court Proprietary Limited, NDF Investment and Trading Proprietary Limited, Park Chambers Share Block Proprietary Limited, Pondos Investments Proprietary Limited, Sunnysshore Trade and Investment 103 Proprietary Limited, Erf 737 Rosettenville Proprietary Limited, G and N Tarn Enterprises Proprietary Limited, Johannesburg Housing Company, Jika Properties Proprietary Limited, Vividend Income Fund Limited Vividend Management Company Proprietary Limited, Clearwater Crossing Proprietary Limited, Fluxrab Investments Proprietary Limited, Karavas Proprietary Limited, Kenwyn Flats Proprietary Limited, Earls Den Proprietary Limited Radzyn Investments Shareblock Proprietary Limited, Teaca Properties Proprietary Limited Triad Proprietary Limited, Erf 427 Windsor Proprietary Limited	None

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
Mark Jonathan Kaplan	Arrowhead Properties Limited, Indluplace Properties Limited, Indite Properties Limited, Aloegate Proprietary Limited, Aptotrim Proprietary Limited, Barvicarl Investments Proprietary Limited, Helen Joy Holdings Proprietary Limited, Houghton Mansions Proprietary Limited, Monks Court Proprietary Limited, NDF Investment and Trading Proprietary Limited, Park Chambers Share Block Proprietary Limited, Pundos Investments Proprietary Limited, Sunnysore Trade and Investment 103 Proprietary Limited, Erf 737 Rosettenville Proprietary Limited, G and N Tarn Enterprises Proprietary Limited, Jika Properties Proprietary Limited, Vividend Income Fund Limited, Vividend Management Company Proprietary Limited, Clearwater Crossing Proprietary Limited, Fluxrab Investments Proprietary Limited, Karavas Proprietary Limited, Kenwyn Flats Proprietary Limited, Earls Den Proprietary Limited, Radzyn Investments Shareblock Proprietary Limited, Teaca Properties Proprietary Limited, Triad Proprietary Limited, Erf 427 Windsor Proprietary Limited	Aengus Property Holdings Proprietary Limited, Aengus Lifestyle Properties Proprietary Limited
Petrus Carel de Wit	Indluplace Properties Limited	Terrace Road Housing Co-op Limited, Ekhaya Neighbourhood City Improvement District Proprietary Limited, Main Marshall Improvement District Proprietary Limited, Dzulani Housing Company Proprietary Limited
Taffy Monty Adler	Indluplace Properties Limited, Arrowhead Properties Limited, Housing Development Agency, Makhulong a Matala, TUHF Properties Proprietary Limited	Johannesburg Housing Company, Brickfields Housing Company Proprietary Limited, Dzulani Housing Company, Ekhaya Neighbourhood CID, Thubelisha Homes, Trust For Urban Housing Holdings Proprietary Limited, Terrace Road Housing Co-operative Limited
Selwyn Noik	Indluplace Properties Limited, Arrowhead Properties Limited	None
Gregory Stephen Kinross	Indluplace Properties Limited, Cell Network Proprietary Limited, ERF 774 Morningside Extension 64 Home Owners Association, Impact Plus Trading 150 Proprietary Limited, Innovo Capital Proprietary Limited, Merchant Capital Advisory Services Proprietary Limited, Merchant Capital Debtco Proprietary Limited, Talon Metals Corp	Akanani Mining Proprietary Limited, Bajano Investments Proprietary Limited, Bon Terra Mining Proprietary Limited, Emerald Panther Investments 5 Proprietary Limited, Gelliehold Limited, Jindal Energy (SA) Proprietary Limited Vesque Limited

Director	Current directorships and partnerships	Directorships and partnerships held in the last five years
Ayesha Rehman	Indluplace Properties Limited, Just Toys CC	ApexHi Properties Limited, Makhulong A Matla Community Development Services, Terrace Road Housing Co-Operative, Dzulani Housing Company Proprietary Limited, Johannesburg Housing Company, Chair of Mitja Investments
Clifford Lawrence Abrams	Indluplace Properties Limited, DEE WhyAre Textiles CC, Alig Financial Services CC, LAS Tax and Secretarial Services CC, Oxbridge Online Limited, RJCA Administration CC, Voltex SA CC	Explorer Group Proprietary Limited, Industrial Credit Company Africa Holdings Limited, Old Co – Fire Control Systems Proprietary Limited

SERVICE CONTRACTS

Service contract entered into between Carel de Wit and Indluplace effective from the listing date.

1. A summary of the service agreement entered into between Indluplace and Carel de Wit dated on or about 10 May 2015 is set out below.

1.1 Commencement date and termination

- 1.2.1 The executive has been appointed to the position of financial director of Indluplace.
- 1.2.2 The employment of the executive will commence on the listing date (the “**commencement date**”).
- 1.2.3 The agreement shall not be terminable by either party prior to 1 June 2020, save that the company may terminate the executive’s employment on lawfully recognised grounds in accordance with the Labour Relations Act 66 of 1995 but excluding section 197 thereof.

1.2 Remuneration

Details of remuneration paid are set out in paragraphs 1.1 and 1.3 of **Annexure 3**.

1.3 Restraint of trade

The executive will not be subject to a restraint of trade.

EXTRACTS FROM THE MOI

The MOI of the company contains, *inter alia*, provisions with the effect of providing for the appointment, qualification, remuneration and borrowing powers, interests of directors and dividends as set out in the extracts below:

“4 POWERS OF THE COMPANY

- 4.1 The Company has all of the legal powers and capacity contemplated in the Act, and no provision contained in this Memorandum of Incorporation should be interpreted or construed as negating, limiting, or restricting those powers in any way whatsoever.
- 4.2 The legal powers and capacity of the Company are not subject to any restrictions, limitations or qualifications, as contemplated in section 19(1)(b)(ii) of the Act.”

“7 ISSUE OF SHARES AND VARIATION OF RIGHTS

- 7.1 The Company is authorised to issue 3 000 000 000 Ordinary Shares of the same class, each of which ranks *pari passu* (which shall have the meaning ascribed thereto in paragraph 3.29 of the JSE Listings Requirements or any amendment or substitute paragraph in the JSE Listings Requirements) in respect of all rights and entitles the Ordinary Shareholder to –
 - 7.1.1 attend, participate in, speak at and vote on any matter to be decided by the Shareholders and to 1 (one) vote in the case of a vote by means of a poll;
 - 7.1.2 participate proportionally in any distribution made by the Company and which is not made to the holders of another class of Shares in accordance with the preferences and rights of such class of Shares (and except for the payment in lieu of a capitalisation share as contemplated in section 47(1)(c) of the Act and any consideration payable by the Company for any of its own Shares or for any shares of another company within the same group as contemplated in paragraph a(iii)(aa) and a(iii)(bb) of the definition of “distribution” in the Act); and
 - 7.1.3 receive proportionally the net assets of the Company upon its liquidation; and
 - 7.1.4 any other rights attaching to the Ordinary Shares in terms of the Act or any other law.
- 7.2 The Board shall not have the power to –
 - 7.2.1 create any class of Shares;
 - 7.2.2 increase or decrease the number of authorised Shares of any class of the Company’s Shares;
 - 7.2.3 consolidate and reduce the number of the Company’s issued and authorised Shares of any class;
 - 7.2.4 subdivide its Shares of any class by increasing the number of its issued and authorised Shares of that class without an increase of its capital;
 - 7.2.5 convert one class of Shares into one or more other classes, save where a right of conversion attaches to the class of Shares created;
 - 7.2.6 reclassify any classified Shares that have been authorised but not issued;
 - 7.2.7 classify any unclassified Shares that have been authorised but not issued; or
 - 7.2.8 vary any preference rights, limitations or other terms attaching to any class of shares,

and such powers shall only be capable of being exercised by the Shareholders by way of a special resolution adopted by the Shareholders and an amendment to the Memorandum of Incorporation.
- 7.3 The Company has the power, subject to the authority of a special resolution as contemplated in clause 7.2, to subdivide its Shares of any class. Such subdivision may be effected through a mere splitting of, and consequential increase in, the authorised and issued Shares of the relevant class, and without an issue of new shares and an increase of its capital.

- 7.4 Each Share issued by the Company has associated with it an irrevocable right of the Shareholder to vote on any proposal to amend the preferences, rights, limitations and other terms associated with that Share. The variation of any preferences, rights, limitations and other terms associated with any class of Shares as set out in this Memorandum of Incorporation may be enacted only by an amendment of this Memorandum of Incorporation approved by special resolution adopted by the Ordinary Shareholders. If any amendment of the Memorandum of Incorporation relates to the variation of any preferences, rights, limitation or any other terms attaching to any other class of Shares already in issue, that amendment must not be implemented without a special resolution, taken by the holders of Shares of that class at a separate meeting. In such instances, the holders of such Shares will be allowed to vote at the meeting of Ordinary Shareholders subject to clause 21.11. No resolution of Shareholders in respect of such amendment shall be proposed or passed, unless a special resolution of the holders of the Shares of that class approve the amendment.
- 7.5 The authorisation and classification of Shares, the creation of any class of Shares, the conversion of one class of Shares into one or more other classes, the consolidation of Securities, the sub-division of Securities, the change of the name of the Company, the increase of the number of authorised Securities, and, subject to clause 7.4, the variation of any preferences, rights, limitations and other terms associated with each class of Shares as set out in this Memorandum of Incorporation may be changed only by an amendment of this Memorandum of Incorporation by special resolution of the Shareholders and in accordance with the JSE Listings Requirements, to the extent required, save if such an amendment is ordered by a court in terms of sections 16(1)(a) and 16(4) of the Act.
- 7.6 No Shares of any class may be authorised in respect of which the preferences, rights, limitations or any other terms may be varied (and no such resolution may be proposed to Shareholders for rights to include such variation) in response to any objectively ascertainable external fact or facts, as contemplated for in sections 37(6) and 37(7) of the Act.
- 7.7 The Company may only issue Shares which are fully paid up and freely transferable and only within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation.
- 7.8 Subject to clauses 7.10 and 7.15, the Board may not issue unissued Ordinary Shares unless such Ordinary Shares have first been offered to existing Ordinary Shareholders in proportion to their shareholding (on such terms and in accordance with such procedures as the Board may determine), unless the relevant issue of Ordinary Shares –
- 7.8.1 is a capitalisation issue; or
 - 7.8.2 is for the acquisition of assets, is a vendor consideration placing related to an acquisition of assets, or is an issue for the purposes of an amalgamation or merger; or
 - 7.8.3 is an issue pursuant to options or conversion rights; or
 - 7.8.4 is an issue in terms of an approved share incentive scheme; or
 - 7.8.5 is an issue of shares for cash (as contemplated in the JSE Listings Requirements), which has been approved by the Shareholders by ordinary resolution, either by way of a general authority (which may be either conditional or unconditional) to issue Shares in its discretion or a specific authority in respect of any particular issue of Shares, in accordance with the JSE Listings Requirements, provided that, if such approval is in the form of a general authority to the Directors, it shall be valid only until the next annual general meeting of the Company or for 15 months from the date of the passing of the ordinary resolution, whichever is the earlier, and it may be varied or revoked by any general meeting of the Shareholders prior to such annual general meeting; or
 - 7.8.6 otherwise falls within a category in respect of which it is not, in terms of the JSE Listings Requirements, a requirement for the relevant Shares to be so offered to existing Ordinary Shareholders; or
 - 7.8.7 is otherwise undertaken in accordance with an authority approved by Ordinary Shareholders in general meeting,

provided that if any entitlement to a fraction of a Share will arise pursuant to such an offer, that entitlement will be aggregated with other similar entitlements and the resulting Share/s may be sold for the benefit of the Shareholder in question in such manner as the Directors may determine. After the expiration of the time within which an offer may be accepted, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the Shares offered, the Directors may, subject to the foregoing provisions, issue such Shares in such manner as they consider most beneficial to the Company.

- 7.9 The Directors may exclude any Shareholders or category of Shareholders from an offer contemplated in clause 7.8 if and to the extent that they consider it necessary or expedient to do so because of legal impediments or compliance with the laws or the requirements of any regulatory body of any territory, outside of South Africa, that may be applicable to the offer.
- 7.10 The Board may, subject to clauses 7.8 and 7.14, issue Shares at any time, but only –
- 7.10.1 within the classes and to the extent that those Shares have been authorised by or in terms of this Memorandum of Incorporation; and
- 7.10.2 to the extent that the authority of the Board to deal with the authorised but unissued shares in the capital of the Company has not been specifically limited by an ordinary resolution adopted by the Shareholders.
- 7.11 Alterations of share capital, authorised shares and rights attaching to a class/es of Shares; all issues of Shares for cash and all issues of options and convertible securities granted or issued for cash must, in addition to the foregoing provisions, be undertaken in accordance with the JSE Listings Requirements.
- 7.12 All Securities of the Company for which a listing is sought on the JSE and all Securities of the same class as Securities of the Company which are listed on the JSE must, notwithstanding the provisions of section 40(5) of the Act, but unless otherwise required by the Act, only be issued after the Company has received the consideration approved by the Company for the issuance of such Securities.
- 7.13 Subject to sections 40(5) to 40(7) of the Act, when the Company has received the consideration approved by the Board for the issuance of any Shares –
- 7.13.1 those Shares are fully paid up; and
- 7.13.2 the Company must issue those Shares and cause the name of the holder to be entered onto the Company's Securities Register in accordance with sections 49 to 56 of the Act.
- 7.14 Notwithstanding anything to the contrary contained in this Memorandum of Incorporation, any issue of Shares, Securities convertible into Shares, or rights exercisable for Shares in a transaction, or a series of integrated transactions shall, if and to the extent that this may be required in terms of section 41(3) of the Act, require the approval of the Shareholders by special resolution if the voting power of the class of Shares that are issued or are issuable as a result of the transaction or series of integrated transactions will be equal to or exceed 30% of the voting power of all the Shares of that class held by Shareholders immediately before that transaction or series of integrated transactions.
- 7.15 Except to the extent that any such right is specifically included as one of the rights, preferences or other terms upon which any class of Shares is issued or as may otherwise be provided in this Memorandum of Incorporation (as is set out in clause 7.8), no Shareholder shall have any pre-emptive or other similar preferential right to be offered or to subscribe for any additional Shares issued by the Company.”

“21 VOTES OF SHAREHOLDERS

- 21.1 Subject to any special rights or restrictions as to voting attached to any shares by or in accordance with this Memorandum of Incorporation, at a meeting of the Company –
- 21.1.1 every Ordinary Shareholder present and entitled to exercise voting rights shall be entitled to 1 (one) vote on a show of hands, irrespective of the number of voting rights that the Ordinary Shareholder would otherwise be entitled to exercise;
- 21.1.2 on a poll, a member who is present in person or represented by proxy shall be entitled to 1 (one) vote in respect of each Share he holds. No objection shall be raised to the admissibility of any vote except at the meeting or adjourned meeting at which the vote objected to is or may be given or tendered and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection shall be referred to the chairperson of the meeting, whose decision shall be final and conclusive; and
- 21.1.3 the holders of Shares other than Ordinary Shares shall not be entitled to vote on any resolution at a meeting of shareholders, except as provided in clause 21.11.”

“22 SHAREHOLDER RIGHTS, PROXIES AND REPRESENTATIVES

- 22.1 Any Shareholder may at any time appoint any natural person (or two or more natural persons concurrently), including a natural person who is not a Shareholder, as a proxy to –
- 22.1.1 participate in, and speak and vote at, a Shareholders’ meeting on behalf of that Shareholder; or
- 22.1.2 give or withhold written consent on behalf of that Shareholder to a decision contemplated in section 60, provided that a Shareholder may appoint more than 1 (one) proxy to exercise voting rights attached to different Securities held by the Shareholder.”

“23 SHAREHOLDERS’ RESOLUTIONS

- 23.1 For an ordinary resolution to be approved it must be supported by more than 50% (fifty percent) of the voting rights of Shareholders exercised on the resolution by all Shareholders present in person, or represented by proxy, as provided in section 65(7). Notwithstanding the foregoing, to the extent that the JSE Listings Requirements require the support of a higher percentage of voting rights to be exercised in respect of any ordinary resolution, the Company shall not implement such ordinary resolution unless such ordinary resolution is supported by the higher percentage of voting rights of Shareholders required to be exercised on that resolution in terms of the JSE Listings Requirements.
- 23.2 For a special resolution to be approved it must be supported by the holders of at least 75% (seventy five percent) of the voting rights exercised on the resolution by all Shareholders present in person, or represented by proxy, as provided in section 65(9).
- 23.3 No matters, except:
- 23.3.1 those matters set out in section 65(11);
- 23.3.2 any other matter required by the Act or this Memorandum of Incorporation to be resolved by means of a special resolution; or
- 23.3.3 for so long as the Company’s Securities are listed on the JSE, any other matter required by the JSE Listings Requirements to be resolved by means of a special resolution in terms of the JSE Listings Requirements, require a special resolution adopted at a Shareholders meeting of the Company.
- 23.4 In the event that any Shareholder abstains from voting in respect of any resolution, such Shareholder will, for the purposes of determining the number of votes exercised in respect of that resolution, be deemed not to have exercised a vote in respect thereof (i.e. that Shareholder’s votes will neither be included in the aggregate number of votes cast nor in the total number of votes exercised in favour of or against that resolution).”

“25 COMPOSITION AND POWERS OF THE BOARD OF DIRECTORS

- 25.1 In addition to the minimum number of Directors, if any, that the Company must have to satisfy any requirement in terms of the Act to appoint an audit committee, or a social and ethics committee, the Board must comprise at least 4 (four) Directors and not more than 15 (fifteen) Directors. The Shareholders shall be entitled by ordinary resolution to amend such maximum number of Directors as they from time to time shall consider appropriate.
- 25.2 Subject to clauses 25.3 and 25.4 all Directors shall be elected by an ordinary resolution of the Shareholders at a general or annual general meeting of the Company and no appointment of a Director in accordance with a resolution passed in terms of section 60 of the Act shall be valid.
- 25.3 Subject to the requirements of the Act, the chairman of the Board or the chief executive officer shall be entitled, subject to the written approval of the majority of the Directors, to appoint any person as a Director in terms of section 66(4)(a)(i), provided that such appointment must be approved by the Shareholders at the next Shareholders’ meeting or annual general meeting.
- 25.4 The authority of the Board to fill a vacancy on the Board on a temporary basis, as set out in section 68(3) is not limited or restricted by this Memorandum of Incorporation provided that any Directors so appointed must resign at the next annual general meeting of the Company and may make themselves available for election by the Shareholders at such annual general meeting of the Company.
- 25.5 Accordingly, the Board shall have the power at any time and from time to time to appoint any person as a Director, either to fill a casual vacancy or as an addition to the Board.
- 25.6 Until 1 (one) or more Directors have been so elected, each incorporator of the Company shall, in terms of section 67(1), serve as a Director of the Company.

- 25.7 In any election of Directors –
- 25.7.1 the election is to be conducted as a series of votes, each of which is on the candidacy of a single individual to fill a single vacancy or to confirm an additional appointment, with the series of votes continuing until all vacancies on the Board have been filled or all additional appointments have been confirmed; and
 - 25.7.2 in each vote to fill a vacancy –
 - 25.7.2.1 each vote entitled to be exercised may be exercised once; and
 - 25.7.2.2 the vacancy is filled or the additional appointment confirmed only if a majority of the votes exercised support the candidate,provided only that, in the event that the Company only has 1 (one) Shareholder, the provisions of this clause 25.7 will not apply and the election of Directors shall take place in such manner as the Shareholder shall determine.
- 25.8 Subject to 25.3, 25.4 and 25.5, the Company shall only have elected Directors and there shall be no appointed or ex officio Directors as contemplated in section 66(4).
- 25.9 Apart from satisfying the qualification and eligibility requirements set out in section 69, a person need not satisfy any eligibility requirements or qualifications to become or remain a Director or a Prescribed Officer of the Company.
- 25.10 A Director shall cease to hold office as such if:
- 25.10.1 he becomes insolvent, or assigns his estate for the benefit of his creditors, or suspends payment or files a petition for the liquidation of his affairs, or compounds generally with his creditors;
 - 25.10.2 he becomes of unsound mind;
 - 25.10.3 in the case of an executive Director who is an employee of the Company, his employment relationship with the Company is terminated for whatsoever reason, including but not limited to, resignation, retirement, misconduct or otherwise;
 - 25.10.4 he is prohibited from being, is removed as or is disqualified from acting as a director of a company in terms of the Act;
 - 25.10.5 he is required to do so in terms of the JSE Listings Requirements;
 - 25.10.6 he absents himself from meetings of the Board for 6 (six) consecutive months without the leave of the other Directors and is not represented at such meetings during such 6 (six) months by an alternate Director, and the Directors resolve that his office shall be vacated, provided that the Directors shall have the power to grant any Director leave of absence for an indefinite period;
 - 25.10.7 he has given 1 (one) month's (or with the permission of the Directors, a lesser period) notice in writing of his intention to resign;
 - 25.10.8 he is removed in accordance with clause 25.11; or
 - 25.10.9 the Board resolved to remove him in accordance with section 71(3).
- 25.11 The Company may by ordinary resolution in accordance with clause 25.10.8 and section 71(2), remove any Director before the expiration of his period of office and by an ordinary resolution elect another person in his stead. The person so elected shall hold office until the next annual general meeting of the Company and shall then retire and be eligible for re-election.
- 25.12 No Director shall be appointed for life or for an indefinite period and the Directors shall rotate in accordance with the following provisions –
- 25.12.1 at each annual general meeting referred to in clause 19.4, 1/3 (one third) of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to 1/3, but not less than 1/3, shall retire from office, provided also that at least 1/3 (one third) of the non-executive Directors for the time being, or if their number is not three or a multiple of three, the number nearest to 1/3, but not less than 1/3, shall retire from office;

- 25.12.2 the Directors to retire in every year are, firstly those who have been appointed to fill a casual vacancy or an additional appointment to the Board, and secondly those who have been longest in office since their last election, but as between persons who were elected as Directors on the same day, those to retire shall, unless they otherwise agree among themselves, be determined by lot. Notwithstanding the foregoing, if at the date of any annual general meeting, any:
- 25.12.2.1 Director will have held office for a period of 3 (three) years since his last election or appointment; or
- 25.12.2.2 non-executive Director will have held office for an aggregate period of 9 (nine) years since his first election or appointment,
- then such Director shall retire at such annual general meeting, either as one of the Directors to retire in pursuance to the foregoing or additionally thereto;
- 25.12.3 a retiring Director may be re-elected, provided he is eligible for election. If elected or re-elected he shall be deemed not to have vacated his office;
- 25.12.4 a retiring Director shall act as Director throughout the annual general meeting at which he retires;
- 25.12.5 the Company, at the annual general meeting at which a Director retires in the above manner, or at any other general meeting, may fill the vacancy by electing a person thereto, provided that the Company shall not be entitled to fill the vacancy by means of a resolution passed in accordance with the provisions of section 60 of the Act as set out in clause 24; and
- 25.12.6 if at any meeting at which an election of Directors ought to take place the offices of the retiring Directors are not filled, unless it is expressly resolved not to fill such vacancies, the meeting shall stand adjourned and the further provisions of this Memorandum of Incorporation, including clauses 19.13 to 19.14.1 (inclusive) will apply *mutatis mutandis* to such adjournment, and if at such adjourned meeting the vacancies are not filled, the retiring Directors, or such of them as have not had their offices filled, shall be deemed to have been re-elected at such adjourned meeting.
- 25.13 The Board shall, through its nomination committee (if so constituted in terms of clause 30.1), provide the Shareholders with a recommendation in the notice of the meeting at which the re-election of a retiring Director is proposed, as to which retiring Directors are eligible for re-election, taking into account that Director's past performance and contribution. Any Shareholder shall have the right to nominate Directors.
- 25.14 The Board has the power to exercise all of the powers and perform any of the functions of the Company, as set out in section 66(1), and the powers of the Board in this regard are only limited and restricted as contemplated in this clause 25.
- 25.15 The Directors may at any time and from time to time by power of attorney appoint any person or persons to be the attorney or attorneys and agent(s) of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors in terms of this Memorandum of Incorporation) and for such period and subject to such conditions as the Directors may from time to time think fit. Any such appointment may, if the Directors think fit, be made in favour of any company, the members, directors, nominees or managers of any company or firm, or otherwise in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Directors. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorneys and agents as the Directors think fit. Any such attorneys or agents as aforesaid may be authorised by the Directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.
- 25.16 Save as otherwise expressly provided herein, all cheques, promissory notes, bills of exchange and other negotiable or transferable instruments, and all documents to be executed by the Company, shall be signed, drawn, accepted, endorsed or executed, as the case may be, in such manner as the Directors shall from time to time determine.
- 25.17 All acts performed by the Directors or by a committee of Directors or by any person acting as a Director or a member of a committee shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of the Directors or persons acting as aforesaid, or that any of them were disqualified from or had vacated office, be as valid as if every such person had been duly appointed and was qualified and had continued to be a Director or member of such committee.
- 25.18 If the number of Directors falls below the minimum number fixed in accordance with this Memorandum of Incorporation, the remaining Directors must as soon as possible and in any event not later than three months from the date that the number falls below such minimum, fill the vacancy/ies, provided that such Director/s is/are elected by the Shareholders at the next annual general meeting or call a general meeting for the purpose of filling the vacancy/ies.

- 25.19 The failure by the Company to have the minimum number of Directors during the said three month period does not limit or negate the authority of the board of Directors or invalidate anything done by the board of Directors while their number is below the minimum number fixed in accordance with this Memorandum of Incorporation.
- 25.20 The Directors in office may act notwithstanding any vacancy in their body, but if after the expiry of the three month period contemplated in clause 25.18 above and for so long as their number is reduced below the minimum number fixed in accordance with this Memorandum of Incorporation, they may act only for the purpose of filling vacancies in their body in terms of section 68(3) or of summoning general meetings of the Company for that purpose provided that if there is no Director able or willing to act, then any Shareholder may convene a general meeting for that purpose, but not for any other purpose.
- 25.21 A Director may hold any other office or place of profit under the Company (except that of auditor or Company Secretary) or any subsidiary of the Company in conjunction with the office of Director, provided that the appointment, duration and remuneration (in addition to the remuneration to which he may be entitled as a Director) in respect of such other office must be determined by a disinterested quorum of Directors.
- 25.22 A Director of the Company may be employed in any other capacity in the company or as a director or employee of a company controlled by, or itself a major subsidiary of, the Company and, in such event, his appointment and remuneration in respect of such other office must be determined by a disinterested quorum of Directors.
- 25.23 Each Director and each alternate Director, Prescribed Officer and member of any committee of the Board (whether or not such latter persons are also members of the Board) shall, subject to the exemptions contained in section 75(2) and the qualifications contained in section 75(3), comply with all of the provisions of section 75 in the event that they (or any person who is a related person to them) have a personal financial interest in any matter to be considered by the Board.
- 25.24 A Director may not vote on any resolution pertaining to any matter in which he has a personal financial interest as contemplated in section 75. However, notwithstanding his interest in any matter, such Director may be counted for the purposes of determining a quorum for a Board meeting.
- 25.25 The Board may authorise the payment of such donations by the Company to such religious, charitable, public or other bodies, clubs, funds, associations or persons as may seem desirable in the interests of the Company, provided that any donations to any political parties or associations shall require prior approval of Shareholders in a general or annual general meeting.”

“28 DIRECTORS’ COMPENSATION AND FINANCIAL ASSISTANCE

- 28.1 The Company may pay remuneration to the Directors for their services as Directors in accordance with a special resolution approved by the Company’s Shareholders within the previous 2 (two) years, as set out in section 66(8) and (9), and the power of the Company in this regard is not limited or restricted by this Memorandum of Incorporation.
- 28.2 Any Director who –
- 28.2.1 serves on any executive or other committee;
 - 28.2.2 devotes special attention to the business of the Company;
 - 28.2.3 goes or resides outside South Africa for the purpose of the Company; or
 - 28.2.4 otherwise performs or binds himself to perform services which, in the opinion of the Directors, are outside the scope of the ordinary duties of a Director,
- may be paid such extra remuneration or allowances in addition to or in substitution of the remuneration to which he may be entitled as a Director, as a disinterested quorum of the Directors may from time to time determine.
- 28.3 The Directors may also be paid all their travelling and other expenses necessarily incurred by them in connection with –
- 28.3.1 the business of the Company; and
 - 28.3.2 attending meetings of the Directors or of committees of the Directors of the Company.
- 28.4 The Board may, as contemplated in and subject to the requirements of section 45, authorise the Company to provide financial assistance to a Director, Prescribed Officer or other person referred to in section 45(2), and the power of the Board in this regard is not limited or restricted by this Memorandum of Incorporation.”

“30 BORROWING POWERS

- 30.1 Subject to this Memorandum of Incorporation the Directors may from time to time exercise all of the powers of the Company to –
- 30.1.1 borrow for the purposes of the Company such sums as they think fit; and
 - 30.1.2 secure the payment or repayment of any such sums, or any other sum, as they think fit, whether by the creation and issue of Securities, mortgage or charge upon all or any of the property or assets of the Company.
- 30.2 For the purposes of clause 30.1, at the time that any new borrowing is authorised by the Company –
- 30.2.1 the total consolidated liabilities as reflected in the Company’s latest published interim or annual consolidated IFRS financial statements;
 - 30.2.2 less any capital repayments made on those liabilities after the balance sheet date;
 - 30.2.3 plus the nominal value of the new debt,
- shall not be more than 60% of the total consolidated assets as reflected in the Company’s latest audited or reviewed consolidated IFRS financial statements or pro forma consolidated balance sheet.”

“34 DISTRIBUTIONS

- 34.1 Subject to the provisions of the Act, and particularly section 46, the Company may make a proposed distribution if such distribution –
- 34.1.1 is pursuant to an existing legal obligation of the Company, or a court order; or
 - 34.1.2 is authorised by resolution of the Board,
- and is effected in compliance with the JSE Listings Requirements.
- 34.2 Distributions may be declared either free of or subject to the deduction of income tax and any other tax or duty in respect of which the Company may be chargeable.
- 34.3 No distribution shall bear interest against the Company, except as otherwise provided under the conditions of issue of the Shares in respect of which such distribution is payable.
- 34.4 The Directors may from time to time declare and pay to the Shareholders such interim distributions as the Directors consider to be appropriate.
- 34.5 All unclaimed monies due to Shareholders will be held by or on behalf of the Company in trust for the benefit of the Shareholder concerned until claimed, provided that, subject to the provisions of the Prescription Act, 68 of 1969, as amended from time to time and any other applicable laws of prescription, monies unclaimed for a period of 3 (three) years from the date on which they were declared (or such longer period as may be required under the laws of prescription) may be declared forfeited by the Directors for the benefit of the Company. The Directors may at any time annul such forfeiture upon such conditions (if any) as they think fit.”

“40 WINDING UP

- 40.1 If the Company be wound up, the assets remaining after payment of the debts and liabilities of the Company and the costs of the liquidation shall be distributed among the Ordinary Shareholders in proportion to the number of Ordinary Shares respectively held by each of them, provided that the provisions of this clause shall be subject to the rights of the holders of Shares (if any) issued upon special conditions.
- 40.2 In a winding-up, any part of the assets of the Company, including any shares or securities of other companies may, with the sanction of a special resolution of the Company, be paid to the Shareholders of the Company *in specie*, or may, with the same sanction, be vested in trustees for the benefit of such Shareholders, and the liquidation of the Company may be closed and the Company dissolved.”

DETAILS OF THE PROPERTY PORTFOLIO

The table below sets out the details of the properties within the property portfolio.

No	Property name	Physical address	Sector	GLA (m ²)	Number of units	Valuation as at 31 December 2014 (R'000)	Purchase price (R'000)	Effective date of acquisition	Residential weighted average rental per unit (R1/unit)	Retail vacancy (% of GLA as at 31 December 2014)	Residential vacancy (% of units as at 31 March 2015)	Property manager
1.	Avril Gardens	36 Dukes Avenue, Windsor	Residential – normal	1 342	12	6 100	5 794	1 April 2014	5 526	N/A	0%	Citq
2.	Caribbean Court	31 Mons Road, Bellevue	Residential – normal	719	10	3 000	3 011	7 April 2014	3 111	N/A	0%	Citq
3.	Dukes Lodge	4 Dukes Avenue, Windsor	Residential – normal	1 058	10	4 980	4 913	25 April 2014	5 246	N/A	10%	Citq
4.	Frangipani	94 to 96 Oxford Street, Ferndale	Residential – normal	3 885	39 residential 10 retail 2 other	24 300	24 416	25 April 2014	4 292	0%	8%	Citq
5.	Franshoek	33 Hill Street, Ferndale	Residential – normal	2 881	35	12 300	12 014	1 April 2014	3 877	N/A	0%	Citq
6.	Houghton Mansions	134 Louis Botha, Yeoville	Residential – normal	1 305	17	5 300	5 373	1 May 2014	3 404	N/A	0%	Citq
7.	Ilanga	49 Duchesses Avenue, Windsor	Residential – normal	555	10	3 990	3 961	7 April 2014	4 166	N/A	20%	Citq
8.	Karen Place	33 Duchesses Avenue, Windsor	Residential – normal	1 342	12	6 340	6 360	1 April 2014	5 496	N/A	0%	Citq
9.	Kevrob Manor	61 Viscounts Avenue, Windsor	Residential – normal	744	6	2 940	2 896	25 April 2014	5 133	N/A	0%	Citq
10.	Kingston	44 Kings Avenue, Windsor	Residential – normal	947	16	5 500	5 483	7 April 2014	4 052	N/A	25%	Citq
11.	Lana Lee	58 Princesses Avenue, Windsor	Residential – normal	1 072	10	6 000	4 569	1 April 2014	5 360	N/A	0%	Citq
12.	Mount Bradley	51 Dukes Avenue, Windsor	Residential – normal	715	6	2 950	2 996	1 April 2014	5 350	N/A	0%	Citq
13.	Prince Allan	54 Princesses Avenue, Windsor	Residential – normal	715	6	3 280	3 454	1 April 2014	5 323	N/A	0%	Citq
14.	Rosdin	c/o Princes and Alexander Streets, Windsor	Residential – normal	1 348	13	6 880	6 814	7 April 2014	4 814	N/A	0%	Citq

No	Property name	Physical address	Sector	GLA (m ²)	Number of units	Valuation as at 31 December 2014 (R'000)	Purchase price (R'000)	Effective date of acquisition	Residential weighted average rental per unit (R1/unit)	Retail vacancy (% of GLA as at 31 December 2014)	Residential vacancy (% of units as at 31 March 2015)	Property manager
15.	Selwyn Hall	55 Dukas Avenue, Windsor	Residential – normal	2 028	20	10 800	11 943	1 April 2014	5 440	N/A	20%	Citq
16.	Villa Borghese	81 Viscounts Avenue, Windsor	Residential – normal	582	8	4 050	4 004	30 April 2014	5 328	N/A	0%	Citq
17.	Goldfields	c/o Protea Boulevard and Lagwaia Street, Protea Glen Ext 11	Residential – normal	6 304	148	73 900	66 944	1 May 2014	4 500	N/A	0%	Citq
18.	Kildaire	164 Mabel Street, Rosettenville	Residential – normal	690	13	2 300	3 683	1 April 2014	2 561	N/A	8%	Citq
19.	Monks Court	7 Monk Street, Townsview	Residential – normal	1 932	15	6 700	6 631	1 May 2014	4 528	N/A	7%	Citq
20.	Southwold	162 Prairie Street, Rosettenville	Residential – normal	985	9	2 500	2 336	25 April 2014	2 975	N/A	11%	Citq
21.	Stamford Square	65 Stamford Street, Forest Hill	Residential – normal	762	9	3 600	3 008	25 April 2014	3 700	N/A	0%	Citq
22.	Whiteley Court	41 Chambers Street, Booyseins	Residential – normal	1 042	15	4 300	4 225	9 June 2014	2 983	N/A	0%	Citq
23.	Balhagask	144 Banket Street, Hillbrow	Residential – normal	11 403	190	63 900	63 101	7 April 2014	3 284	N/A	1%	Citq
24.	Carhay Mansions	79 Browning Street, Fairview	Residential – normal	1 640	25	8 700	8 131	25 April 2014	3 074	N/A	8%	Citq
25.	Genoa Court	c/o Kenmere and Raleigh, Yeoville	Residential – normal	1 209	12 residential 6 retail	7 200	8 108	25 April 2014	3 333	0%	0%	Citq
26.	Glenor	c/o Grafton and Minor, Yeoville	153 Yeoville	3 839	44	10 600	9 933	20 May 2014	2 787	N/A	5%	Citq
27.	Park Chambers	56 Plein Street, Joubert Park, Johannesburg	Residential – normal with limited retail	1 636	35 residential 1 retail	13 200	12 162	1 April 2014	2 935	0%	0%	Citq
28.	Sefton Court	76 Joubert Street, Joubert Park, Johannesburg	Residential – normal with limited retail	2 480	70 residential 4 retail	34 200	33 543	13 June 2014	3 389	0%	1%	Citq
29.	Selwood Place	6 O'Reilly Avenue, Berea	Residential – normal	3 545	55	25 300	24 239	25 April 2014	4 471	N/A	2%	Citq
30.	Agatha	71 Countesses Avenue, Windsor	Residential – normal	884	17	6 200	5 813	1 April 2015	3 906	N/A	0%	Citq

No	Property name	Physical address	Sector	GLA (m ²)	Number of units	Valuation as at 31 December 2014 (R'000)	Purchase price (R'000)	Effective date of acquisition	Residential weighted average rental per unit (R1/unit)	Retail vacancy (% of GLA as at 31 December 2014)	Residential vacancy (% of units as at 31 March 2015)	Property manager
31.	Albaro Court	Princes and Duchesses Streets, Windsor	Residential – normal	584	6	2 900	2 754	1 April 2015	5 017	N/A	0%	Citq
32.	Earls Den	10 Earls Avenue, Windsor	Residential – normal	2 310	23	11 750	12 166	1 April 2015	4 756	N/A	0%	Citq
33.	Elizabeth Gardens	Corner Princes and Duchesses Streets, Windsor	Residential – normal	513	7	3 000	3 081	1 April 2015	4 489	N/A	0%	Citq
34.	SS En Gedi	143 President Brand Road, Rynfield Ext 117, Benoni	Residential – normal	3 817	70	28 900	27 590	1 April 2015	4 069	N/A	1%	Citq
35.	Dalem Mews	56 Princes Avenue, Windsor	Residential – normal	1 282	12	4 720	5 645	1 April 2015	4 813	N/A	0%	Citq
36.	Janin	69 Countesses Avenue, Windsor	Residential – normal	924	12	6 140	5 838	1 April 2015	4 925	N/A	0%	Citq
37.	Kenwyn	51 Duchesses Avenue, Windsor	Residential – normal	1 080	13	5 680	5 838	1 April 2015	4 512	N/A	0%	Citq
38.	Lions Gate	57 Countesses Road, Windsor	Residential – normal	1 380	13	6 650	6 914	1 April 2015	5 267	N/A	0%	Citq
39.	Lorelei Rock	17 Duchesses Road, Windsor	Residential – normal	422	4	2 290	2 277	1 April 2015	5 750	N/A	0%	Citq
40.	Margedale	55 Princes Road, Windsor	Residential – normal	1 812	19	7 800	9 069	1 April 2015	4 761	N/A	0%	Citq
41.	Marwyn	56 Dukes Avenue, Windsor	Residential – normal	1 080	13	5 870	5 639	1 April 2015	4 123	N/A	0%	Citq
42.	Neilsway	60 Earls Road, Windsor	Residential – normal	1 380	12	6 300	6 204	1 April 2015	5 226	N/A	0%	Citq
43.	SS Park Crescent	Orange Blossom Boulevard, The Orchards, Pretoria North	Residential – normal	7 369	143	45 000	45 466	1 April 2015	3 265	N/A	6%	Citq
44.	SS Philwade Manor	73 Earls Road, Windsor	Residential – normal	666	6	3 000	3 170	1 April 2015	5 050	N/A	0%	Citq
45.	Rinanda	35 Queens Avenue, Windsor	Residential – normal	561	6	3 140	3 053	1 April 2015	5 217	N/A	0%	Citq
46.	Sable Antelope	54A Queen Street, Windsor	Residential – normal	280	4	2 200	1 995	1 April 2015	4 989	N/A	0%	Citq
47.	SS Sand Marie	6 Kings Avenue, Windsor	Residential – normal	813	6	3 580	3 395	1 April 2015	5 675	N/A	0%	Citq

No	Property name	Physical address	Sector	GLA (m ²)	Number of units	Valuation as at 31 December 2014 (R'000)	Purchase price (R'000)	Effective date of acquisition	Residential weighted average rental per unit (R1/unit)	Retail vacancy (% of GLA as at 31 December 2014)	Residential vacancy (% of units as at 31 March 2015)	Property manager
48.	Sixty One Countesses	67 Countesses Avenue	Residential – normal	780	15	8 100	7 674	1 April 2015	5 079	N/A	0%	Citq
49.	SS Annlin	Matlabas Avenue, Annlin Ext 59, Sinoville Pretoria	Residential – normal	6 131	84	38 700	40 325	1 April 2015	4 571	N/A	11%	Citq
50.	SS Summer Place	Kosmosdal, Ext 81, Centurion	Residential – normal	3 025	60	25 500	26 411	1 April 2015	4 460	N/A	5%	Citq
51.	Tree Tops	48 Viscounts Avenue, Windsor	Residential – normal	379	6	2 130	2 224	1 April 2015	3 932	N/A	0%	Citq
52.	SS Wonderpark Estate	First Avenue, Karen Park, Akasia, Pretoria North	Residential – normal	5 940	180	45 800	49 851	1 April 2015	2 844	N/A	3%	Citq
53.	Adelphi Court	165 Lawn Road, Rosettenville	Residential – normal	414	6	1 900	2 179	1 April 2015	3 318	N/A	0%	Citq
54.	Amanta Villa	83 Victoria Street, Rosettenville	Residential – normal	381	5	1 500	1 492	1 April 2015	3 084	N/A	20%	Citq
55.	Annop Court	35 Cornwell Street, West Turffontein	Residential – normal	513	7	2 600	2 593	1 April 2015	3 464	N/A	14%	Citq
56.	Bettenkeep	101 Napier Street, Forest Hill	Residential – normal	1 003	9	3 300	3 540	1 April 2015	3 877	N/A	22%	Citq
57.	Cedar Court	152 De Villiers Street, Kenilworth	Residential – normal	1 925	35	7 700	8 441	1 April 2015	2 269	N/A	3%	Citq
58.	Ebenhauer Court	53 Rosey Street, Rosettenville	Residential – normal	652	9	3 100	2 602	1 April 2015	3 027	N/A	11%	Citq
59.	Eendracht	c/o Hay and Church Streets, Turffontein	Residential – normal	1 279	13 residential 3 retail	3 800	5 759	1 April 2015	2 171	0%	31%	Citq
60.	Elirit Court	26 Geranium Street, Rosettenville	Residential – normal	2 167	18 residential 5 retail	9 600	9 120	1 April 2015	3 913	4%	0%	Citq
61.	Glenhurst Court	71 Philip Street, Rosettenville	Residential – normal	1 992	16 residential 7 retail	6 700	6 334	1 April 2015	2 384	0%	6%	Citq
62.	Hans Court	151 High Street, Rosettenville	Residential – normal	286	7	2 200	2 033	1 April 2015	2 852	N/A	0%	Citq
63.	Hilton Heights	66 Holt Street, Forest Hill	Residential – normal	688	9	3 400	3 218	1 April 2015	3 789	N/A	0%	Citq

No	Property name	Physical address	Sector	GLA (m ²)	Number of units	Valuation as at 31 December 2014 (R'000)	Purchase price (R'000)	Effective date of acquisition	Residential weighted average rental per unit (R1/unit)	Retail vacancy (% of GLA as at 31 December 2014)	Residential vacancy (% of units as at 31 March 2015)	Property manager
64.	Magdalena	65 East Road, Regents Park	Residential – normal	908	9 residential 1 retail	2 900	3 301	1 April 2015	2 836	0%	11%	Citq
65.	Marvin Court	2/4 President Street, Turf Club	Residential – normal	848	15	4 600	4 272	1 April 2015	2 624	N/A	0%	Citq
66.	Naledia Court	109 High Street, Rosettenville	Residential – normal	1 388	15	5 600	5 877	1 April 2015	3 751	N/A	20%	Citq
67.	Triad Court	150 Main Street, Rosettenville	Residential – normal	2 336	23 residential 3 retail	6 300	7 787	1 April 2015	2 962	0%	4%	Citq
68.	Turf Centre	86 Tramway Street, Turffontein	Residential – normal	1 769	15 residential 2 retail	6 500	6 396	1 April 2015	4 294	0%	0%	Citq
69.	Violet Court	8 Violet Road, Rosettenville	Residential – normal	930	11	4 100	3 759	1 April 2015	3 434	N/A	9%	Citq
70.	Mounjoy	56 Cavendish Road, Bellevue	Residential – normal	1 550	18 residential 3 retail	6 600	7 472	1 April 2015	2 951	0%	5%	Citq
71.	Myra Court	De la Rey Street, Bellevue East	Residential – normal	2 434	22	6 800	7 614	1 April 2015	3 426	N/A	0%	Citq
72.	SS Silverdale	126 Hunter Street, Bellevue East	Residential – normal	522	7	2 000	2 363	1 April 2015	3 350	N/A	0%	Citq
73.	Sue Mark Court	High Street, Berea	Residential – normal	3 601	52	13 800	12 896	1 April 2015	2 712	N/A	2%	Citq
74.	SS Arvin Court	Catherine Street, Berea	Residential – normal	2 449	46	11 400	14 019	1 April 2015	2 724	N/A	7%	Citq
75.	SS Hillandale	c/o Lily and Alexandra Streets, Berea	Residential – normal	1 431	27	10 100	10 176	1 April 2015	4 176	N/A	0%	Citq
76.	SS Seswick Court	7 Roper Road, Berea	Residential – normal	3 540	31	10 900	10 593	1 April 2015	3 586	N/A	0%	Citq
77.	Seventh Avenue	26 7 th Avenue, Bez Valley, Bezuidenhout Valley	Residential – normal	455	3	1 300	1 338	1 April 2015	4 400	N/A	0%	Citq
78.	Wendy Court	115 High Street, Brixton	Residential – normal	971	14 residential 2 retail	5 800	5 512	1 April 2015	2 879	0%	0%	Citq
79.	Toronto Heights	110 Helen Joseph Street, Johannesburg	Residential – normal	2 976	48 residential 2 retail	18 700	16 672	1 April 2015	3 457	0%	2	Citq
80.	Mayburne Crest	c/o Banket and Pretoria Streets, Hillbrow	Residential – normal	2 905	51 residential 4 retail	13 000	12 313	1 April 2015	2 051	0%	2	Citq

No	Property Name	Physical address	Sector	GLA (m ²)	Number of units	Valuation as at 31 December 2014 (R'000)	Purchase price (R'000)	Effective date of acquisition	Residential weighted average rental per unit (R1/unit)	Retail vacancy (% of GLA as at 31 December 2014)	Residential vacancy (% of units as at 31 March 2015)	Property manager
81.	Monsmeq	156 Quartz Street, Hillbrow	Residential – normal	3 472	56	17 900	21 633	1 April 2015	3 378	N/A	4	Citq
82.	SS Ronivan Court	432/434 Louis Botha Avenue, Rouxville	Residential – normal	2 313	40 residential 4 retail	9 700	10 996	1 April 2015	2 546	0%	0%	Citq
83.	Nourse Street Cottages	17/19 Nourse Street, Troyeville	Residential – normal	680	8	3 100	3 245	1 April 2015	4 000	N/A	0%	Citq
84.	Fanreal	St George Street, Bellevue	Residential – normal	496	6	2 000	2 193	1 April 2015	3 600	N/A	0%	Citq
85.	Homelands	20 Hendon Road, Yeoville	Residential – normal	2 376	43	10 900	13 137	1 April 2015	3 303	N/A	5%	Citq
86.	Northways	c/o Claim and Jager Street, Hillbrow	Residential – normal	4 340	38	12 100	14 285	1 April 2015	3 933	N/A	0%	Citq
87.	Saint Peters	c/o Mons and St Peters Roads, Bellevue	Residential – normal	1 006	7	2 500	2 748	1 April 2015	3 879	N/A	0%	Citq
88.	Honey Park	Setter and Colleen Street, Honey Park Ext 20	Residential – student	22 457	333	164 000	150 000	1 February 2014	5 318*	N/A	100%**	JHI
89.	Highveld View	Nita Street, President Park Ext 4, Witbank	Residential – normal	25 199	450	290 500	286 500	2 April 2015	6 248	N/A	0%	CSI
90.	Amberfield Village complex#	5 Jenner Street, Vanderbijlpark	Residential – student	7 954	102	48 750	48 583	15 October 2014	7 739*	N/A	0%	Amorispan
91.	Park Village complex#	Hans Srijdom Street, Vanderbijlpark	Residential – student	6 264	116	89 100	85 264	23 January 2015	11 262*	N/A	0%	Amorispan
92.	Bree Street Block	Polly Street, Mooi Street, Jeppe Street, and Bree Streets, Johannesburg	Residential – normal, with retail	3 977	94 residential 71 retail	57 000	55 700	30 March 2015	3 255	0%	2%	Mafadi
93.	Golden Views	205 Victoria Street, Georgetown Germiston	Residential – normal	6 880	157 residential	60 000	61 172	1 March 2015	3 809	N/A	1%	Mafadi
94.	Molrow House	c/o Victoria and Plantation Streets, Georgetown Germiston	Residential – normal with limited retail	1 175	71 residential 3 retail	11 000	10 127	1 March 2015	1 436	0%	0.5%	Mafadi
Total				232 326	3 796	1 595 210	1 578 685					

The Park Village complex and Amberfield Village complex are owned as to 50% of the total number of units. The GLA reflects the units owned by Indluplace.

* Average rental calculated for 12 months.

** Please see paragraph 33 of the prospectus.

PROPERTIES IN THE PROCESS OF DEVELOPMENT

No	Property name	Physical address	Sector	GLA (m ²)	Number of units	Valuation as at 31 December 2014 (R'000)	Purchase price (R'000)	Effective date of acquisition	Retail weighted average rental per square metre (R1/m ²)	Residential weighted average rental per unit (R1/unit)	Retail vacancy (% of GLA as at 31 December 2014)	Residential vacancy % of units as at 31 December 2015	Property manager
1.	Khaya Square	Beatrice Street, Windsor	Retail and residential – normal	2 382	25 residential 2 retail	12 570	15 715	1 April 2015	56	4 921	0%	8%	Citiq
Total				2 382	27	12 570	15 715						

Notes:

- The difference between the valuation amounts and acquisition costs or development costs is due to the fact that the values attributed by the independent property valuer are open market values, while the acquisition costs are negotiated values and the development costs are amounts expended to date.
- The properties were valued at 31 December 2014 by the independent property valuer.
- Figures reflect 100% ownership of property assets.
- Rentable area is reflected as GLA.
- Properties in the process of development shows the final developed number of units.

INDEPENDENT PROPERTY VALUERS' SUMMARY VALUATION REPORT ON THE PROPERTY PORTFOLIO

"14 May 2015

The Directors
Indluplace Properties Limited
2nd Floor, 18 Melrose Boulevard
Melrose Arch
Johannesburg

Dear Sirs

RE: INDEPENDENT PROPERTY VALUERS' REPORT OF THE PROPERTY PORTFOLIO FOR INDLUPLACE PROPERTIES LIMITED ("INDLUPLACE") AS DETAILED IN THE SUMMARY SCHEDULE ATTACHED AND FOR WHICH THERE ARE DETAILED VALUATION REPORTS HELD BY INDLUPLACE

In accordance with your instruction of 27 October 2014, I confirm that we have visited and inspected the 95 properties listed in the attached schedule ("the properties") during January, February and March 2015 (Section 13.23(a)(iii)) and have received all necessary details required to perform a valuation in order to provide you with my opinion of the properties' market values as at 31 December 2014 (Section 13.23(c)).

1. INTRODUCTION

The valuation of the properties has been carried out by the valuer who has carefully considered all aspects of all the properties. These properties each have a detailed valuation report which has been given to the management of Indluplace. The detailed reports include commentary on the current economy, nature of the properties, locality, tenancy, risk profile, forward rent and earning capability and exposure to future expenses and property risk. All these aspects have been considered in the individual valuation reports of the properties. The detailed reports have further addressed the tenancy income capability and expenditure for each property and tenant. Historic expenditure profile as well as future expenditure increases have been considered. The value thus indicates the fair market value for each property which is detailed in the detailed report and which has been summarised on a summary schedule, attached hereto, for each property. There are 95 properties and the important aspects of the detailed valuation report including the property market value for all of the properties have been summarised in the attached schedule.

2. BASIS OF VALUATION

The valuation is based on market value.

Market value means the best price, at which the sale of an interest in a property may reasonably be expected to have been completed, unconditionally for a cash consideration on the date of valuation, assuming:

- 2.1 a willing seller and a willing buyer in a market;
- 2.2 that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the property, for the agreement of price and terms and for the completion of the sale; and
- 2.3 that the state of the market, level of values and other circumstances are, on any earlier assumed date of exchange of contracts, the same as on the date of the valuation.

3. VALUE CALCULATION

The calculation of the market value of these properties has been based on income capitalisation. This is the fundamental basis on which commercial income producing properties are traded on the market in South Africa. This is also due to there being strong supporting evidence of open market rental rates and capitalisation rates which are evidenced by sales in the market (Section 13.23(d)).

Properties traded in the current market reflect a yield rate relationship between revenue and capital value. This rate is an accurate determinant of the capitalisation rate.

The considerations for the capitalised valuations are as follows:

- 3.1 Calculating the forward cash flow of all contractual and other income from the properties;
- 3.2 Calculating the forward contractual and other expenditure as well as provisions for various expenses in order to provide for void or future capital expenditure to which the property may be exposed;
- 3.3 The current area vacancy as a percentage of the property portfolio is approximately 1.7%. In order to apply a conservative approach, we have deducted approximately 3% of the gross income as a provision for rental that may not be collected as a consequence of vacancy, tenant failure or tenant refitting during the course of the coming year. The current vacancy is market related. The void provision used in the valuation is therefore adequate (Section 13.23(f)(i));
- 3.4 There is no loss of rental due to renovations or refurbishments currently being carried out on the buildings. There is, however, ongoing external maintenance work and some tenant installation fitting that is currently in progress. There is no loss of rental as a result of these activities (Section 13.23(f)(ii));
- 3.5 Generally the rentals are market related. This has been determined by comparing similar buildings in comparable areas to the properties valued, in terms of rental per square metre. The rental rate has also been checked against various published indices including the *Rode Report*. There are no properties that are over-rented, or that cannot be re-rented at the same or higher rental rate should such property become vacant. There is therefore minimal potential for rental flow reversion. There is however, a positive upside potential for real growth in rental, given the low base of which the average rentals flow. This is provided that the economy remains in a slow recovery pattern as currently being experienced as that there are no major economic fluctuations which may upset the economy (Section 13.23(f)(iii));
- 3.6 Capitalising the net contractual income derived from the properties for a period of one year in advance, calculated from 1 January 2015;
- 3.7 The valuation has considered published market statistics regarding rental rates and expenditure for the different types of properties. It has also considered numerous other portfolios of similar properties in order to determine if any properties are over rented or have excessive expenditure; and
- 3.8 Various provisions for capital contingencies were deducted from the capitalised value.

4. SPARE LAND

As far as could be established, there are no properties with large tracts of vacant zoned and serviced spare land (Section 13.26).

5. BRIEF DESCRIPTION

The properties mainly comprise of residential complexes, some with ground floor retail accommodation. Please refer to the summary of properties below:

Building name	Addresses	Number of units	Property description
Avril Gardens	36 Dukes Ave, Windsor East	12	Residential complex
Balnagask	144 Banket Str, Hillbrow	190	Sectional title residential complex
Caribbean Court	31 Mons Rd, Bellevue	10	Residential complex
Cathay Mansions	79 Browning Str, Fairview	25	Residential complex
Dukes Lodge	4 Dukes Ave, Windsor West	10	Residential complex
Frangipani	96 Oxford Str, Ferndale	51	Sectional title residential complex
Franschoek	33 Hill Street, Ferndale	35	Residential complex
Genoa Court	c/o Kenmere and Raleigh, Yeoville	18	Residential complex
Glenor	c/o Grafton and Minor, Yeoville	44	Residential complex
Goldfields	c/o Protea Boulevard and Lagwaia Str, Protea Glen	148	Residential complex
Houghton Mansions	134 Louis Botha, Yeoville	17	Residential complex
Ilanga	49 Duchesses Ave, Windsor East	10	Sectional title residential complex
Karen Place	33 Duchesses Ave, Windsor East	12	Residential complex
Kevrob Manor	61 Viscounts Ave, Windsor	6	Sectional title residential complex
Kildaire	164 Mabel Str, Rosettenville	13	Residential complex
Kingston	44 Kings Ave, Windsor East	16	Sectional title residential complex
Lana Lee	58 Princesses Ave, Windsor East	10	Residential complex
Monks Court	1 Monk Str, Townsview	15	Residential complex
Mount Bradley	51 Dukes Ave, Windsor East	6	Residential complex
Park Chambers	56 Plein Str, Joubert Park	36	Sectional title residential complex
Prince Allan	54 Princesses Ave, Windsor East	6	Residential complex
Rosdin	c/o Princes and Alexander, Windsor West	13	Sectional title residential complex
Sefton Court	76 Joubert Str, Joubert Park	74	Residential complex
Selwood Place	6 O'Reilly Ave, Berea	55	Sectional title residential complex
Selwyn Hall	55 Dukes Ave, Windsor East	20	Residential complex
Southwold	162 Prairie Str, Rosettenville	9	Residential complex
Stamford Square	65 Stamford Str, Forest Hill	9	Residential complex
Villa Borghese	81 Viscount Ave, Windsor	8	Residential complex
Whitley Court	41 Chambers Str, Booyens	15	Residential complex
Adelphi Court	165 Lawn Road, Rosettenville	6	Residential complex
Agatha	71 Countesses Ave, Windsor	17	Residential complex
Albaro	Princes and Duchesses St, Windsor East	6	Residential complex
Amanda Villa	83 Victoria Str, Rosettenville	5	Residential complex
SS Annlin	Matlabas Street, Sinoville, Pretoria	84	Sectional title residential complex
Annop Court	35 Cornwell Str, Turffontein	7	Residential complex
SS Arvin Court	Catherine Street, Berea	46	Sectional title residential complex
Bettenkeep	101 Napier Street, Forest Hill	9	Residential complex
Seventh Avenue	26 7 th Ave, Bez Valley	3	Residential complex
Cedarmont Court	152 De Villiers Street, Kenilworth	35	Residential complex
Ebenhauzer Court	53 Rosey Str, Rosettenville	9	Residential complex
Eendracht	c/o Hay and Church, Rosettenville	16	Residential complex
Elizabeth gardens	Princes and Duchesses St, Windsor East	7	Residential complex

Building name	Addresses	Number of units	Property description
Elrit Court	26 Geranium Street, Rosettenville	23	Residential complex
SS En Gedi	Rynfield Ext 117, Benoni	70	Sectional title residential complex
Fanrael	St Georges Road, Bellevue, Johannesburg	6	Sectional title residential complex
Glenhurst Court	71 Philip Street, Rosettenville	23	Residential complex
Hans Court	151 High Street, Rosettenville	7	Residential complex
SS Hillandale	c/o Lily and Alexandra, Berea	27	Residential complex
Hilton Heights	66 Holt Street, Forest Hill	9	Residential complex
Homelands	20 Hendon Road, Yeoville	43	Residential complex
Janin (and Sixty One)	69 Countesses Ave, Windsor	12	Residential complex
Khaya Square	Beatrice Street, Windsor East	19	Residential complex
Lionsgate	57 Countesses Rd, Windsor	13	Residential complex
Lorelei Rock	17 Duchesses Rd, Windsor	4	Residential complex
Magdalena	Magdalene, Regents Park	10	Residential complex
Marvin Court	2/4 President Street, Turf Club	15	Residential complex
Mayburne Crest	Corner Banket and De la Rey	55	Residential complex
Monsmeg	156 Quartz Street, Johannesburg	56	Residential complex
Mountjoy	56 Cavendish Rd, Bellevue	21	Residential complex
Myra Court	De la Rey Street, Bellevue	22	Residential complex
Naleida Court	109 High Street, Rosettenville	15	Residential complex
Neilsway	60 Earls Rd, Windsor	12	Residential complex
Northways	c/o Claim and Jager Street, Hillbrow	38	Residential complex
SS Park Crescent	Orange Blossom Boulevard The Orchards, Akasia	143	Residential complex
SS Philwade Manor	73 Earls Rd, Windsor East	6	Residential complex
Rinanda	35 Queens Ave, Windsor	6	Residential complex
Nourse Street Cottages	17/19 Nourse St, Troyeville	8	Residential complex
SS Ronivan Court	432/434 Louis Botha Ave, Rouxville	44	Sectional title residential complex
Sable Antelope	54A Queen Street, Windsor East	4	Residential complex
SS San Marie	6 Kings Avenue, Windsor West	6	Residential complex
SS Seswick Court	7 Soper Road, Berea	31	Residential complex
SS Silverdale	126 Hunter Street, Bellevue	7	Residential complex
Sixty One Countesses	67 Countesses Ave, Windsor	15	Residential complex
Saint Peters	St Peters Rd, Yeoville	7	Residential complex
Sue Mark Court	High Street, Berea	52	Residential complex
SS Summer Place	Kosmosdal Ext 81, Centurion	60	Sectional title residential complex
Toronto Heights	110 President Str, Johannesburg	50	Residential complex
Treetops	48 Viscounts Ave, Windsor	6	Residential complex
Triaid Court	150 Main Street, Rosettenville	26	Residential complex
Turf Centre	82 Tramway Street, Turffontein	17	Residential complex
Violet Court	8 Violet Rd, Rosettenville	11	Residential complex
Wendy Court	115 High Street, Brixton	16	Residential complex
SS Wonderpark	First Avenue, Karenpark, Akasia	180	Residential complex
Earls Den	10 Earls Avenue, Windsor	23	Residential complex

Building name	Addresses	Number of units	Property description
Kenwyn	51 Duchesses Avenue, Windsor East	13	Residential complex
Marwyn	56 Dukes Avenue, Windsor East	13	Residential complex
Dalem Mews	56 Princes Avenue, Windsor East	12	Residential complex
Margedale	55 Princesses Rd, Windsor East	19	Residential complex
Honey Park	Setter Street, Honey Park	333	Sectional title residential complex
Amberfield Village	5 Jenner Street, Vanderbijlpark	102	Sectional title residential complex
Park Village	Hans Strijdom Street, Vanderbijlpark	116	Sectional title residential complex
Highveld View	Nita Avenue, Emalahleni	450	Residential complex
Bree Street Block	Bree, Mooi, Jeppe and Polly Streets Johannesburg CBD	165	Mixed use – Ground and first floor retail with upper floor residential units.
Goldenviews	Corner Victoria Street and Plantation Road, Georgetown, Germiston	157	Mixed use – Ground floor retail with upper floor residential units.
Molrow House	Corner Victoria Street and Plantation Road, Georgetown, Germiston	74	Mixed use – Ground floor retail with upper floor residential rooms.

The properties have been well constructed and generally have acceptable architectural merit, aesthetic appeal and sufficient parking facilities and are virtually fully tenanted. The leases tend to be of a general short term contractual rental nature with provision for the recovery of utility services consumed by the lessees. Escalations are market related but are high enough to ensure a more than positive growth rate is ensured without creating an over rent potential in the medium term. The properties are generally highly visible and dominate their environment.

In respect of the properties, the current net annual rental and the estimated future net annual rentals at specified dates and for specified periods are included in each individual detailed property valuation report.

6. VALUATION QUALIFICATIONS

Qualifications are usually detailed as a consequence of leases under negotiation that have not yet been formalised; leases of a large nature where the premises are difficult to re-let; specialised properties; large exposure to a single tenant; potential tenant failure due to over-rent; expenses required for major repairs; maintenance or other exposure to maintain the lettable of the building; contingent expropriations or servitudes that may be enforced and poor lease records whereby the lease may be disputed or rendered invalid.

We have, to the best of our knowledge, considered all of these aspects in the valuation of all the properties. There are no properties that are prejudiced in value by the influence of the above factors.

The valuer is however not responsible for the competent daily management of these properties that will ensure that this status is maintained, or for the change of any laws, services by local authority or economic circumstances that may adversely impact on the integrity of the buildings or the tenant profile.

7. OPTIONS OR BENEFIT/DETRIMENT OF CONTRACTUAL ARRANGEMENTS

To my knowledge there are no contractual arrangements on the properties other than the leases as detailed in the report that have a major benefit or are detrimental to the fundamental value base of the properties (Section 13.23(g)).

To the best of my knowledge, there are no options in favour of any parties for any purchase of any of the properties (Section 13.23(h)).

8. INTRA-GROUP OR RELATED PARTY LEASES (SECTION 13.23 (A) (XI))

Having inspected all the tenant schedules and leases it is noted that there are no intra-group or related party leases.

9. CURRENT STATE OF DEVELOPMENT

There is one property which is currently being partially re-developed, namely Khaya Square. In addition the current owners have highlighted the potential to add additional units to both Monsmeg and Mountjoy. The cost of development exceeds the potential value and the potential units/value has been excluded for the valuation calculations. Note, however, that there is spare land capacity for expansion on certain properties, subject to soil conditions, zoning and road reserves (Section 13.24 and 13.25).

10. RENTALS USED IN VALUATIONS

Note that all these properties are all generally rented out. The current annual rental and future annual rentals have been calculated in a separate discounted cash flow check schedule. It is noted that there are no material rental reversions and that the rentals for all the properties increase on average by approximately 8% compounding per annum.

11. EXTERNAL PROPERTY

None of the properties are situated outside South Africa (Section 13.28).

12. OTHER GENERAL MATTERS AND VALUATION SUMMARY (SECTIONS 13.30 AND 13.31)

A full valuation report is available on a property by property basis detailing tenancy, town planning, valuer's commentary, expenditure and other details. This has been given to the directors of Indluplace.

13. ALTERNATIVE USE FOR A PROPERTY SECTION

The properties have been valued in accordance with their existing use which represents their market value. No alternative use for the properties has been considered in determining their value.

14. OTHER COMMENTS

Our valuation excludes any amounts of Value-added Tax, transfer duty, or securities transfer duty.

15. CAVEATS

15.1 Source of information and verification (Section 13.23(a)(xiii))

Information on the properties regarding rental income, recoveries and other income detail has been provided to us by the current owners and their managing agents.

We have received copies of all of the leases of the existing properties where such leases are the major tenant or tenants comprising anything higher than 10% occupancy of the property. The leases have been read to check against management detail, in order to ensure that management has correctly captured tenant information as per contractual agreement. This has been done to test management information against the underlying agreements.

We have further compared certain expenditures given to us to the market norms of similar properties. This has also been compared to historic expenditure levels of the properties themselves. Historical contractual expenditures and municipal utility services were compared to the past performance of the properties in order to assess potential expenditure going forward.

The municipal values on the properties are very low. At the current transaction values there is some potential for the municipal value to increase by a considerable amount, should the municipality revalue these properties, in which event the rates could increase to 3 or 4 times their current amount.

15.2 Full disclosure

This valuation has been prepared on the basis that full disclosures of all information and factors that may affect the valuation have been made to me.

We have to the best of our ability researched the market as well as taken the steps detailed in paragraph 15.3 below.

15.3 Leases (Section 13.23(a)(ix))

Our valuation has been based on a review of actual tenants' leases (which includes material terms such as repairing obligations, escalations and break options) and other pertinent details supplied to us by the managing agents and by Indluplace. All recovery details in respect of the existing leases e.g. utility cost and other recoveries as provided for in the leases have been disclosed by way of the monthly tenant invoices and the summary schedule supplied to us. Option terms and other lease information have been supplied to us by the owners and managing agents and we are familiar with such documents.

15.4 Lessees credibility

In arriving at our valuation, cognizance has been taken of the lessee's security and rating. In some cases this has influenced the capitalisation rate by way of a risk consideration.

15.5 Mortgage bonds, loans, etc.

The properties have been valued as if wholly owned with no account being taken of any outstanding monies due in respect of mortgage bonds, loans and other charges. No deductions have been made in our valuation for costs of acquisition.

The valuation is detailed in a completed state and no deductions have been made for retention or any other set-off or deduction for any purposes which may be made at the discretion of the purchaser when purchasing the properties.

15.6 Calculation of areas

All areas quoted within the detailed valuation reports are those stated in the information furnished and verified where plans were available. To the extent that plans were not available, reliance was placed on the information submitted by the managing agents. Updated plans were not available for all the properties in respect of internal configuration. The properties generally appear to have the stated square meterage which could only be more accurately determined if remeasured by a professional. The reported square meterage is therefore considered as correct as possible without full a remeasurement exercise being undertaken.

15.7 Structural condition

The properties have been valued in their existing state. We have not carried out any structural surveys, nor inspected those areas that are unexposed or inaccessible, neither have we arranged for the testing of any electrical or other services.

15.8 Contamination

The valuation assumes that a formal environmental assessment is not required and further that none of the properties are environmentally impaired or contaminated, unless otherwise stated in our report.

15.9 Town planning (Section 13.23(a)(vi) and (vii))

Full town planning details and title deeds have been supplied in the detailed valuation reports including conditions and restrictions and the properties have been checked against such conditions. This is to ensure that they comply with town planning regulations and title deeds. There do not appear to be any infringements of local authority regulations or deeds in respect of the properties.

The valuation has further assumed that the improvements have been erected in accordance with the relevant Building and Town Planning Regulations and on inspection it would appear that the improvements are in accordance with the relevant town planning regulations for these properties.

There is no contravention of any statutory regulation, or town planning local authority regulation or contravention of title deed relating to any of the properties which infringement could decrease the value of the properties as stated.

16. **MARKET VALUE**

I am of the opinion that the aggregate market value of the properties as at 31 December 2014 is R1 607 780 000 (excluding VAT). A summary of the individual valuations and details of each of the properties is attached.

To the best of our knowledge and belief there have been no material changes in circumstances between the date of the valuation and the date of the valuation report which would affect the valuation.

I have more than 25 years' experience in the valuation of all nature of property and I am qualified to express an opinion on the fair market value of the properties.

I trust that I have carried out all instructions to your satisfaction and thank you for the opportunity of undertaking this valuation on your behalf.

Yours faithfully

for **Real Insight (Pty) Ltd**

Theunis Lodewyk Johannes Behrens

National Diploma Property Valuation

Registered Professional Associated Valuer (no. 3206)

(Registered without restriction in terms of the Property Valuers Act, No 47 of 2000)

3rd Floor, North Wing

Hyde Park Corner

Hyde Park

Sandton

2196"

SCHEDULE OF PROPERTIES

No	Property name	Physical address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/Leasehold	Tenure of leasehold	Renable area (GLA) (m ²)	Approximate age of building	Building grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual void vacancy	Income projection for the period 1 January 2015 to 31 December 2015	Valuation (R) as at 31 December 2014
1.	Agatha	71 Countesses Avenue, Windsor	Erf 685 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	884m ²	25 years	C	Residential 4	3%	R620 000	R6 200 000
2.	Albaro Court	Princes and Duchesses Str, Windsor	Erf 246 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	584m ²	30 years	C	Residential 4	3%	R275 641	R2 900 000
3.	Avril Gardens	36 Dukes Avenue, Windsor	Erf 1133 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 342m ²	25 years	C	Residential 4	3%	R609 438	R6 100 000
4.	Caribbean Court	31 Mons Road, Bellevue	Erf 70 Bellevue	Residential complex	17/03/2015	Freehold	Not applicable	719m ²	25 years	C	Residential 4	3%	R330 309	R3 000 000
5.	Dalem Mews	56 Princess Avenue, Windsor	Erf 244 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 282m ²	25 years	C	Residential 4	3%	R471 560	R4 720 000
6.	Dukes Lodge	4 Dukes Avenue, Windsor	Erf 1074 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 058m ²	25 years	C	Residential 4	3%	R523 061	R4 980 000
7.	Earls Den	10 Earls Avenue, Windsor	Erf 1080 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	2 310m ²	25 years	C	Residential 4	3%	R1 175 439	R11 750 000
8.	Elizabeth Gardens	Car Princes and Duchesses Str, Windsor	Erf 534 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	513m ²	25 years	C	Residential 4	3%	R284 669	R3 000 000
9.	SS En Gedi	143 President Brand Street, Rynfield Ext 117 Benoni	Erf 4022, Rynfield Ext 117	Sectional title residential	26/02/2015	Freehold—Sectional title	Not applicable	3 817m ²	2 years	B	Residential 3	3%	R2 597 000	R28 900 000
10.	Frangipani	94 to 96 Oxford Street, Ferndale	RE of Erf 156 Ferndale	Mixed use	17/03/2015	Freehold	Not applicable	3 885m ²	25 years	C	Business 2	3%	R2 308 000	R24 300 000
11.	Franschoek	33 Hill Street, Ferndale	Erf 823 Ferndale	Residential complex	17/03/2015	Freehold	Not applicable	2 881m ²	20 years	C	Residential 4	3%	R1 354 511	R12 300 000
12.	Houghton Mansions	134 Louis Botha, Yeoville	Erf 1187 and 1182 Yeoville	Residential complex	17/03/2015	Freehold	Not applicable	1 305m ²	40 years	C	Residential 4	3%	R551 850	R5 300 000
13.	Ilanga	49 Duchesses Avenue, Windsor	Erf 480 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	555m ²	25 years	C	Residential 4	3%	R418 790	R3 990 000
14.	Janin	69 Countesses Avenue, Windsor	Erf 684 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	924m ²	25 years	C	Residential 4	3%	R583 445	R6 140 000
15.	Karen Place	38 Duchesses Avenue, Windsor	Erf 1133 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 342m ²	25 years	C	Residential 4	3%	R633 665	R6 340 000
16.	Kenwyn	51 Duchesses Avenue, Windsor	Erf 1137 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 080m ²	25 years	C	Residential 4	3%	R532 277	R5 680 000
17.	Kevoob Manor	61 Viscounts Avenue, Windsor	Erf 782 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	744m ²	25 years	C	Residential 4	3%	R293 787	R2 940 000
18.	Kingston	44 Kings Avenue, Windsor	Erf 31 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	947m ²	25 years	C	Residential 4	3%	R577 824	R5 500 000
19.	Lana Lee	58 Princesses Avenue, Windsor	Erf 1134 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 072m ²	25 years	C	Residential 4	3%	R567 672	R6 000 000

No	Property name	Physical address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/Leasehold	Tenure of leasehold	Renable area (GLA) (m ²)	Approximate age of building	Building grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual void vacancy	Income projection for the period 1 January 2015 to 31 December 2015	Valuation (R) as at 31 December 2014
20.	Lions Gate	57 Countesses Street, Windsor	Erf 1152 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 380m ²	25 years	C	Residential 4	3%	R665 329	R6 650 000
21.	Lorelet Rock	17 Duchesses Road, Windsor	Erf 442 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	442m ²	25 years	C	Residential 4	3%	R229 458	R2 290 000
22.	Margedale	55 Princess Avenue, Windsor	Erf 442 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 812m ²	25 years	C	Residential 4	3%	R782 531	R7 800 000
23.	Marwyn	56 Dukes Avenue, Windsor	Erf 1138 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 080m ²	25 years	C	Residential 4	3%	R558 019	R5 870 000
24.	Mount Bradley	51 Dukes Avenue, Windsor	Erf 372 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	715m ²	25 years	C	Residential 4	3%	R295 311	R2 950 000
25.	Neilsway	60 Eards Road, Windsor	Erf 1151 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 380m ²	25 years	C	Residential 4	3%	R626 503	R6 300 000
26.	SS Park Crescent	Orange Blossom Boulevard, The Orchards, Pretoria North	Erf 5348 The Orchards	Sectional title residential	17/03/2015	Freehold – Sectional title	Not applicable	7 369m ²	5 years	B	Residential 4	3%	R4 047 019	R45 000 000
27.	SS Philwade Manor	73 Eards Road, Windsor	Erf 585 Windsor	Sectional title residential	17/03/2015	Freehold – Sectional title	Not applicable	666m ²	25 years	C	Residential 4	3%	R285 757	R3 000 000
28.	Prince Allan	54 Princesses Avenue, Windsor	Erf 330 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	715m ²	25 years	C	Residential 4	3%	R295 557	R3 280 000
29.	Rinanda	35 Queens Avenue, Windsor	Erf 79 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	561m ²	25 years	C	Residential 4	3%	R282 849	R3 140 000
30.	Rosdin	C/o Princesses and Alexander Streets, Windsor	Erf 166 and 167 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	1 348m ²	25 years	C	Residential 4	3%	R618 703	R6 880 000
31.	Sable Antelope	54A Queen Street, Windsor	Erf 142 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	280m ²	25 years	C	Residential 4	3%	R198 259	R2 200 000
32.	SS Sand Marie	6 Kings Avenue, Windsor	Erf 3 Windsor	Sectional title residential	17/03/2015	Freehold – Sectional title	Not applicable	813m ²	25 years	C	Residential 4	3%	R322 000	R3 580 000
33.	Selwyn Hall	55 Dukes Avenue, Windsor	Erf 1134 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	2 028m ²	25 years	C	Residential 4	3%	R1 026 408	R10 800 000
34.	Sixty One Countesses	67 Countesses Avenue, Windsor	Erf 1230 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	780m ²	25 years	C	Residential 4	3%	R769 341	R8 100 000
35.	SS Annlin	220 Marlabas Street, Annlin, Ext 59 Sinoville, Pretoria	Erf 1855 Annlin	Sectional title residential	20/02/2015	Freehold – Sectional title	Not applicable	6 131m ²	10 years	B	Special	3%	R3 677 116	R38 700 000
36.	SS Summer Place	Fleabane Crescent	Erf 4776 Kosmosdal	Sectional title residential	18/03/2015	Freehold – Sectional title	Not applicable	3 025m ²	5 years	B	Residential 3	3%	R2 039 889	R25 500 000
37.	Tree Tops	48 Viscounts Avenue, Windsor	Erf 825 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	379m ²	25 years	C	Residential 4	3%	R191 642	R2 130 000
38.	Villa Borghese	81 Viscounts Avenue, Windsor	Erf 792 Windsor	Residential complex	17/03/2015	Freehold	Not applicable	582m ²	25 years	C	Residential 4	3%	R425 304	R4 050 000
39.	SS Wonderpark Estate	First Avenue, Karen Park, Akasia Pretoria North	Erf 886 Karen Park	Sectional title residential	20/02/2015	Freehold – Sectional title	Not applicable	5 940m ²	10 years	B	Residential 4	3%	R3 890 163	R45 800 000
58.	Kildaire	164 Mabel Str, Rosettenville	Erf 737 Rosettenville	Residential complex	11/03/2015	Freehold	Not applicable	690m ²	35 years	C	Residential 4	3%	R232 495	R2 300 000

No	Property name	Physical address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/Leasehold	Tenure of leasehold	Rentable area (GLA) (m ²)	Approximate age of building	Building grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual void vacancy	Income projection for the period 1 January 2015 to 31 December 2015	Valuation (R) as at 31 December 2014
59.	Monks Court	1 Monk Str, Townsview	Erf 1941 Rosettenville	Residential complex	11/03/2015	Freehold	Not Applicable	1 932m ²	35 years	C	Residential 4	3%	R686 717	R6 700 000
60.	Southwold	162 Prairrie Str, Rosettenville	Erf 23 and 24 Rosettenville	Residential complex	11/03/2015	Freehold	Not Applicable	985m ²	35 years	D	Residential 4	3%	R278 618	R2 500 000
61.	Stamford Square	65 Stamford Str, Forest Hill	Erf 372 Forest Hill	Residential complex	11/03/2015	Freehold	Not Applicable	762m ²	35 years	C	Residential 4	3%	R369 357	R3 600 000
62.	Whiteley Court	41 Chambers Str, Booyens	Portion 1 of Erf 58 Booyens	Residential complex	11/03/2015	Freehold	Not Applicable	1 042m ²	35 years	D	Residential 4	3%	R452 719	R4 300 000
63.	Mounjoy	56 Cavendish Rd, Bellevue	Erf 235 Bellevue	Residential complex	04/03/2015	Freehold	Not Applicable	1 550m ²	30 years	C	Residential 4	3%	R659 577	R6 600 000
64.	Myra Court	De la Rey Street, Bellevue East	Erf 198 Bellevue East	Residential complex	04/03/2015	Freehold	Not Applicable	2 434m ²	25 years	C	Residential 4	3%	R679 416	R6 800 000
65.	SS Silverdale	126 Hunter Street, Bellevue East	Erf 182 Bellevue East	Residential complex	04/03/2015	Freehold	Not Applicable	522m ²	30 years	C	Residential 4	3%	R205 723	R2 000 000
66.	Sue Mark Court	High Street, Berea	Erf 1076 and 1078 Berea	Residential complex	04/03/2015	Freehold	Not Applicable	3 601m ²	30 years	C	Residential 4	3%	R1 382 746	R13 800 000
67.	SS Arvin Court	Catherine Street, Berea	SS67/1984	Residential complex	04/03/2015	Sectional title	Not Applicable	2 449m ²	25 years	C	Residential 4	3%	R1 252 177	R11 400 000
68.	SS Hillandale	Corner Lily and Alexandra Streets, Berea	Erf 1367 Berea	Residential complex	04/03/2015	Sectional title	Not Applicable	1 431m ²	30 years	C	Residential 4	3%	R1 011 967	R10 100 000
69.	SS Seswick Court	7 Soper Road, Berea	Erf 194 Berea	Residential complex	04/03/2015	Freehold	Not Applicable	3 540m ²	30 years	C	Residential 4	3%	R1 093 077	R10 900 000
70.	Seventh Avenue	26 7th Ave, Bez Valley	Erf 406 Bez Valley	Residential complex	05/03/2015	Freehold	Not Applicable	455m ²	25 years	C	Residential 1	3%	R126 544	R1 300 000
71.	Wendy Court	115 High Street, Brixton	Erf 683 Brixton	Residential complex	05/03/2015	Freehold	Not Applicable	971m ²	30 years	C	Business 1	3%	R607 039	R5 800 000
72.	Toronto Heights	110 Helen Joseph Street, Johannesburg	Erf 432 Johannesburg	Residential complex	05/03/2015	Freehold	Not Applicable	2 976m ²	30 years	C	General	3%	R1 780 757	R18 700 000
73.	Mayburne Crest	Corner Banket and Pretoria Streets, Hillbrow	Erf 4965 Johannesburg	Residential complex	04/03/2015	Freehold	Not Applicable	2 905m ²	30 years	C	Business 1	3%	R1 304 589	R13 000 000
74.	Monsmeg	156 Quartz Street, Hillbrow	Erf 5010 Johannesburg	Residential complex	04/03/2015	Freehold	Not Applicable	3 472m ²	25 years	C	Residential 4	3%	R1 785 159	R17 900 000
75.	SS Ronivan Court	432/434 Louis Botha Ave, Rouxville	SS90/2006 Rouxville	Residential complex	04/03/2015	Sectional title	Not Applicable	2 313m ²	30 years	C	Business 1	3%	R966 043	R9 700 000
76.	Nourse Street Cottages	1719 Nourse St, Troyeville	Erf 618 and 642 Troyeville	Residential complex	05/03/2015	Freehold	Not Applicable	680m ²	25 years	C	Residential 4	3%	R323 359	R3 100 000
77.	Fanreal	St Georges Street, Bellevue	SS72/1987	Residential complex	04/03/2015	Freehold	Not Applicable	496m ²	27 years	C	Residential 1	3%	R223 500	R2 000 000
78.	Homelands	20 Hendon Road, Yeoville	Erf 33 Yeoville	Residential complex	04/03/2015	Freehold	Not Applicable	2 376m ²	25 years	C	Residential 4	3%	R1 144 133	R10 900 000

No	Property name	Physical address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/Leasehold	Tenure of leasehold	Renable area (GLA) (m ²)	Approximate age of building	Building grade	Zoning, town planning and statutory contravention (if any)	Assumed perpetual void vacancy	Income projection for the period 1 January 2015 to 31 December 2015	Valuation (R) as at 31 December 2014
79.	Northways	Cnr Claim and Jager Street, Hillbrow	Erf 5009 Johannesburg	Residential complex	04/03/2015	Freehold	Not Applicable	4 340m ²	25 years	C	Residential 4	3%	R1 273 957	R12 100 000
80.	Saint Peters	c/o Mams and St Peters Roads, Bellevue	Erf 55 Yeoville	Residential complex	04/03/2015	Freehold	Not Applicable	1 006m ²	25 years	C	Residential 4	3%	R267 695	R2 500 000
81.	Balnagask	144 Banket Str, Hillbrow	SS94/1982	Residential complex	05/03/2015	Sectional title	Not Applicable	11 403m ²	33 years	C	Residential 4	3%	R6 392 613	R63 900 000
82.	Cathay Mansions	79 Browning Str, Fairview	Erf 332 and 334 Fairview	Residential complex	05/03/2015	Freehold	Not Applicable	1 640m ²	25 years	C	Commercial 2	3%	R914 411	R8 700 000
83.	Genoa Court	c/o Kemmere and Raleigh, Yeoville	Erf 748 and 749 Yeoville	Residential complex	05/03/2015	Freehold	Not Applicable	1 209m ²	30 years	C	Business 1	3%	R756 671	R7 200 000
84.	Glenor	c/o Grafion and Minor, Yeoville	Erf 152 and 153 Yeoville	Residential complex	05/03/2015	Freehold	Not Applicable	3 839m ²	30 years	C	Residential 4	3%	R1 111 935	R10 600 000
85.	Park Chambers	56 Plein Street, Joubert Park Johannesburg	Erf 1516 Johannesburg	Residential complex	05/03/2015	Sectional title	Not Applicable	1 636m ²	30 years	C	Business 1	3%	R1 318 283	R13 200 000
86.	Sefton Court	76 Joubert Street, Joubert Park Johannesburg	Erf 1553 and 1554 Johannesburg	Residential complex	05/03/2015	Sectional title	Not Applicable	2 480m ²	30 years	C	Business 1	3%	R3 418 890	R34 200 000
87.	Selwood Place	6 O'Reilly Avenue, Berea	Erf 1261 Berea	Residential complex	04/03/2015	Sectional title	Not Applicable	3 545m ²	25 years	C	Residential 4	3%	R2 651 736	R25 300 000
88.	Honey Park	55-59 Glover Road, Honey Park, Ext 20	Erven 81-83 Honey Park Ext 20	Residential complex used as student accommodation	01/03/2015	Sectional title	Not Applicable	22 457m ²	3 years	B	Residential 3	5%	R23 756 217	R164 000 000
89.	Highveld View	Nita Street, President Park Ext 4, Witbank	Erf 12 President Park Extension 4	Residential complex	26/02/2015	Sectional title (Not registered)	Not Applicable	25 199m	3 years	B +	Residential 3	3%	R29 047 278	R290 500 000
90.	Amber field Village	5 Jenner Street, Vanderbijlpark	Erf 369 Vanderbijlpark Central West No 3	Residential complex used as student accommodation	07/03/2015	Sectional title	Not Applicable	7 954m ²	4 years	B	Residential 2	7.5%	R8 076 021	R48 750 000*
91.	Park village	112 Hans Strydom Street, Vanderbijlpark	Erf 113 Vanderbijlpark	Residential complex used as student accommodation	07/03/2015	Sectional title	Not Applicable	12 528m ²	3 years	B	Residential 4	7.5%	R13 746 535	R89 100 000*
92.	Bree Street Block	Polly Street, Mooi Street, Jeppe Street and Bree Street, Johannesburg	Erf 1370, 1363 to 1366, 5055, 1369, 1372 and 4590 Jhb	Mixed Use	04/03/2015	Freehold	Not Applicable	7 241m ²	30 years	C	Business 1	5%	R6 611 578	R57 000 000
93.	Moltrow House	Corner Victoria Street and Plantation Street, Georgetown, Germiston	Erf 73 Georgetown	Mixed Use	16/01/2015	Freehold	Not Applicable	1 175m ²	50 years	C	Business 1	3%	R1 211 548	R11 000 000
94.	Goldenviews	205 Victoria Street, Georgetown Germiston	Erf 521 Georgetown	Residential	16/01/2015	Freehold	Not Applicable	6 880m ²	1 years	B+	"Business 1"	5%	R5 933 138	R60 000 000
Total													R173 832 813	R1 595 210 000

*Park Village and Amberfield are 50% ownership.

PROPERTIES IN THE PROCESS OF DEVELOPMENT

No	Property name	Physical Address	Registered legal description (Erf number)	Property description and use	Valuer's inspection date	Freehold/Leasehold	Tenure of leasehold	Rentable area (GLA) (m ²)	Zoning, town planning and statutory contravention (if any)	Estimated cost of carrying out development	Income projection (R)	Valuation (R) as 31 December 2014 in current state	Estimated value after development completed	Estimated value after completion and letting of property	Planning permission obtained (V/N) and date permission received	Expected date of completion
1.	Khaya Square	Beatrice Street	Erven 327 and 369 Windsor	Ground floor shops and upper floors flats	17 March 2015	Freehold	Not applicable	2.382	Business 1	R1 800 000	R1 194 484	R 12 570 000	R14 400 000	R14 400 000	Yes, Awaiting confirmation	March to April 2015
Total										R1 800 000	R1 194 484	R12 570 000	R14 400 000	R14 400 000		

CAPITAL STRUCTURE

1. AUTHORISATION

1.1 The following resolutions were adopted by the sole shareholder on 25 February 2015:

1.1.1 *“Ordinary resolution number 1 – waiver of notice period*

Resolved that, in terms of section 62(2A) of the Companies Act the shareholder of the Company hereby waives the required minimum notice for the Annual General Meeting.

This resolution requires the approval of 100% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.2 *“Ordinary resolution number 2 – adoption of annual financial statements*

Resolved that the audited annual financial statements, together with the directors’ and auditors’ report, for the financial period ended 30 September 2014 be and are hereby confirmed and adopted.

A copy of the complete annual financial statements for the preceding financial year is transmitted together with this notice of annual general meeting.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.3 *“Special resolution number 1: change of name*

Resolved that, in accordance with section 16(1)(c) of the Companies Act, the name of the Company be and is hereby changed from “Arrowhead Residential Limited” to “Indluplace Properties Limited”, with effect from the date of filing the notice of amendment with the Companies and Intellectual Property Commission (“**Commission**”).

This resolution requires the approval of at least 75% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.4 *“Special resolution number 2: increase in authorised share capital*

Resolved that, in terms of article 6 of the Company’s existing memorandum of incorporation, the authorised share capital of the Company, comprising 2 billion ordinary shares of no par value, be and is hereby increased by the creation of a further 1 billion ordinary shares of no par value so that after the increase the authorised share capital shall comprise 3 billion ordinary shares of no par value, with effect from the date of filing the notice of amendment with the Commission.

This resolution requires the approval of at least 75% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.5 *“Special resolution number 3: adoption of a new Memorandum of Incorporation*

Resolved that, subject to the adoption of special resolution number 1 and special resolution number 2, the existing memorandum of incorporation of the Company be and is hereby, in terms of section 16(1)(c) of the Companies Act, substituted in its entirety by the memorandum of incorporation attached as **Annexure 2 (“Memorandum of Incorporation”)**.

This resolution requires the approval of at least 75% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.6 *“Ordinary resolution 3 – re-election of Gerald George Leo Leissner as executive director*

Resolved that Gerald George Leo Leissner is hereby re-elected as an executive director of the Company, subject to his acceptance of such appointment, with effect from the date of passing this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.7 *“Ordinary resolution number 4 – re-election of Mark Jonathan Kaplan as executive director*

Resolved that Mark Jonathan Kaplan is hereby re-elected as an executive director of the Company, subject to his acceptance of such appointment, with effect from the date of passing this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.8 *“Ordinary resolution number 5 – re-election of Imraan Ebrahim Suleman as executive director*

Resolved that Imraan Ebrahim Suleman is hereby re-elected as an executive director of the Company, subject to his acceptance of such appointment, with effect from the date of passing this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.9 *“Ordinary resolution number 6 – election of Petrus Carel de Wit as executive director*

Resolved that, Carel de Wit is hereby elected as an executive director of the Company, subject to his acceptance of such appointment, with effect from the date of passing this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.10 *“Ordinary resolution number 7 – election of Taffy Adler as non-executive director*

Resolved that Taffy Adler is hereby elected as a non-executive director of the Company, subject to his acceptance of such appointment, with effect from the date of passing this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.11 *“Ordinary resolution number 8 – election of Selwyn Noik as non-executive director*

Resolved that Selwyn Noik is hereby elected as a non-executive director of the Company, subject to his acceptance of such appointment, with effect from the date of passing this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.12 *“Ordinary resolution number 9 – election of Gregory Stephen Kinross as non-executive director*

Resolved that Gregory Stephen Kinross is hereby elected as a non-executive director of the Company, subject to his acceptance of such appointment, with effect from the date of passing this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.13 *“Ordinary resolution number 10 – re-appointment of auditors and determination of remuneration*

Resolved that, Grant Thornton (Jhb) Inc., with registered office at 42 Wierda Road West, Johannesburg, 2196 be and is hereby re-appointed as the Company’s auditors until the conclusion of the next annual general meeting and that the auditors’ remuneration be determined by the board of directors of the Company, and to note that the individual registered auditor who will perform the function of auditor is Paul Badrick, provided that Paul Badrick is acceptable to the Company’s audit committee as being independent of the Company, having regard to the matters enumerated in section 94(8).

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.1.14 *“Ordinary resolution number 11 – signature of documentation*

Resolved that;

- any director or secretary of the Company or any other person to whom a director has delegated his/her authority to do so, be and is hereby authorised to sign all documents and any amendments thereto, take all such steps and do all such other things as may be necessary in order to give effect to and/or implement the resolutions contained herein; and
- if and to the extent that any director has already signed all or any of the documents necessary for the implementation of the resolutions prior to the passing of the resolutions in this document, such actions and anything already done in good faith in relation thereto be and are hereby approved of and ratified by the Company to the extent permissible in law.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.2 The following resolutions were adopted by the sole shareholder on 18 March 2015:

1.2.1 *“Ordinary resolution number 1 – waiver of notice period*

Resolved that, in terms of section 62(2A) of the Companies Act the shareholders of the Company hereby waive the required minimum notice for the Annual General Meeting.

This resolution requires the approval of 100% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.2.2 *“Ordinary resolution number 2 – election of Ayesha Rehman as non-executive director*

Resolved that, Ayesha Rehman is hereby elected as a non-executive director of the Company, subject to her acceptance of such appointment, with effect from the date of passing this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.2.3 *“Ordinary resolution number 3 – election of Clifford Lawrence Abrams as non-executive director*

Resolved that, Clifford Lawrence Abrams is hereby elected as a non-executive director of the Company, subject to his acceptance of such appointment, with effect from the date of passing this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.2.4 *“Ordinary resolution number 4 – appointment of audit and risk committee members*

Resolved that, the Company appoints the following directors as members of the Company’s audit and risk committee –

1.2.4.1 Clifford Lawrence Abrams;

1.2.4.2 Gregory Stephen Kinross; and

1.2.4.3 Ayesha Rehman,

subject to each of them accepting their appointment as non-executive directors of the Company, with effect from the date of passing of this resolution.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the shareholder exercised on the resolution.

1.2.5 *“Ordinary resolution number 5 – signature of documentation*

Resolved that:

1.2.5.1 any director or secretary of the Company or any other person to whom a director has delegated his/her authority to do so, be and is hereby authorised to sign all documents and any amendments thereto, take all such steps and do all such other things as may be necessary in order to give effect to and/or implement the resolutions contained herein; and

1.2.5.2 if and to the extent that any director has already signed all or any of the documents necessary for the implementation of the resolutions prior to the passing of the resolutions in this document, such actions and anything already done in good faith in relation thereto be and are hereby approved of and ratified by the Company to the extent permissible in law.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.3 The following resolutions were adopted by the sole shareholder on 14 May 2015:

1.3.1 **“Noted that:**

Arrowhead Properties Limited (“**Arrowhead**”) will subscribe for, and the company will issue, provided that such issue is approved (if and to the extent required) by the sole shareholder of the company in terms of section 41(1) and 41(3) of the Companies Act, 135 793 540 ordinary shares in the share capital of the company at a price of R9.00 per share (“**Arrowhead Shares**”).

Resolved that:

Special resolution number 1 – issue of shares to Arrowhead

Resolved that for the purposes of section 41(1) and 41(3) of the Companies Act, the issue by the company of the Arrowhead Shares to Arrowhead is hereby approved.

This resolution requires the approval of at least 75% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.3.2 *“Ordinary resolution number 1 – Signature of documentation*

Resolved that:

- any director or secretary of the company or any other person to whom a director has delegated his/her authority to do so, be and is hereby authorised to sign all documents and any amendments thereto, take all such steps and do all such other things as may be necessary in order to give effect to and/or implement the resolutions contained herein; and
- if and to the extent that any director has already signed all or any of the documents necessary for the implementation of the resolutions prior to the passing of the resolutions in this document, such actions and anything already done in good faith in relation thereto be and are hereby approved of and ratified by the company to the extent permissible in law.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4 The following resolutions were adopted by the sole shareholder on 15 May 2015:

1.4.1 *“Ordinary resolution number 1 – waiver of the notice period*

Resolved that, in terms of section 62(2A) of the Companies Act the shareholders of the company hereby waive the required minimum notice for the general meeting.

This resolution requires the approval of 100% (one hundred percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.2 *“Ordinary resolution number 2 – approval to issue shares in terms of the private placement in terms of the memorandum of incorporation*

Resolved that the issue by the company of up to approximately 40 million ordinary shares, at an indicative subscription price of R10 per share (the actual subscription price per share to be determined by the board of directors), in terms of the private placement, be and is hereby approved as a specific authority in terms of clause 7.8.7 of the memorandum of incorporation of the company, such issue of shares to be effected in terms of this approval, and not in terms of the general authority to issue shares for cash in terms of ordinary resolution number 4.

This resolution requires the approval of more than 50% (fifty percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.3 *“Special resolution number 1: approval to issue shares in terms of section 41(3) of the Companies Act*

Resolved that, in accordance with section 41(3) of the Companies Act, the issue by the company of up to approximately 40 million ordinary shares, at an indicative subscription price of R10 per share (the actual subscription price per share to be determined by the board of directors), in terms of the private placement, be and is hereby approved, if and to the extent that such approval may be required because such shares equals to or exceeds 30% (thirty percent) of the company’s issued ordinary share capital immediately before the issue of such shares.

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.4 *“Special resolution number 2 – approval to issue shares in terms of section 41(1) of the Companies Act*

Resolved that, in accordance with section 41(1) of the Companies Act, the issue by the company of shares to any director, future director, prescribed officer or future prescribed officer of the company, or to a person related or inter-related to the company, or to a person related or inter-related to a director or prescribed officer of the company, or to any nominee of such person, (i) in terms of the private placement, at the same price and at the same terms as those upon which shares are issued to other investors in terms of the private placement, and (ii) in terms of any other subsequent placement, offer, bookbuild or similar capital raising, at the same price and at the same terms as those upon which shares are issued to other investors in terms of such capital raising, be and is hereby approved.

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.5 *“Ordinary resolution number 3 – control over unissued shares*

Resolved that, in accordance with the memorandum of incorporation, the entire authorised but unissued share capital be and is hereby placed under the control and authority of the directors of the company, which directors are hereby authorised and empowered to allot, issue and otherwise dispose of such share capital to such person or persons on such terms and conditions and at such times as the directors of the company may from time to time and in their discretion deem fit, provided that the company’s memorandum of incorporation, the Companies Act and (once the listing has taken place) the JSE Listings Requirements, each as presently constituted and amended from time to time, have been complied with.”

This resolution requires the approval of more than 50% (fifty percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.6 *“Special resolution number 3 – repurchase of shares*

Resolved that the company and/or any subsidiary of the company be and is hereby authorised, by way of a general authority, to acquire ordinary shares in the capital of the company upon such terms and conditions and in such amounts as the directors may from time to time determine, in terms of and subject to:

- 1.4.6.1 sections 4, 46 and 48 of the Companies Act;
- 1.4.6.2 the applicable provisions of the memorandum of incorporation of the company; and
- 1.4.6.3 once the listing has taken place, the JSE Listings Requirements, being, as at the date of this resolution, that:
 - 1.4.6.3.1 any acquisition of ordinary shares shall be purchased through the order book of the trading system of the JSE, and done without any prior understanding or arrangement between the company and/or the relevant subsidiary and the counterparty (provided that if the company purchases its own ordinary shares from any wholly owned subsidiary of the company for the purposes of cancelling such treasury shares pursuant to this general authority, the above provisions will not be applicable to such purchase transaction);
 - 1.4.6.3.2 the general repurchase by the company, and by its subsidiaries, of the company's ordinary shares is authorised by its memorandum of incorporation;
 - 1.4.6.3.3 this general authority shall be valid until the company's next annual general meeting or for 15 (fifteen) months from the date of adoption of this special resolution, whichever period is shorter;
 - 1.4.6.3.4 repurchases of shares in aggregate in any one financial year may not exceed 20% (twenty percent) (or 10% (ten percent)) where the repurchase is effected by a subsidiary) of the company's issued ordinary share capital as at the date of adoption of this special resolution;
 - 1.4.6.3.5 repurchases must not be made at a price greater than 10% (ten percent) above the weighted average of the market value of the ordinary shares for the 5 (five) business days immediately preceding the date on which the transaction is effected and the JSE should be consulted for a ruling if the applicants securities have not traded in such 5 (five) business day period;
 - 1.4.6.3.6 at any point in time the company may only appoint one agent to effect any repurchase on the company's behalf or on behalf of any subsidiary of the company;
 - 1.4.6.3.7 the passing of a resolution by the board of directors authorising the repurchase, that the company and the relevant subsidiaries passed the solvency and liquidity test and that since the test was done there have been no material changes to the financial position of the group;
 - 1.4.6.3.8 subject to the exceptions contained in the JSE Listings Requirements, the company and the relevant subsidiaries will not repurchase ordinary shares during a prohibited period (as defined in the JSE Listings Requirements) unless they have in place a repurchase programme where the dates and quantities of ordinary shares to be traded during the relevant period are fixed (not subject to any variation) and full details of the programme have been disclosed in an announcement over SENS prior to the commencement of the prohibited period;
 - 1.4.6.3.9 the company's sponsor will confirm the adequacy of the company's working capital for the purpose of undertaking the repurchase, in writing prior to the repurchase of any shares; and
 - 1.4.6.3.10 an announcement complying with paragraph 11.27 of the JSE Listings Requirements will be published by the company or its subsidiary (i) when the company and/or its subsidiary/ies have cumulatively repurchased 3% (three percent) of the ordinary shares in issue as at the date of the listing of the ordinary shares in the company on the JSE ("the initial number") and (ii) for each 3% (three percent) in the aggregate of the initial number of the ordinary shares acquired thereafter by the company and/or its subsidiaries.

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

The directors, after considering the effect of the maximum repurchase, are of the opinion that for a period of 12 months after the passing of this resolution:

- the company and the group will, in the ordinary course of business, be able to pay its debts;
- the assets of the company and the group will be in excess of the liabilities of the company and the group;
- the share capital and reserves of the company and the group will be adequate for ordinary business purposes; and
- the working capital of the company and the group will be adequate for ordinary business purposes.

After the company or its subsidiaries have cumulatively repurchased 3% (three percent) of the initial number of shares (the number of shares in issue at the time that the general authority from shareholders is granted) and for each 3% (three percent) in aggregate of the initial number of that class acquired thereafter, an announcement will be made in terms of the JSE Listings Requirements.

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.7 *“Special resolution number 4 – approval of non-executive directors’ remuneration”*

Resolved that, the following remuneration of non-executive directors of the company for their services as directors of the company (in terms of the provisions of section 66(9) of the Companies Act), be and is hereby approved for a period of two years from the passing of this resolution or until its renewal, whichever is earliest, as follows:

Chairman	R360 000 per annum
Chairman of the audit committee	R326 000 per annum
Non-executive director	R282 000 per annum

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of the shareholders exercised on the resolution.

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.8 *“Special resolution number 5 – financial assistance for subscription of securities”*

Resolved that, in terms of section 44(3) of the Companies Act, the company be and is hereby authorised, at any time and from time to time during the period of 2 (two) years commencing on the date of adoption of this special resolution, to provide financial assistance to any person for the purpose of, or in connection with, the subscription of any option, or any securities, issued or to be issued by the company or a related or inter-related company, or for the purchase of any securities of the company or a related or inter-related company, provided that:

- 1.4.8.1 the recipient or recipients of such financial assistance, and the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the board of directors of the company from time to time; and
- 1.4.8.2 the board of directors of the company may not authorise the company to provide any financial assistance pursuant to this special resolution unless the board is satisfied that all those requirements of section 44 of the Act which are required to be met in order to authorise the company to provide such financial assistance, have been met.

In terms of section 44(3)(a)(ii) of the Companies Act the board of directors of a company may not authorise any financial assistance unless pursuant to a special resolution of the shareholders adopted within the previous two years, either as a general or specific authority, the shareholders of the company have approved such financial assistance. The effect of this resolution is to grant the board of directors of

the company the general authority to provide such direct or indirect financial assistance. This authority will be in place for a period of 2 (two) years from the date of adoption of this resolution.

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.9 *“Special resolution number 6 – financial assistance for related or inter-related companies, directors or prescribed officer of the company*

Resolved that, in terms of section 45(3) of the Companies Act the company be and is hereby authorised, at any time and from time to time during the period of 2 (two) years commencing on the date of adoption of this special resolution, to provide any direct or indirect financial assistance as contemplated in such section of the Companies Act, to any director or prescribed officer of the company or of a related or inter-related company, or to a related or inter-related company or corporation, or to a member of a related or inter-related corporation, or to a person related to any such company, corporation, director, prescribed officer or member, provided that:

- 1.4.9.1 the recipient or recipients of such financial assistance, and the form, nature and extent of such financial assistance, and the terms and conditions under which such financial assistance is provided, are determined by the board of directors of the company from time to time; and
- 1.4.9.2 the board of directors of the company may not authorise the company to provide any financial assistance pursuant to this special resolution unless the board is satisfied that all those requirements of section 45 of the Companies Act which is required to be met in order to authorise the company to provide such financial assistance, have been met; and
- 1.4.9.3 such financial assistance to a recipient thereof is, in the opinion of the board of directors of the company, required for the purpose of (i) meeting all or any of such recipient’s operating expenses (including capital expenditure), and/or (ii) funding the growth, expansion, reorganisation or restructuring of the businesses or operations of such recipient, and/or (iii) funding such recipient for any other purpose which in the opinion of the board of directors of the company is directly or indirectly in the interests of the company.

In terms of section 45(3)(a)(ii) of the Companies Act, the board of directors of a company may not authorise any financial assistance unless pursuant to a special resolution of the shareholders adopted within the previous two years, either as general or specific authority, the shareholders of the company have approved such financial assistance. The effect of this resolution is to grant the board of directors of the company the general authority to provide such direct or indirect financial assistance, including in the form of loans or the guarantees. This authority will be in place for a period of 2 (two) years from the date of adoption of this resolution.

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.10 *“Ordinary resolution number 4 – general authority to issue ordinary shares for cash*

It was resolved that, the directors of the company be and are hereby authorised, once the listing has taken place (and without thereby limiting those authorities which they may already have during the period up to listing) by way of a general authority, to allot and issue ordinary shares in the capital of the company for cash, including within the scope of such authority the ability to issue options and securities (including any convertible preference shares in the authorised capital of the company) that are convertible into ordinary shares, subject to the limitations as set out in the memorandum of incorporation of the company and the provisions of the Companies Act, 2008 and the JSE Listings Requirements from time to time on the following basis:

- 1.4.10.1 the shares which are the subject of the issue for cash must be of a class already in issue, or where this is not the case, must be limited to such shares or rights that are convertible into a class of shares already in issue;

- 1.4.10.2 there will be no restrictions in regard to the persons to whom the shares may be issued, provided that such shares are to be issued to public shareholders (as defined by the JSE Listing Requirements) and not to related parties (as defined by the JSE Listing requirements);
- 1.4.10.3 the total aggregate number of ordinary shares which may be issued for cash in terms of this authority may not exceed 20 369 046, being 15% (fifteen percent) of the aggregate number of ordinary shares in issue as at the date of this notice, excluding the 40 million shares to be issued in terms of the private placement separately authorised in ordinary resolution number 2;
- 1.4.10.4 in the event of sub-division or consolidation prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- 1.4.10.5 this authority shall be valid until the company's next annual general meeting or for 15 months from the date of the passing of the ordinary resolution, whichever is the earlier, provided that it shall not extend beyond 15 (fifteen) months from the date that this authority is given;
- 1.4.10.6 the maximum discount at which the shares may be issued is 10% (ten percent) of the weighted average traded price of those shares over the 30 (thirty) business days prior to the date that the price of the issue is determined or agreed to between the company and the party/ies subscribing for the shares. The JSE should be consulted for a ruling if the company's shares have not traded in such 30 (thirty) business day period; and
- 1.4.10.7 upon any issue of ordinary shares which, together with prior issues of ordinary shares during the same financial year, will constitute 5% (five percent) or more of the total number of ordinary shares in issue prior to that issue, the company shall publish an announcement in terms of section 11.22 of the JSE Listings Requirements, giving full details hereof, including (i) the number of ordinary shares issued, (ii) the average discount to weighted average traded price of the ordinary shares over the 30 (thirty) 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, (iii) in respect of the issue of options and convertible securities issued for cash, the effects of the issue on net asset value per share, net tangible asset value per share, earnings per share, headline earnings per share and, if applicable, diluted earnings and headline earnings per share; or (iv) in respect of an issue of shares for cash, an explanation including supporting information (if any), of the intended use of funds .

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.11 *“Ordinary resolution number 5 – auditors’ remuneration*

Resolved that the auditors’ remuneration, with the auditors being Grant Thornton (Jhb) Inc., with registered office at 42 Wierda Road West, Johannesburg, 2196, be determined by the board of directors of the company.

This resolution requires the approval of more than 50% (fifty percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.12 *“Ordinary resolution number 6 – adoption of share scheme*

Resolved that, subject to approval by the requisite majority of shareholders of the company (as required by the JSE), and in accordance with Schedule 14 of the Listings Requirements, the company hereby

approves the adoption of the Indluplace Share Purchase and Option Scheme (“Share Scheme”), and all actions required to be taken by the company in terms of the Share Scheme, a copy of which Share Scheme is annexed hereto as **Annexure “2”**.

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of shareholders exercised on the resolution, in accordance with Schedule 14 of the Listings Requirements.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.4.13 *“Ordinary resolution number 7 – signature of documentation*

Resolved that, any director of the company or any other person to whom a director has delegated his/her authority to do so, be and is hereby authorised to sign all such documentation and do all such things as may be necessary for or incidental to the implementation of the resolutions contained herein; and if and to the extent that any director has already signed all or any of the documents necessary for the implementation of the resolutions prior to the passing of the resolutions in this document, such and anything already done in good faith in relation thereto be and are hereby approved of and ratified by the company to the extent permissible in law.

In order for this resolution to be adopted, the support of more than 50% (fifty percent) of the total number of votes exercised by shareholders on the resolution is required.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.5 The following resolutions were approved by the sole shareholder on 25 May 2015:

1.5.1 *“Noted that:*

The company wishes to amend Special Resolution Number 4 adopted at the general meeting held on Friday, 15 May 2015.

Resolved that:

Special Resolution Number 4 (Approval of Non-Executive Directors Remuneration) adopted at the general meeting of the company held on Friday, 15 May 2015 be and is hereby amended and replaced with the following:

Special resolution number 4 – Approval of non-executive directors’ remuneration

Resolved that, the following remuneration of non-executive directors of the company for their services as directors of the company (in terms of the provisions of section 66(9) of the Companies Act), be and is hereby approved for a period of two years from the passing of this resolution or until its renewal, whichever is earliest, as follows:

Chairman		R131 200 per annum
Non-executive director	(including chairman)	R220 000 per annum
Audit and risk committee		R52 800 per annum
Remuneration committee	(including chairman)	R8 800 per annum
Investment committee	(including chairman)	R52 800 per annum,

on the basis that such remuneration shall only become payable in the event that the shares of the company are listed on the JSE Limited, and that such fees shall accordingly be payable and calculated in respect of the period commencing on the date of such listing.

The reason for and effect of special resolution number 4 is to obtain shareholder approval by way of a special resolution in accordance with section 66(9) of the Companies Act for the payment by the company of remuneration to each of the non-executive directors of the company for services as a non-executive director for a period of two years from the passing of this resolution or until its renewal, whichever is earliest, in the amounts set out under special resolution number 4, on the basis that such remuneration shall only become payable in the event that the shares of the company are listed on the JSE Limited, and that such fees shall accordingly be payable and calculated in respect of the period commencing on the date of such listing.

This resolution requires the approval of at least 75% (seventy five percent) of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

1.5.2 “Ordinary resolution number 1 – signature of documentation

Resolved that:

- any director or secretary of the company or any other person to whom a director has delegated his/her authority to do so, be and is hereby authorised to sign all documents and any amendments thereto, take all such steps and do all such other things as may be necessary in order to give effect to and/or implement the resolutions contained herein; and
- if and to the extent that any director has already signed all or any of the documents necessary for the implementation of the resolutions prior to the passing of the resolutions in this document, such actions and anything already done in good faith in relation thereto be and are hereby approved of and ratified by the company to the extent permissible in law.

This resolution requires the approval of more than 50% of the voting rights of shareholders exercised on the resolution.”

This resolution was approved by 100% of the voting rights of the sole shareholder exercised on the resolution.

2. ALTERATIONS TO AUTHORISED SHARE CAPITAL

- 2.1 The company was incorporated as a public company on 3 December 2013 with an authorised share capital of 100 ordinary shares of no par value.
- 2.2 On 24 March 2014, a resolution was passed increasing the authorised share capital to 2 billion ordinary shares of no par value.
- 2.3 On 25 February 2015, a resolution was passed increasing the authorised share capital to 3 billion shares of no par value.
- 2.4 Other than as set out in the table below there have been no other issues, repurchases or offers of securities of the company since the date of incorporation of the company to the last practical date.

3. ISSUES AND REPURCHASES OF SHARES

- 3.1 Other than as set out in the table below there have been no other issues repurchases or offers of securities of the company since the date of incorporation of the company to the last practical date.

Date	Nature	Counterparty	Number of shares	Price per share	Reason
3 December 2013	Issue on incorporation	Arrowhead Properties	100	R0	Issue on incorporation
14 May 2015	New issue of shares	Arrowhead Properties	135 793 540	R9.00	Share subscription by Arrowhead Properties

- 3.2 Save as disclosed in **Annexure 11**, there were no assets acquired or to be acquired out of the proceeds of any issues. All shares which have been issued, were issued at a price equal to the company’s net asset value per share, which was considered to represent the fair value for the company’s shares.
- 3.3 The entire authorised but unissued share capital of the company is placed under the control of the directors of the company, who are authorised and empowered to issue, allot and dispose of such share capital.

4. STATEMENT AS TO LISTING ON STOCK EXCHANGE

The shares of the company are not listed on any other stock exchange.

MATERIAL CONTRACTS

The following are details of material contracts, being (i) contracts entered into otherwise than in the ordinary course of business, since the date of incorporation of the company to the date of this prospectus or at any time containing an obligation or settlement that is or may be material to the company or its subsidiaries at the last practical date; and (ii) contracts that are otherwise considered material by the company.

1. ACQUISITIONS

1.1 The Honey Park acquisition

- 1.1.1 Indluplace, Arrowhead Properties and The Standard Bank of South Africa Limited signed a tripartite agreement on 11 April 2014 pursuant to which Indluplace acquired the property letting enterprises conducted in respect of and including the properties and buildings known as Honey Park (the “**property**”) for a purchase consideration of R150 000 000 (the “**Honey Park acquisition**”).
- 1.1.2 The effective date of the Honey Park acquisition was the commencement of business on 1 February 2014.

1.2 The Jika 1 acquisition

- 1.2.1 Jika, Indluplace and Arrowhead Properties signed a tripartite agreement on 17 March 2014 in terms of which Indluplace acquired a portfolio of residential properties and the shares in 13 residential property owning companies from Jika (the “**Jika 1 property portfolio**”) for an aggregate purchase consideration of R354 040 559 (the “**Jika 1 acquisition**”).
- 1.2.2 In terms of the Jika 1 acquisition agreement, Jika has guaranteed that:
 - 1.2.2.1 the net yield attributable to the Jika 1 property portfolio will be not less than 10% during the first guarantee period (being the 12 month period commencing on the effective date of the acquisition); and
 - 1.2.2.2 during the second guarantee period (being the 12 month period commencing on the first day after the expiry of the first guarantee period) the net yield attributable to the Jika 1 property portfolio will be not less than 10.8%.
- 1.2.3 If the actual net yield achieved in respect of a guarantee period is less than the guaranteed yield for that period, then Jika will pay to Indluplace an amount equal to the additional income that would be necessary to increase the achieved net yield to the guaranteed yield, provided that the amount payable to Indluplace pursuant to the aforesaid financial guarantee in respect of each guarantee period shall not exceed 2.5% of the purchase price.
- 1.2.4 To facilitate payment under the financial guarantee the conveyancing attorneys will retain in their trust account an amount equivalent to 5% of the purchase price paid by Indluplace to Jika in respect of the Jika 1 property portfolio.
- 1.2.5 The effective date of the Jika 1 acquisition is as detailed in properties numbered 1 to 29 in **Annexure 7**.

1.3 The Amberfield Village acquisition

- 1.3.1 Indluplace has acquired 102 residential units forming part of a sectional title scheme known as the Amberfield Village complex, together with an undivided share in the common property (the “**property**”) from Propisky 2 Properties Proprietary Limited (“**Propisky**”) for a purchase consideration of R46 583 186 (the “**Amberfield Village acquisition**”). The property is situated in Vanderbijlpark, Gauteng, and is leased to the Vaal University of Technology for student housing for a period of three years expiring on 31 December 2016. The tenant has an option to renew the lease agreement for a further period of three years, on the same terms and conditions save that the rental will escalate by 8% per annum. Transfer of the property into the name of Indluplace was registered on 15 October 2014, the (“**transfer date**”) from which date risk and benefit passed to Indluplace.
- 1.3.2 The effective date of the Amberfield Village acquisition was the transfer date.

1.4 The Park Village acquisition

- 1.4.1 Indluplace has acquired a portion of a sectional title scheme known as the Park Village complex, together with an undivided share in the common property (the “**property**”) from Propisky 4 Properties Proprietary Limited (“**Propisky 4**”) for a purchase consideration of R85 263 828 (the “**purchase consideration**”) (the “**Park Village acquisition**”). The property is situated in Vanderbijlpark, comprises 116 residential units and is leased to the Vaal University of Technology and North-West University for student housing for a period of three years, with leases on 96 units expiring on 31 December 2016 and the remaining units expiring on 31 December 2015. The Vaal University of Technology has an option to renew the lease agreement for a further period of three years, on the same terms and conditions save that the rental will escalate by 8% per annum.
- 1.4.2 The property transferred on 23 January 2015 (“**transfer date**”), from which date risk and benefit passed to Indluplace.
- 1.4.3 The effective date of the Park Village acquisition was the transfer date.
- 1.4.4 The property is managed in terms of the Amorispan property management services agreement.
- 1.4.5 The purchase consideration was paid by the purchaser to Propisky 4 simultaneously with transfer of the property into the name of the purchaser.

1.5 The Bree Street Block acquisition

- 1.5.1 Indluplace has acquired the property letting enterprises conducted in respect of and including certain properties and buildings (collectively, the “**properties**”) from Consolidated Urban Acquisitions 1 CC and Sapphire Cove INV 17 CC for a purchase consideration of R55 700 000 (the “**Bree Street Block acquisition**”). The properties comprise Glo Bakeries, Cheryl Court, U-Save, Film Trust House, Bree City Mall and 320 Bree Street.
- 1.5.2 Glo Bakeries is situated in Johannesburg CBD, Gauteng and comprises a bakery, ground floor retail and a crèche. Transfer of Glo Bakeries into the name of Indluplace was registered on 30 March 2015.
- 1.5.3 Cheryl Court is situated in Johannesburg CBD, Gauteng and comprises 30 affordable residential units and ground floor retail. Transfer of Cheryl Court into the name of Indluplace was registered on 30 March 2015.
- 1.5.4 U-Save is situated in Johannesburg CBD, Gauteng and is a retail centre. Transfer of U-Save into the name of Indluplace was registered on 30 March 2015.
- 1.5.5 Film Trust House is situated in Johannesburg CBD, Gauteng and is a retail centre. Transfer of Film Trust House into the name of Indluplace was registered on 30 March 2015.
- 1.5.6 Bree City Mall is situated in Johannesburg CBD, Gauteng and is a retail centre. Transfer of Bree City Mall into the name of Indluplace was registered on 30 March 2015.
- 1.5.7 320 Bree Street is situated in Johannesburg CBD, Gauteng and comprises 90 affordable residential units and ground floor retail. Transfer of 320 Bree Street into the name of Indluplace was registered on 30 March 2015.
- 1.5.8 The effective date of the Bree Street Block acquisition was the date of registration of transfer of the properties in Indluplace’s name.

1.6 The Highveld View acquisition

- 1.6.1 Indluplace acquired the immovable property known as the Highveld View complex (the “**property**”) from Zotec Developments Proprietary Limited (the “**seller**”) for a purchase consideration of R286 500 000 (the “**Highveld View acquisition**”). The property is situated in Emalahleni, Mpumalanga and comprises 450 residential units. Transfer of the property into the name of Indluplace was registered on 2 April 2015 (“**transfer date**”).
- 1.6.2 The effective date of the Highveld View acquisition was the transfer date.
- 1.6.3 The seller guaranteed that:
 - 1.6.3.1 during the period of 12 months commencing on the transfer date (“**the first guarantee period**”), the property will earn an achieved yield of not less than 10.25%; and
 - 1.6.3.2 during the period of 12 months commencing on the first day following the expiry of the first guarantee period, the property will earn an achieved yield of not less than 10.95%.

- 1.6.4 If the achieved net yield in respect of a guarantee period is less than the guaranteed yield for that period, then the seller will pay to Indluplace an amount equal to the additional income that would be necessary to increase the achieved net yield to the guaranteed yield.
- 1.6.5 To facilitate payment under the financial guarantee, Indluplace's attorneys will establish a trust account and retain in such trust account 2.5% of the purchase price paid by Indluplace in terms of this agreement, which amount will be held under the terms of the escrow agreement to be released to the seller or Indluplace, as the case may be, in accordance with the provisions of that agreement.
- 1.6.6 If and to the extent that the amount held by Indluplace's attorney in the escrow account after the expiry of the first guarantee period is deemed by Indluplace, in its reasonable opinion, to be insufficient for the purposes of meeting a claim by Indluplace in terms of the financial guarantee, the seller undertakes on receipt of a written notice from Indluplace to pay the shortfall to increase the amount held in the escrow account.
- 1.7 **The Jika 2 acquisition**
- 1.7.1 Indluplace has, subject to certain conditions precedent, concluded an agreement (the "**Jika 2 acquisition agreement**") with Citiq and Amber Falcon Properties 185 Proprietary Limited ("**Amber Falcon**") (each a "**seller**" and jointly the "**sellers**") for the acquisition of all the shares in ("**sold share**") and claims against ("**sold claims**") (collectively, the "**sold equity**") Jika (the "**Jika 2 acquisition**"). Jika owns a portfolio of residential immovable properties comprising immovable properties (the "**Jika 2 properties**") and property companies (the "**subsidiaries**") which own the properties (collectively, the "**Jika 2 property portfolio**").
- 1.7.2 Details of the Jika 2 property portfolio are set out in **Annexure 7**.
- 1.7.3 The effective date of the Jika 2 acquisition was 1 April 2015 (the "**effective date**").
- 1.7.4 The aggregate purchase consideration payable by Indluplace to the sellers in respect of the sold equity is approximately R545 013 916 (the "**purchase consideration**") and will be allocated as to the face value of the sold claims and the balance to the sold shares.
- 1.7.5 The purchase consideration was funded through debt.
- 1.7.6 The sellers have guaranteed that:
- 1.7.6.1 during the first guarantee period (being the 12-month period commencing on the effective date) the net yield attributable to the Jika 2 property portfolio will be not less than 10.1%; and
- 1.7.6.2 during the second guarantee period (being the 12-month period commencing on the first day after the expiry of the first guarantee period) the net yield attributable to the Jika 2 property portfolio will be not less than 10.9%.
- 1.7.7 If the actual net yield achieved in respect of a guarantee period is less than the guaranteed yield for that period then the sellers will pay to Indluplace an amount equal to the additional income that would be necessary to increase the achieved net yield to the guaranteed yield, provided that the amount payable to Indluplace pursuant to the aforesaid financial guarantee in respect of each guarantee period shall not exceed 2.5% of the purchase price.
- 1.7.8 To facilitate payment under the financial guarantee the conveyancing attorneys will retain in their trust account an amount equivalent to 5% of the purchase price paid by Indluplace for the Jika 2 property portfolio.
- 1.8 **The Germiston acquisition**
- 1.8.1 Indluplace has, subject to certain conditions precedent, concluded agreements with Friedshelf 1322 Proprietary Limited and Unlocked Properties 3 Proprietary Limited (each a "**seller**" and jointly the "**sellers**") for the acquisition of the Germiston property portfolio together with lease agreements (the "**Germiston acquisition agreements**").
- 1.8.2 The effective date of the agreements was 1 March 2015, from which date all risk and benefit attaching to Germiston property portfolio vested in Indluplace.
- 1.8.3 The aggregate purchase consideration payable by Indluplace to the sellers is R71 229 145, which amount includes the transfer duty payable in respect of the transfer of the Germiston property portfolio from the sellers to Indluplace (the "**purchase consideration**").
- 1.8.4 All the conditions precedent to the agreements have been fulfilled.

DETAILS OF ACQUISITIONS AND VENDORS

The material immovable properties, subsidiaries and investments acquired by Indluplace for the period from incorporation to the last practicable date and immovable properties, subsidiaries and investments to be acquired are detailed in the table below, together with the names and addresses of the vendors of the immovable properties and/or securities purchased by Indluplace and/or its subsidiaries and the consideration paid by the vendors.

No.	Name and nature of the asset acquired	Entity which acquired the asset	Name of vendor	Address of vendor	Names of beneficial shareholders of vendor†	Date of acquisition by Indluplace and/or its subsidiary‡	Consideration (R)				Date of acquisition by the vendor (if purchased within preceding three years)†	Cost of asset to vendor (if purchased within preceding three years)†	Amount paid for goodwill by vendor‡
							Issue of securities	Cash portion	Other	Loans incurred to finance acquisition*			
1.	Honey Park Rental enterprise	Indluplace	The Standard Bank of South Africa	3rd Floor, The First, Corner Cradock Avenue and Biermann Avenue Rosebank 2196	Wholly-owned by The Standard Bank of South Africa which is listed with a broad spread of shareholders	1 February 2014	-	R150 000 000	-	Loan from Arrowhead Properties: R150 000 000	Acquired in 2012	R167 000 000	None
2.	Amberfield Village Rental enterprise	Indluplace	Propsky 2 Properties Proprietary Limited	Building 1, Liberty Office Park 171 Katherine Street Sandton	Not obtainable, however none of the directors of the group are beneficial shareholders of the vendor	15 October 2014	-	R46 583 186	-	Loan from Arrowhead Properties: R46 583 186	Not obtainable	Not obtainable	Not obtainable
3.	Park Village Rental enterprise	Indluplace	Propsky 4 Properties Proprietary Limited	Building 1, Liberty Office Park 171 Katherine Street, Sandton	Not obtainable, however none of the directors of the group are beneficial shareholders of the vendor	23 January 2015	-	R85 263 828	-	Loan from Arrowhead Properties: R85 263 828	Not obtainable	Not obtainable	Not obtainable
4.	Bree Street Rental enterprises	Indluplace	Consolidated Urban Acquisitions 1 CC and Sapphire Cove INV 17 CC	Unit 205, 2nd Floor, 64 Wrenrose Avenue, Birdhaven	Not obtainable, however none of the directors of the group are beneficial shareholders of the vendor	30 March 2015	-	Sapphire Cove Inv 17 CC – R7 500 000 Consolidated Urban Acquisitions 1 CC – R48 200 000	-	Loan from Arrowhead Properties: R55 700 000	Not applicable	Not applicable	Not obtainable
5.	Highveld View Rental enterprise	Indluplace	Zotec Developments Proprietary Limited	1st Floor Waterfall Office Park, Bekker Street, Midrand	Central Development West Proprietary Limited	2 April 2015	-	R286 500 000	-	Loan from Arrowhead Properties: R286 500 000	Not applicable	Not applicable	Not obtainable

		Consideration (R)													
No.	Name and nature of the asset acquired	Entity which acquired the asset	Name of vendor	Address of vendor	Names of beneficial shareholders of vendor†	Date of acquisition by Indluplace and/or its subsidiary‡	Issue of securities	Cash portion	Other	Loans incurred to finance acquisition*	Valuation for	Goodwill/ Intangible assets paid in which accounted	Date of acquisition by the vendor (if purchased within preceding three years)†	Cost of asset to vendor (if purchased within preceding three years)†	Amount paid for goodwill by vendor†
6.	Jika 1 property portfolio Rental enterprises and property owning companies	Indluplace	Jika Properties Proprietary Limited	7th Floor, Anchor House, 100 Juta Street, Braamfontein	Stanislaus Investments (Pty) Ltd, Amber Falcon Properties 185 (Pty) Ltd, Old Mutual Life Assurance Company (South Africa) Ltd	Varies 1 April to 13 June 2014	-	R554 040 559	-	The Jika 1 acquisition was financed by Arrowhead Properties on loan account to Indluplace	R365 110 000	None	Acquired in 2012 [^]	R1 930 000 [^]	Not obtainable
7.	Jika 2 property portfolio Rental enterprises and property owning companies	Indluplace	Citiq and Amber Falcon Properties 185 Proprietary Limited	7th Floor, Anchor House, 100 Juta Street, Braamfontein	Stanislaus Investments (Pty) Ltd, Amber Falcon Properties 185 (Pty) Ltd, Old Mutual Life Assurance Company (South Africa) Ltd, First European Finance Investment Ltd, Mayflower Investments (Pty) Ltd, Reginal Lionel Lasker	1 April 2015	-	R545 013 916	-	Loan from The Standard Bank of South Africa: R400 000 000	R522 320 000	None	5 December 2012, 11 May 2012, 11 May 2012, 21 June 2012, 12 April 2012 [#]	Aggregate of R73 516 000 [#]	Not obtainable
8.	Germiston property portfolio Rental enterprises	Indluplace	Friedshelf 322 Proprietary Limited/ Unlocked Properties 3 Proprietary Limited	Corner of Katherine and Wierda Roads, Sandown	Malewell Proprietary Limited, Mafadi Proprietary Limited, Ixonix Proprietary Limited, Darryn Investments Proprietary Limited, Oblitex Proprietary Limited, Friedshelf 1377 Proprietary Limited, Mafadi Property Management	1 March 2015	-	R71 299 145	-	Loan from Arrowhead Properties: R71 299 145	R71 000 000	None	9 July 2013 and 26 December 2014 ⁻	Aggregate of R27 003 500 ⁻	Not obtainable

† The date of acquisition by the vendor, the cost of the asset to the vendor, the names of the beneficial shareholders of the vendor and the amount paid for goodwill by each vendor could not be obtained as the vendor declined to provide such information.

‡ All dates in the table above reflect the effective date of the transaction.

[^] This information has been obtained from a Winded Deeds Office Search ("Winded") and applies to the property known as Samford Square, further details of which are set out in **Annexure 7**. According to the information obtained from Winded, the remainder of the properties comprising the Jika 1 property portfolio were not purchased by the vendor within the preceding three years or the date of purchase by the vendor and the cost of the asset to the vendor is unknown.

[#] This information has been obtained from Winded and applies to SS En Gedi, SS Philoade, SS Sand Marie, SS Summer Place, SS Wonderpark Estate and Elrit Court, further details of which are set out in **Annexure 7**. According to the information obtained from Winded, the remainder of the properties comprising the Jika 2 property portfolio were not purchased by the vendor within the preceding three years or the date of purchase by the vendor and the cost of the asset to the vendor is unknown.

⁻ This information has been obtained from Winded.

FINANCIAL INFORMATION REQUIRED IN RESPECT OF THE INDLUPLACE GROUP IN TERMS OF REGULATION 79 OF THE COMPANIES ACT

In terms of Regulation 79 of the Companies Act, **Annexure 12** includes the historical profits of the Indluplace group. As the company was incorporated on 3 December 2013, the financial information set out below is for the period from incorporation to 30 September 2014.

Statement of comprehensive income for the period ended 30 September 2014

	Group Period ended 30 September 2014 R	Company Period ended 30 September 2014 R
Property portfolio revenue		
Contractual rental income	37 447 343	37 447 343
Straight-line rental income accrual	(727 665)	(727 665)
Total revenue	36 719 678	36 719 678
Operating costs	(6 413 007)	(6 413 007)
Net operating profit	30 306 671	30 306 671
Changes in fair values	14 281 889	14 281 889
Profit from operations	44 588 560	44 588 560
Interest paid	(31 034 336)	(31 034 336)
Total comprehensive income for the year	13 554 224	13 554 224

Statement of financial position as at 30 September 2014

	Group R	Company R
ASSETS		
Non-current assets	519 949 295	519 949 295
Investment property	519 949 295	271 255 392
Fair value of property portfolio for accounting purposes	520 676 960	271 983 057
Straight-line rental income accrual	(727 665)	(727 665)
Investment in subsidiaries	–	136 864 864
Loans to subsidiaries	–	111 829 039
Current assets	14 161 322	14 161 322
Trade and other receivables	3 692 442	3 692 442
Cash and cash equivalents	10 468 880	10 468 880
Total assets	534 110 617	534 110 617

	Group R	Company R
EQUITY AND LIABILITIES		
Shareholders' interest	13 554 224	13 554 224
Stated capital	–	–
Reserves	13 554 224	13 554 224
Other non-current liabilities	487 844 526	487 844 526
Loan from shareholder	487 844 526	487 844 526
Current liabilities	32 711 867	32 711 867
Trade and other payables	1 677 532	1 677 532
Loan from shareholder	31 034 335	31 034 335
Total equity and liabilities	534 110 617	534 110 617

Statement of changes in equity for the period ended 30 September 2014

	Stated capital R	Reserves R	Total R
COMPANY			
Balance at 30 September 2013	–	–	–
Issue of shares	–	–	–
Total comprehensive income for the period	–	13 554 224	13 554 224
Balance at 30 September 2014	–	13 554 224	13 554 224

GROUP

	Stated capital R	Reserves R	Total R
Balance at 30 September 2013	–	–	–
Issue of shares	–	–	–
Total comprehensive income for the period	–	13 554 224	13 554 224
Balance at 30 September 2014	–	13 554 224	13 554 224

Consolidated statements of cash flow for the period ended 30 September 2014

	Group Period ended 30 September 2014 R	Company Period ended 30 September 2014 R
Net cash generated from operating activities	(2 014 910)	(2 014 910)
Cash generated from operations	29 019 426	29 019 426
Interest paid	(31 034 336)	(31 034 336)
Net cash utilised in investing activities	(506 395 071)	(506 395 071)
Net acquisition of investment property at fair value	(506 395 071)	(257 701 068)
Investment in subsidiaries	–	(136 864 864)
Loan to subsidiaries	–	(111 829 039)
Net cash generated from financing activities	518 878 761	518 878 761
Loan from shareholder	518 878 761	518 878 761
Proceeds from issue of shares	–	–
Net movement in cash and cash equivalents	10 468 780	10 468 780
Cash and cash equivalents at the beginning of the period	–	–
Cash and cash equivalents at the end of the period	10 468 780	10 468 780

**REPORT BY THE AUDITOR IN TERMS OF REGULATION 79 OF THE COMPANIES ACT
IN RESPECT OF THE INDLUPLACE GROUP**

“The Board of Directors
Indluplace Properties Limited
2nd Floor
18 Melrose Boulevard
2076

14 May 2015

Dear Sirs

**AUDITORS REPORT ON THE FINANCIAL INFORMATION OF INDLUPLACE PROPERTIES LIMITED
 (“INDLUPLACE PROPERTIES”) IN TERMS OF REGULATION 79 OF THE COMPANIES ACT**

We have agreed to provide a report on Indluplace Properties’ financial information included in **Annexure 12** for purposes of complying with Regulation 79 of the Companies Act 71 of 2008 (“**the Act**”). In terms of Regulation 79 of the Act, a company issuing a prospectus is required to provide financial information comprising of the following:

- the consolidated and separate profits and losses for the three financial years preceding the date of the prospectus; and
- the consolidated and separate assets and liabilities as at the last date to which the annual financial statements were made out; and
- the dividends paid by the company in respect of each class of securities for the three financial years preceding the date of the prospectus, including particulars of each class of share on which dividends were paid and cases where no dividends were paid in respect of a particular class of shares,

(collectively “**the Regulation 79 financial information**”).

Grant Thornton (Jhb) Inc. is the appointed auditor of Indluplace Properties.

We have audited the annual financial statements of Indluplace Properties for the year ended 30 September 2014. Our audit was conducted in accordance with International Standards on Auditing and the financial statements prepared in accordance with International Financial Reporting Standards. We have not performed any audit procedures subsequent to our audit opinion dated 20 November 2014, in respect of the financial year ended 30 September 2014.

Extraction of financial information

We confirm that the Regulation 79 financial information detailed in **Annexure 12** has been extracted from Indluplace Properties’ consolidated annual financial statements for the financial year ended 30 September 2014. As the Regulation 79 financial information is an extract from the annual financial statements Grant Thornton (Jhb) Inc. can report the following:

- the financial information is free from material misstatement and has been prepared on a basis consistent with the Act;
- the trade debtors and creditors include no material amount that is not a trade account;
- the provision for doubtful debts appear to be adequate; and
- all inter-company profits have been eliminated.

Material changes in the assets and liabilities

In accordance with Regulation 79(4)(b)(v), Grant Thornton (Jhb) Inc. is required to include a statement in its report, as to whether there have been any material changes in the assets and liabilities of Indluplace Properties since the date of the last annual financial statements.

Our engagement to ascertain whether there have been any material changes to the assets and liabilities of Indluplace Properties since the date of the last annual financial statements was undertaken in accordance with the International Standards on Related Services applicable to agreed-upon procedures engagements. The procedures were performed solely to assist you in complying with Regulation 79(4)(b)(v) of the Act. The following procedures were performed:

- reviewed the latest available management accounts of Indluplace Properties;
- reviewed minutes of the board of directors of Indluplace Properties since the financial year-end; and
- obtained a letter of representation from Indluplace Properties management confirming that all significant changes to the financial position of the company since the financial year end have been disclosed to ourselves.

Based on the aforementioned procedures, the following material changes in the assets and liabilities of Indluplace Properties since the date of the last annual financial statements have occurred or will occur prior to the listing of Indluplace Properties:

- acquisition of various properties and companies as detailed in the prospectus;
- share subscription by Arrowhead Properties Limited in the share capital of Indluplace Properties; and
- the private placement as detailed in the prospectus.

These material changes are incorporated into the consolidated *pro forma* statement of financial position of Indluplace Properties set out in Annexure 16 of this prospectus. An independent reporting accountants' report set out in Annexure 17 of this prospectus has been issued on the consolidated *pro forma* statement of financial position of Indluplace Properties. Other than the above, nothing has come to our attention that would indicate that there has been a material change in the assets and liabilities of Indluplace Properties since its last financial year-end.

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the procedures.

Had we performed additional procedures or had we performed an audit or review of the financial statements in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention that would have been reported to you.

Our report is solely for the purpose of complying with Regulation 79(4) and for your information. This report relates only to the items specified above, and does not extend to any financial statements of Indluplace Properties.

We hereby consent to the inclusion of this letter in its entirety in the prospectus to be issued on or about 3 June 2015.

Yours faithfully

Grant Thornton (Jhb) Inc.

Per Duncan Church

Director

Registration number 1994/001166/21

Registered Auditors

Chartered Accountants (SA)

Wanderers Office Park

52 Corlett Drive

Illovo, 2196"

FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF THE INDLUPLACE GROUP

Set out below are the forecast statements of comprehensive income of the Indluplace group (“**forecasts**”) for the eight months ending 31 May 2015 and the years ending 30 September 2015 and 30 September 2016 (“**forecast periods**”).

The forecasts comprise forecast figures for the duration of the forecast periods.

The forecasts, including the assumptions on which they are based and the financial information from which they are prepared, are the responsibility of the directors. The forecasts must be read in conjunction with the Independent Reporting Accountant’s limited assurance report thereon which is attached as **Annexure 15**. The forecasts have been prepared in compliance with IFRS and in accordance with the group’s accounting policies as set out in **Annexure 19**.

	Forecast for the eight months ending 31 May 2015 (R’000)	Forecast for the four months ending 30 September 2015 (R’000)	Forecast for the year ending 30 September 2015 (R’000)	Forecast for the year ending 30 September 2016 (R’000)
Contracted rental income	31 717	19 663	51 380	37 550
Uncontracted rental income	33 666	40 523	74 189	150 913
Income from net income guarantee	2 818	3 219	6 037	7 034
Recoveries	7 969	7 940	15 909	24 588
Rental income	76 170	71 345	147 515	220 085
Straight-lining of rental income adjustment	393	169	562	5 169
Revenue	76 563	71 514	148 077	225 254
Property operating expenses	(21 012)	(21 236)	(42 248)	(66 739)
Net property income	55 551	50 278	105 829	158 515
Administrative expenses	–	(2 248)	(2 248)	(7 282)
Operating profit	55 551	48 030	103 581	151 233
Fair value adjustment to investment properties	(13 871)	–	(13 871)	–
Finance cost	(5 871)	(1 382)	(7 253)	–
Interest received	900	4 972	5 872	15 962
Net profit	36 709	51 620	88 329	167 195
Dividend	50 187	51 451	101 638	162 026
Reconciliation between earnings, headline earnings and distributable profit				
Earnings (net profit)	36 709	51 620	88 329	167 195
<i>Adjusted for:</i>				
Change in fair value of investment properties	13 871	–	13 871	–
Headline earnings	50 580	51 620	102 200	167 195
<i>Adjusted for:</i>				
Straight-line rental income accrual	(393)	(169)	(562)	(5 169)
Distributable profit	50 187	51 451	101 638	162 026

	Forecast for the eight months ending 31 May 2015 (R'000)	Forecast for the four months ending 30 September 2015 (R'000)	Forecast for the year ending 30 September 2015 (R'000)	Forecast for the year ending 30 September 2016 (R'000)
Basic earnings per share (cents)	36 709 000.0	26.7		86.5
Headline earnings per share (cents)	50 580 000.0	26.7		86.5
Distribution per share (cents)	50 187 000.0	26.6		83.8
Weighted average number of shares in issue	100	193 373 003	64 457 734	193 373 003
Number of shares in issue at period-end	100	193 373 003	193 373 003	193 373 003

Assumptions

The forecasts incorporate the following material assumptions in respect of revenue and expenses that can be influenced by the directors:

- The forecasts are based on information derived from the property managers, historical information and work performed by the independent property valuer.
- Indluplace will not acquire or dispose of any properties during the forecast periods other than those being acquired or disposed of in terms of the acquisitions set out in **Annexure 10**. The Jika 1 property portfolio and Honey Park were acquired prior to the commencement of the forecast periods. The assumed effective dates of the remaining acquisitions are as follows:
 - Amberfield Village is acquired with effect from 1 November 2014;
 - Park Village is acquired with effect from 1 February 2015;
 - the Germiston property is acquired with effect from 1 March 2015; and
 - the Jika 2 property portfolio, Bree Street Block and Highveld View are acquired with effect from 1 April 2015.
- Contracted revenue is based on existing lease agreements including stipulated increases, all of which are valid and enforceable.
- Uncontracted revenue comprises revenue from tenants with monthly leases and leases expiring during the forecast periods.
- Income from net income guarantees relates to guarantees provided by the sellers of the following portfolios, as further set out in **Annexure 10**:
 - for the Jika 1 property portfolio, a guaranteed yield of not less than 10.0% on the purchase price for the 12 months ending 31 March 2015 and not less than 10.8% on the purchase price for the 12 months ending 31 March 2016;
 - for the Jika 2 property portfolio, a guaranteed yield of not less than 10.1% on the purchase price for the 12 months ending 31 March 2016 and not less than 10.9% on the purchase price for the 12 months ending 31 March 2017; and
 - for Highveld View, a guaranteed yield of not less than 10.25% on the purchase price for the 12 months ending 31 March 2016 and not less than 10.95% on the purchase price for the 12 months ending 31 March 2017.

- An analysis of revenue is set out below:

	Forecast for the year ending 30 September 2015 (%)	Forecast for the year ending 30 September 2016 (%)
Contracted/uncontracted revenue split by rental income:		
% contracted	39.0	19.2
% uncontracted	56.4	77.2
% income from net income guarantee	4.6	3.6
	100	100
Contracted/uncontracted revenue split by valuation*:		
% contracted	37.9	15.4
% uncontracted	58.2	80.7
% income from net income guarantee	3.9	3.9
	100.0	100.0

* Revenue for each building has been weighted by the building's valuation relative to the property portfolio valuation.

- Current vacant space has been forecast on a property-by-property basis and has been assumed to remain vacant unless it is deemed probable that such space will be let, in which case rental is forecast at prevailing market rates.
- The following escalation rates have been assumed in the forecast: for Jika 1 7.5%; for Jika 2 7.5%; for Bree Street Block 8%; for Amberfield 8%; for Park Village 7.5%; for Highveld View 8% and for Germiston 8%.
- Leases expiring during the periods have been forecast on a lease-by-lease basis, and have been assumed to renew at current market rates unless the lessee has indicated its intention to terminate the lease.
- As set out in paragraph 33 of the prospectus, the lease agreement for the Honey Park premises was terminated in April 2015. Accordingly, rental income from Honey Park has been accounted for until 31 March 2015. For the balance of the forecast period it is assumed that no rental income is earned from the property. Ongoing operating expenditure has been provided for.
- The following general vacancies have been provided for:
 - the Jika 1 property portfolio: a vacancy of 2.2% of residential rental for the duration of the forecast period;
 - Jika 2 property portfolio: a vacancy provision of 3.1% of residential rental for the duration of the forecast period;
 - the Bree Street Block: a vacancy provision of 1.6% of residential and retail rental for the duration of the forecast period;
 - Highveld View: a vacancy provision of 1.0% for the duration of the forecast period; and
 - the Germiston property portfolio: a vacancy provision of 2.0% for the duration of the forecast period.
- Property operating expenditure has been forecast on a line-by-line basis for each property based on management's review of historical expenditure and discussion with the property manager.
- A negative fair value adjustment to investment properties, in addition to the adjustment as a result of amortised lease escalations, of R13.87 million has been provided for.
- In terms of the private placement 40 million shares are issued at R10.00 per share raising gross proceeds of R400 million which will be utilised as follows:
 - R10.72 million will be used settle to capital raising and listing fees which are capitalised to stated capital; and
 - R389.28 million will be used to settle the remaining third party interest-bearing borrowings.
- Post the private placement and listing, 17.58 million shares are issued to the executive directors in terms of the Indluplace share purchase and option scheme as set out in paragraph 3.1.2 of **Annexure 3**. It is assumed that the shares are offered at R10 per Indluplace share and credit of R175.79 million is granted to the executive directors. As set out in paragraph 8.1 of **Annexure 22**, the loans bear interest at a rate equivalent to the amount of the distributions payable by the company on the shares issued in terms of the Indluplace share purchase and option scheme. It is assumed that the shares are offered at fair value and accordingly no expense in terms of IFRS 2: *Share-based Payment* has been recognised in the forecasts.

The forecasts incorporate the following material assumptions in respect of revenue and expenses that cannot be influenced by the directors:

- Interest-bearing borrowings of R389.28 million, which are used to finance the Jika 2 acquisition, bear interest at 7.2% per annum. The borrowings are settled on listing with the proceeds from the private placement.
- There will be no unforeseen economic factors that will affect the lessees' liabilities to meet their commitments in terms of existing lease agreements.

Material items of expenditure within the property expenses line item include:

- R8.54 million in electricity, R3.74 million in water, R3.18 million in assessment rates and R5.99 million in property management fees in respect of the year ending 30 September 2015; and
- R12.68 million in electricity, R5.95 million in water, R5.33 million in assessment rates and R8.56 million in property management fees in respect of the year ending 30 September 2016.

Forecast property operating expenses and administrative expenses are not comparable with historic expenditure due to the increase in the size of the portfolio as a result of the acquisitions.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF THE INDLUPLACE GROUP

“The Board of Directors
Indluplace Properties Limited
2nd Floor
18 Melrose Boulevard
2076

14 May 2015

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' LIMITED ASSURANCE REPORT ON THE FORECAST STATEMENTS OF COMPREHENSIVE INCOME OF INDLUPLACE PROPERTIES LIMITED (“INDLUPLACE PROPERTIES”)

We have examined the forecast statements of comprehensive income as set out in **Annexure 14** of the prospectus of Indluplace Properties to be issued to prospective Indluplace Properties shareholders on or about 3 June 2015 (“**the Prospectus**”), the forecast vacancy profile by sector and by gross lettable area, and the forecast lease expiry profile based on existing lease agreements (collectively, the “**forecast information**”).

Directors' responsibility

The directors are responsible for the forecast information, including the assumptions and notes on which it is based, and for the financial information from which it has been prepared. This responsibility, arising from compliance with the Listings Requirements of the JSE Limited, includes:

- determining whether the assumptions, barring unforeseen circumstances, provide a reasonable basis for the preparation of the forecast information;
- whether the forecast information has been properly compiled on the basis stated; and
- whether the forecast information is presented on a basis consistent with the accounting policies of the company.

Reporting accountants' responsibility

Our responsibility is to provide a limited assurance report on the forecast information prepared for the purpose of complying with the Listings Requirements of the JSE Limited and for inclusion in the Prospectus. We conducted our limited assurance engagement in accordance with the International Standard on Assurance Engagements applicable to *The Examination of Prospective Financial Information and the SAICA Circular entitled the Reporting Accountants' Responsibilities in Terms of Section 13 of the Listings Requirements of the JSE Limited*. This standard requires us to obtain sufficient appropriate evidence as to whether or not:

- management's best-estimate assumptions on which the forecast information is based are reasonable and are consistent with the purpose of the information;
- the forecast information is prepared on the basis of the assumptions;
- the forecast information is appropriately presented and all material assumptions are adequately disclosed; and
- the forecast information, is prepared and presented on a basis consistent with the accounting policies of the company for the period concerned.

In a limited assurance engagement, the evidence-gathering procedures are more limited than for a reasonable assurance engagement and, therefore, less assurance is obtained than in a reasonable assurance engagement. We believe our evidence obtained is sufficient and appropriate to provide a basis for our limited assurance conclusion.

Information and sources of information

In arriving at our conclusion, we have relied upon forecast financial information prepared by management of Indluplace Properties and other information from various public, financial and industry sources.

The principal sources of information used in arriving at our conclusion are as follows:

- Management-prepared forecasts for the financial years ending 30 September 2015 and 30 September 2016.
- Discussions with the management of Indluplace Properties regarding the forecasts presented.
- Discussions with management of Indluplace Properties regarding the prevailing market and economic conditions.
- Discussions with the property valuers and the property managers with regard to the forecast expenses.
- Lease agreements for a sample of the leases for the properties included in the Indluplace Properties portfolio as set out below.
- Valuation reports in respect of the properties included in the Indluplace Properties portfolio prepared by the external property valuers.
- Indicative debt terms from bankers.

Procedures

In arriving at our conclusion we have performed the following procedures:

Rental income:

- Selections were made from the forecast contracted rental income streams per the profit forecast and agreed to signed lease agreements. The sample selected resulted in 89% and 92% of contracted rental income being tested for the years ending 30 September 2015 and 30 September 2016, respectively.
- For that same sample of properties, forecast recoveries were compared to historical recoveries and the forecast operating expenditure for reasonableness. The terms of the leases were considered so as to ensure that the basis of the recoveries was correct.
- Existing lease agreements that will expire during the period under review were discussed individually with the property managers. Unless the existing tenant has indicated that it intends to vacate the premises, it has been assumed that the existing tenant will renew the lease agreement and the resultant uncontracted rental income has been included in the forecast. Uncontracted rental income comprised 56.4% of total revenue for the years ending 30 September 2015 and 77.2% for the year ending 30 September 2016.
- Income from net income guarantees relate to guarantees provided by the sellers of the following portfolios: for the Jika 1 property portfolio, a guaranteed yield of not less than 10.0% on the purchase price for the 12 months ending 31 March 2015 and not less than 10.8% on the purchase price for the 12 months ending 31 March 2016; for the Jika 2 property portfolio, a guaranteed yield of not less than 10.1% on the purchase price for the 12 months ending 31 March 2016 and not less than 10.9% on the purchase price for the 12 months ending 31 March 2017; for Highveld View, a guaranteed yield of not less than 10.25% on the purchase price for the 12 months ending 31 March 2016 and not less than 10.95% on the purchase price for the 12 months ending 31 March 2017. Income from the net income guarantee comprised 4.6% of total revenue for the years ending 30 September 2015 and 3.6% for the year ending 30 September 2016.
- Space that is currently vacant has been excluded from the forecast except where the property manager has demonstrated that the vacant space is in the process of being let but that the lease agreement in that regard had not been signed on the date of posting the Prospectus.
- The vacancy levels of the properties included in the Indluplace Properties portfolio assumed in the forecast were compared to the historical vacancy levels of those buildings for reasonableness. Existing vacancies of 2.2% for the Jika 1 property portfolio, 3.1% for the Jika 2 property portfolio, 1.6% for the Bree Street property portfolio, 1% for the Highveld property portfolio and 2% for the Germiston property portfolio have been assumed for the years ending 30 September 2015 and 2016.

Expenses

For a sample of properties, forecast property expenses were compared to the historical expenses. Explanations were obtained for any significant differences. The proportion of total property expenses tested was 95% for the year ending 30 September 2015 and 95% for the year ending 30 September 2016.

The detailed forecast expenditure was reviewed to ensure that all material expenditure items, as required by paragraph 13.14(f) of the Listings Requirements of the JSE Limited, were disclosed.

Portfolio expenses

The forecast interest expense, property management fees and other portfolio expenses were assessed for reasonableness and, where applicable, recalculated.

Application of accounting policies

We ascertained that the existing accounting policies of Indluplace Properties have been consistently applied in the preparation of the forecast information.

Model review

In order to ensure that the forecast model for the property income and expenses was accurate and reliable, we performed a high level review to determine the consistency and mathematical accuracy of the model.

Vacancy profile and lease expiry profile

We reviewed each property worksheet prepared by management to ascertain that the vacancy profile and the lease expiry profile included in the model was derived from the correct source. We compared the vacancy profile and lease expiry profile included in paragraph 3.4.1.5 and 3.4.1.6 of the Prospectus to the vacancy profile and lease expiry profile in the model and found them to be in agreement.

Accuracy of the information

We have relied upon and assumed the accuracy and completeness of the information provided to us in writing, or obtained through discussions with the management of Indluplace Properties. While our work has involved an analysis of historical financial information and consideration of other information provided to us, our assurance engagement does not constitute an audit or review of historical financial information conducted in accordance with International Standards on Auditing or International Standards on Review Engagements.

Accordingly, we do not express an audit or review opinion thereon and assume no responsibility and make no representations in respect of the accuracy or completeness of any information provided to us, in respect of the forecast information and relevant information included in the Prospectus.

Conclusion

Based on our examination of the evidence obtained, nothing has come to our attention that causes us to believe that:

- (i) the assumptions, barring unforeseen circumstances, do not provide a reasonable basis for the preparation of the forecast information;
- (ii) the forecast information has not been properly compiled on the basis stated;
- (iii) the forecast information has not been properly presented and all material assumptions are not adequately disclosed; and
- (iv) the forecast information is not presented on a basis consistent with the accounting policies of Indluplace Properties.

Actual results are likely to be different from the forecast, since anticipated events frequently do not occur as expected and the variation may be material; accordingly no assurance is expressed regarding the achievability of the forecast.

Our report and the conclusion contained herein is provided solely for the benefit of the board of directors of Indluplace Properties and prospective shareholders of the issuer for the purpose of their consideration of the transaction. This letter is not addressed to and may not be relied upon by any other third party for any purpose whatsoever.

Consent

We consent to the inclusion of this report, which will form part of the Prospectus, to be issued on or about 3 June 2015, in the form and context in which it appears.

Yours faithfully

Grant Thornton (Jhb) Inc.

Duncan Church

Director

Registration number 1994/001166/21

Registered Auditors

Chartered Accountants (SA)

Wanderers Office Park

52 Corlett Drive

Illovo, 2196"

CONSOLIDATED *PRO FORMA* STATEMENT OF FINANCIAL POSITION OF THE INDLUPPLACE GROUP

Set out below is the consolidated *pro forma* statement of financial position of the Indluplace group based on the audited consolidated statement of financial position of Indluplace as at 30 September 2014. The consolidated *pro forma* statement of financial position has been prepared to reflect the financial position of Indluplace after adjusting for the Jika 2 acquisition, Amberfield acquisition, Bree Street acquisition, Park Village acquisition, Highveld View acquisition and Germiston acquisition (collectively, “the acquisitions”), share subscription by Arrowhead Properties, the private placement and shares offered in terms of the Indluplace share purchase and option scheme (collectively, “**the adjustments**”), on the assumption that the adjustments took place on 30 September 2014 and on the basis set out in the notes to the consolidated *pro forma* statement of financial position below.

The Jika 1 property portfolio and Honey Park were acquired prior to 30 September 2014 and are therefore not included in the adjustments.

The consolidated *pro forma* statement of financial position is the responsibility of the directors of Indluplace and has been prepared for illustrative purposes to illustrate the effects of the adjustments on Indluplace’s financial position at 30 September 2014. Due to the nature of the consolidated *pro forma* statement of financial position, it may not give a fair reflection of the financial position of Indluplace after the adjustments.

The independent reporting accountants’ report on the consolidated *pro forma* statement of financial position is set out in **Annexure 17**. The independent reporting accountants’ report on the value and existence of the assets and liabilities to be acquired by the company is set out in **Annexure 18**.

The consolidated *pro forma* financial information has been prepared in terms of IFRS, The Guide on *Pro forma* Financial Information issued by SAICA and the accounting policies of the company set out in **Annexure 19**.

	Indulplace Properties opening balance at 30 September 2014 <i>Note 1</i>	Adjustments for the Jika 2 acquisition				Adjustments for the Amberfield Village acquisition <i>Notes 4, 5</i>	Adjustments for the Bree Street acquisition <i>Notes 4, 6</i>	Adjustments for the Park Village acquisition <i>Notes 4, 7</i>
		<i>Note 2</i>	<i>Notes 3, 4</i>	<i>Jika 2 acquisition</i>	<i>Jika 2 acquisition</i>			
R'000								
ASSETS								
Non-current assets	519 949	1 550 316	(1 027 996)	522 320	48 750	57 000	89 100	
Investment property	519 949	1 548 806	(1 026 486)	522 320	48 750	57 000	89 100	
Fair value of property portfolio for accounting purposes	520 677	1 548 806	(1 026 486)	522 320	48 750	57 000	89 100	
Straight-line rental income accrual	(728)	—	—	—	—	—	—	
Equipment	—	1 510	(1 510)	—	—	—	—	
Current assets	14 161	164 290	(160 231)	4 059	—	—	—	
Trade and other receivables	3 692	48 645	(46 786)	1 859	—	—	—	
Loans receivable	—	111 873	(111 873)	—	—	—	—	
Cash and cash equivalents	10 469	3 772	(1 572)	2 200	—	—	—	
Total assets	534 110	1 714 606	(1 188 227)	526 379	48 750	57 000	89 100	
EQUITY AND LIABILITIES								
Equity and reserves	13 554	81 648	(105 432)	(23 784)	2 074	1 189	3 666	
Stated-capital	—	51 303	(51 303)	—	—	—	—	
Reserves	13 554	20 189	(43 973)	(23 784)	2 074	1 189	3 666	
Non-controlling asset	—	10 156	(10 156)	—	—	—	—	
Liabilities								
Non-current liabilities	487 844	1 138 550	(592 446)	546 104	46 676	55 811	85 434	
Interest bearing borrowings	—	1 102 073	(706 337)	395 736	—	—	—	
Loan from shareholder	487 844	—	150 368	150 368	46 676	55 811	85 434	
Deferred taxation	—	36 477	(36 477)	—	—	—	—	
Current liabilities	32 712	494 408	(490 349)	4 059	—	—	—	
Loan from shareholder	31 034	407 766	(407 766)	—	—	—	—	
Vendors for buildings acquired	—	49 027	(49 027)	—	—	—	—	
Trade and other payables	1 678	37 615	(33 556)	4 059	—	—	—	
Total equity and liabilities	534 110	1 714 606	(1 188 227)	526 379	48 750	57 000	89 100	
Shares in issue	100	—	—	—	—	—	—	
NAV and TNAV per share (cents)	13 554 000	—	—	—	—	—	—	
NAV and TNAV per share excluding deferred tax (cents)	13 554 000	—	—	—	—	—	—	

	Adjustments for the Highveld View acquisition	Adjustments for the Germiston acquisition	Share subscription by Arrowhead Properties	Balance before the listing	Private placement	Balance after the listing	Adjustments for the Indulplace share purchase and option scheme	Balance after the adjustments
R'000	Notes 4, 8	Notes 4, 9	Notes 10		Notes 11		Notes 12	
ASSETS								
Non-current assets	290 500	71 000	-	1 598 619	-	1 598 619	-	1 598 619
Investment property	290 500	71 000	-	1 598 619	-	1 598 619	-	1 598 619
Fair value of property portfolio for accounting purposes	290 500	71 000	-	1 599 347	-	1 599 347	-	1 599 347
Straight line rental income accrual	-	-	-	(728)	-	(728)	-	(728)
Equipment	-	-	-	-	-	-	-	-
Current assets	-	-	-	18 220	-	18 220	175 794	194 014
Trade and other receivables	-	-	-	5 551	-	5 551	-	5 551
Loans receivable	-	-	-	-	-	-	175 794	175 794
Cash and cash equivalents	-	-	-	12 669	-	12 669	-	12 669
Total assets	290 500	71 000	-	1 616 839	-	1 616 839	175 794	1 792 633
EQUITY AND LIABILITIES								
Equity and reserves	3 427	(442)	1 222 140	1 221 824	389 278	1 611 102	175 794	1 786 896
Stated capital	-	-	1 222 140	1 222 140	389 278	1 611 418	175 794	1 787 212
Reserves	3 427	(442)	-	(316)	-	(316)	-	(316)
Non-controlling asset	-	-	-	-	-	-	-	-
Liabilities	287 073	71 442	(1 191 106)	389 276	(389 278)	-	-	-
Non-current liabilities	-	-	(6 458)	389 278	(389 278)	-	-	-
Interest bearing borrowings	-	-	(6 458)	389 278	(389 278)	-	-	-
Loan from shareholder	287 073	71 442	(1 184 648)	-	-	-	-	-
Deferred taxation	-	-	-	-	-	-	-	-
Current liabilities	-	-	(31 034)	5 737	-	5 737	-	5 737
Loan from shareholder	-	-	(31 034)	-	-	-	-	-
Vendors for buildings acquired	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	5 737	-	5 737	-	5 737
Total equity and liabilities	290 500	71 000	-	1 616 839	-	1 616 839	175 794	1 792 633
Shares in issue	-	-	135 793 540	135 793 640	40 000 000	175 793 640	17 579 363	193 373 003
NAV and TNAV per share (cents)				900		916		924
NAV and TNAV per share excluding deferred tax (cents)				900		916		924

Notes

1. Extracted, without adjustment, from the audited consolidated financial statements of Indluplace for the period ended 30 September 2014 as set out in **Annexure 19**. The financial statements were audited by Grant Thornton who issued an unqualified audit opinion.
2. Extracted, without adjustment, from the audited consolidated statement of financial position of Jika, prepared in compliance with IFRS and audited by Grant Thornton, who issued an unqualified audit opinion thereon. The audited consolidated statement of financial position together with the Grant Thornton audit opinion are open for inspection at the company's offices.
3. Represents the Jika 2 acquisition as set out in paragraph 1.7 of **Annexure 10**. The total purchase consideration of R546.10 million (comprising the purchase consideration of R545.01 million and acquisition costs of R1.09 million) is settled in cash, R395.74 million of which is funded by interest-bearing borrowings and R150.37 million of which is funded by a loan from Arrowhead Properties. Adjustments include the distribution of properties and other balances not acquired by Indluplace and elimination of deferred tax due to Indluplace's application for REIT tax status. Investment property is reflected at the value attributed by the independent valuer of R522.32 million as set out in **Annexure 8** of the prospectus. The downward revaluation adjustment of R23.78 million is recorded in reserves.
4. Grant Thornton's review conclusion on the valuation and existence of the assets and liabilities acquired is set out in **Annexure 18** and lies open for inspection at the company's offices. The acquisitions are considered by management to be acquisitions of investment properties and are accounted 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: *Business Combinations*, as there were no adequate processes identified with these properties alone to warrant classification as businesses. Consequently, these acquisitions have not been accounted for in terms of IFRS 3: *Business Combinations*.
5. Represents the Amberfield Village acquisition as set out in paragraph 1.3 of **Annexure 10**: The total purchase consideration of R46.67 million (comprising the purchase consideration of R46.58 million and acquisition costs of R0.09 million) is settled in cash funded by a loan from Arrowhead Properties. Investment property is reflected at the value attributed by the independent valuer of R48.75 million as set out in **Annexure 8** of the prospectus. The upward revaluation adjustment of R2.07 million is recorded in reserves.
6. Represents the Bree Street acquisition as set out in paragraph 1.5 of **Annexure 10**: The total purchase consideration of R55.81 million (comprising the purchase consideration of R55.70 million and acquisition costs of R0.11 million) is settled in cash funded by a loan from Arrowhead Properties. Investment property is reflected at the value attributed by the independent valuer of R57 million as set out in **Annexure 8** of the prospectus. The upward revaluation adjustment of R1.19 million is recorded in reserves.
7. Represents the Park Village acquisition as set out in paragraph 1.4 of **Annexure 10**: The total purchase consideration of R85.43 million (comprising the purchase consideration of R85.26 million and acquisition costs of R0.17 million) is settled in cash funded by a loan from Arrowhead Properties. Investment property is reflected at the value attributed by the independent valuer of R89.10 million as set out in **Annexure 8** of the prospectus. The upward revaluation adjustment of R3.67 million is recorded in reserves.
8. Represents the Highveld View acquisition as set out in paragraph 1.6 of **Annexure 10**: The total purchase consideration of R287.07 million (comprising the purchase consideration of R286.50 million and acquisition costs of R0.57 million) is settled in cash funded by a loan from Arrowhead Properties. Investment property is reflected at the value attributed by the independent valuer of R290.5 million as set out in **Annexure 8** of the prospectus. The upward revaluation adjustment of R3.43 million is recorded in reserves.
9. Represents the Germiston acquisition as set out in paragraph 1.8 of **Annexure 10**: The total purchase consideration of R71.44 million (comprising the purchase consideration of R71.30 million and acquisition costs of R0.14 million) is settled in cash funded by a loan from Arrowhead Properties. Investment property is reflected at the value attributed by the independent valuer of R71.00 million as set out in **Annexure 8** of the prospectus. The downward revaluation adjustment of R0.44 million is recorded in reserves.
10. Represents the subscription by Arrowhead Properties for 135.79 million Indluplace shares at a subscription price of R9.00 per share raising proceeds of R1 222.14 million. R1 215.68 million of the proceeds is used to settle the loan owing to Arrowhead Properties and the balance of R6.45 million is used to partially settle the loan from The Standard Bank of South Africa Limited.
11. Represents the private placement on the assumption Indluplace will raise R400 million by issuing 40 million shares at an issue price of R10.00 per share. Net proceeds are R389.28 million after deducting once-off capital raising costs of R10.72 million and are used to settle the balance of the loan from The Standard Bank of South Africa Limited.
12. Represents the expected acceptance by the executive directors of the 17.58 million shares offered in terms of the Indluplace share purchase and option scheme as set out in paragraph 3.1.2 of **Annexure 3**. It is assumed that the shares are offered at R10 per Indluplace share and credit of R175.79 million is granted to the executive directors.

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE CONSOLIDATED *PRO FORMA* STATEMENT OF FINANCIAL POSITION OF THE INDLUPLACE GROUP

"The Board of Directors
Indluplace Properties Limited
2nd Floor
18 Melrose Boulevard
2076

14 May 2015

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF *PRO FORMA* FINANCIAL INFORMATION OF INDLUPLACE PROPERTIES LIMITED ("INDLUPLACE PROPERTIES")

We have completed our assurance engagement to report on the compilation of *pro forma* financial information of Indluplace Properties by the directors. The *pro forma* financial information, in **Annexure 16** of the prospectus, consists of the *pro forma* statement of financial position and related notes. The *pro forma* financial information has been compiled on the basis of the applicable criteria specified in the JSE Limited ("JSE") Listings Requirements.

The *pro forma* financial information has been compiled by the directors to illustrate the impact of the corporate action or event, described in **Annexure 16**, on the group's financial position as at 30 September 2014 as if the corporate action or event had taken place at 30 September 2014. As part of this process, information about the group's financial position has been extracted by the directors from the company's financial statements for the period ended 30 September 2014, on which an auditor's report was issued on 20 November 2014.

Directors' responsibility for the *pro forma* Financial Information

The directors are responsible for compiling the *pro forma* financial information on the basis of the applicable criteria specified in the JSE Listings Requirements and described in **Annexure 16** and as described in the notes to the consolidated *pro forma* statement of financial position.

Reporting accountants' responsibility

Our responsibility is to express an opinion about whether the *pro forma* financial information has been compiled, in all material respects, by the directors on the basis specified in the JSE Listings Requirements based on our procedures performed. We conducted our engagement in accordance with the International Standard on Assurance Engagements ("ISAE") 3420: *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*. This standard requires that we comply with ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether the *pro forma* financial information has been compiled, in all material respects, on the basis specified in the JSE Listings Requirements.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the *pro forma* financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the *pro forma* financial information.

As the purpose of *pro forma* financial information included in a prospectus is solely to illustrate the impact of a significant corporate action or event on unadjusted financial information of the entity as if the corporate action or event had occurred or had been undertaken at an earlier date selected for purposes of the illustration, we do not provide any assurance that the actual outcome of the event or transaction would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used in the compilation of the pro forma financial information provides a reasonable basis for presenting the significant effects directly attributable to the corporate action or event, and to obtain sufficient appropriate evidence about whether:

- the related *pro forma* adjustments give appropriate effect to those criteria; and
- the *pro forma* financial information reflects the proper application of those adjustments to the unadjusted financial information.

Our procedures selected depend on our judgement, having regard to our understanding of the nature of the company, the corporate action or event in respect of which the *pro forma* financial information has been compiled, and other relevant engagement circumstances.

Our engagement also involves evaluating the overall presentation of the *pro forma* financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the *pro forma* financial information has been compiled, in all material respects, on the basis of the applicable criteria specified by the JSE Listings Requirements and described in **Annexure 16**.

Consent

This report on the unaudited *pro forma* statement of financial position is included solely for the information of the Indluplace Properties shareholders. We consent to the inclusion of our report on the *pro forma* statement of financial position and the references thereto, in the form and context in which they appear.

Grant Thornton (Jhb) Inc.

Duncan Church

Director

Registration number 1994/001166/21

Registered Auditors

Chartered Accountants (SA)

Wanderers Office Park

52 Corlett Drive

Illovo, 2196”

INDEPENDENT REPORTING ACCOUNTANTS' REVIEW CONCLUSION ON THE VALUE AND EXISTENCE OF THE ASSETS AND LIABILITIES ACQUIRED

“The Board of Directors
Indluplace Properties Limited
2nd Floor
18 Melrose Boulevard
2076

14 May 2015

Dear Sirs

REVIEW CONCLUSION ON THE VALUATION AND EXISTENCE OF THE ASSETS AND LIABILITIES ACQUIRED BY INDLUPPLACE PROPERTIES LIMITED (“INDLUPPLACE PROPERTIES”)**Introduction**

We have reviewed the assets and liabilities acquired by Indluplace Properties reflected in the acquisition adjustment columns of the *pro forma* statement of financial position included in **Annexure 16** of the prospectus to be issued on or about 3 June 2015 (“**the prospectus**”) relating to the assets and liabilities to be acquired by Indluplace Properties prior to the listing on the JSE Limited. The directors are responsible for the compilation, contents and preparation of the adjustment columns of the *pro forma* statement of financial position. Our responsibility is to express a review conclusion on the value and existence of the assets and liabilities acquired reflected in the adjustment columns in accordance with the accounting policies adopted by Indluplace Properties and the recognition and measurement criteria of International Financial Reporting Standards (“**IFRS**”).

Directors’ responsibility for the *pro forma* statement of financial position

The directors are responsible for the compilation, contents and preparation of the adjustment columns of the *pro forma* statement of financial position.

Independent reviewers’ responsibility

Our responsibility is to express a conclusion regarding the value and existence of the assets and liabilities acquired by Indluplace Properties in accordance with the requirements of section 13.16(e) of the JSE Listings Requirements based on our review. We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2400 (Engagements to Review Financial Statements) which is applicable to an engagement of this nature. ISRE 2400 requires us to conclude whether anything has come to our attention that causes us to believe that the financial information in respect of which we are required to issue a review conclusion, being the assets and liabilities acquired by Indluplace Properties reflected in the adjustment columns of the *pro forma* statement of financial position included in **Annexure 16** of the Prospectus, are not fairly valued, do not exist or are not fairly presented in all material respects in accordance with the accounting policies adopted by Indluplace Properties and the recognition and measurement criteria of International Financial Reporting Standards. This Standard also requires us to comply with relevant ethical requirements.

A review of financial information in accordance with ISRE 2400 consists primarily of making inquiries of management and others within the entity involved in financial and accounting matters, applying analytical procedures, and evaluating the sufficiency and appropriateness of evidence obtained. A review also requires performance of additional procedures when the practitioner becomes aware of matters that cause the practitioner to believe the financial information in respect of which we are required to issue a review conclusion may be materially misstated. We believe that the evidence we obtained in our review is sufficient and appropriate to provide a basis for our conclusion.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing. Accordingly, we do not express an audit opinion on this financial information.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the assets and liabilities acquired by Indluplace Properties reflected in the adjustment columns of the *pro forma* statement of financial position included in **Annexure 16** to the prospectus are not fairly valued, do not exist or are not fairly presented, in all material respects, in accordance with the accounting policies adopted by Indluplace Properties, and the recognition and measurement criteria of International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Yours faithfully

Grant Thornton (Jhb) Inc.

Duncan Church

Director

Registration number 1994/001166/21

Registered Auditors

Chartered Accountants (SA)

Wanderers Office Park

52 Corlett Drive

Illovo, 2196”

HISTORICAL FINANCIAL INFORMATION

Set out below are extracts from the audited consolidated financial statements (“**financial statements**”) of Indluplace Properties Limited (“**Indluplace**”) for the period ended 30 September 2014.

These extracts are the responsibility of Indluplace’s directors.

The independent reporting accountant’s report on the historical financial information is presented in **Annexure 20**.

1. **Incorporation**

The company, Arrowhead Residential Limited was incorporated in South Africa on 3 December 2013 and obtained its certificate to commence business on the same day. Accordingly, no comparative figures are presented.

2. **Review of activities**

Main business and operations

The company and its subsidiaries are engaged in property holding and operates principally in South Africa.

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 comment.

3. **Going concern**

The financial statements have been prepared on the basis of accounting policies applicable to 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.

4. **Events after the reporting period**

The directors are not aware of any other matter or circumstance arising since the end of the financial period.

5. **Authorised and issued share capital**

On 24 March 2014 a resolution was passed by the directors of the company to increase the authorised share capital from 100 ordinary shares of no par value to 2 000 000 000 ordinary shares of no par value.

6. **Non-current assets**

Details of major changes in the nature of the non-current assets of the company during the period are as set out in the notes thereto.

7. **Directors**

The directors of the company during the period end to the date of this report are as follows:

Name	Appointment date
Gerald Leissner (Director)	3 December 2013
Mark Kaplan (Director)	3 December 2013
Imraan Suleman (Director)	3 December 2013

8. **Secretary**

The secretary of the company is CIS Company Secretaries Proprietary Limited:

Business address	70 Marshall Street Johannesburg 2001 South Africa
Postal address	PO Box 61051 Marshalltown 2107 South Africa

9. **Holding company**

The company's holding company is Arrowhead Properties Limited incorporated in South Africa.

10. **Auditors**

Grant Thornton has been appointed in terms of section 90 of the Companies Act 71 of 2008.

**INDLUPLACE PROPERTIES LIMITED (PREVIOUSLY ARROWHEAD RESIDENTIAL LIMITED)
STATEMENT OF FINANCIAL POSITION
AT 30 SEPTEMBER 2014**

	Notes	Group 2014 R	Company 2014 R
ASSETS			
Non-current assets		519 949 295	519 949 295
Investment property		519 949 295	271 255 392
Fair value of property portfolio for accounting purposes	2	520 676 960	271 983 057
Straight-line rental income accrual	3	(727 665)	(727 665)
Investment in subsidiaries	8	–	136 864 864
Loans to subsidiaries	8	–	111 829 039
Current assets		14 161 322	14 161 322
Trade and other receivables	4	3 692 442	3 692 442
Cash and cash equivalents	5	10 468 880	10 468 880
Total assets		534 110 617	534 110 617
EQUITY AND LIABILITIES			
Shareholders' interest		13 554 224	13 554 224
Stated capital	6	-	-
Reserves		13 554 224	13 554 224
Other non-current liabilities		487 844 526	487 844 526
Loan from shareholder	7	487 844 526	487 844 526
Current liabilities		32 711 867	32 711 867
Trade and other payables	9	1 677 532	1 677 532
Loan from shareholder	7	31 034 335	31 034 335
Total equity and liabilities		534 110 617	534 110 617
NAV per share		13 554 224	13 554 224
TNAV per share		13 554 224	13 554 224

**INDLUPLACE PROPERTIES LIMITED
(PREVIOUSLY ARROWHEAD RESIDENTIAL LIMITED)
ACCOUNTING POLICIES**

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and the requirements of the South African Companies Act, No 71 of 2008 as amended.

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

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

1.1.1 Business combinations

All business combinations are accounted for applying the acquisition method as at the acquisition date which is the date on which control is transferred to the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

1.2 Treasury linked units

Where an entity under the group’s control holds linked units in the holding company, the consideration paid to acquire these units is deducted from linked unitholders’ equity as treasury stock. When these units are sold or reissued, any consideration received is included in linked unitholders’ equity.

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 group 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 transferred financial assets that is created or retained by the entity is recognised as a separate asset or liability.

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. Subsequent to initial recognition, these instruments are measured as follows:

Financial assets

- Trade and other receivables

Trade and other receivable are initially recognised at fair value including transaction costs and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are presented net of an allowance for impairment. The allowance for impairment is raised based on the difference between the carrying value of the receivables and the present value of expected future cash flows using the discount rate calculated at initial recognition. Movements in the provision 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.

- Cash and cash equivalents

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.

Financial liabilities

- Interest bearing borrowings

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 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 cost and subsequently measured at amortised cost using the effective interest rate method, with gains or losses being recognised in profit or loss.

Offset

- Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position when the group has a legally enforceable right to set off the recognised amounts, and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Where the carrying amounts of short term financial instruments carried at amortised cost approximate their amortised cost value and the impact of discounting is not considered to be material, no discounting is applied.

1.4 Investment properties

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 replace a part of the property is capitalised at cost. The replacement parts are written off and expensed in profit or loss.

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 on an open market basis.

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 to calculate the fair value adjustment value of the investment property. The discount, yield and reversion rate used in the discounted cash flow calculation reflects 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 are calculated as the difference between the sale price and the carrying value of the property.

1.5 Revenue recognition

(a) Property portfolio revenue

Property portfolio revenue comprises operating lease income and operating cost recoveries from the letting of investment properties. Operating lease income is recognised on a straight-line basis over the term of the lease. Operating cost recoveries are recognised two months in arrears from incurring the expense. Contingent rents (turnover rentals) are included in revenue when the amount can be reliably measured.

(b) Interest income

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

1.6 **Letting costs**

Installations and lease commissions are carried at cost less accumulated depreciation. Depreciation is provided to write down the cost, less residual value, by equal instalments over the period of the lease.

1.7 **Borrowing costs**

Borrowing costs that are directly attributable to the development or acquisition of qualifying assets are capitalised to the cost of that asset until such time as it is substantially ready for its intended use. The capitalisation rate is arrived at by reference to the actual rate payable. All other borrowing costs are expensed in the period in which they are incurred.

1.8 **Stated 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.

1.9 **Key estimates and assumptions**

Estimates and assumptions, an integral part of financial reporting, have an impact on the amounts reported for the company'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 estimations and uncertainties that have the most significant effect on amounts recognised are set out in the following notes to the financial statements:

- Accounting policies– notes 1.4 and 1.10
- Investment property valuation – note 2
- Impairment of receivables – note 4

A further matter that required key judgement in the preparation of these annual financial statements was:

Payment for the acquisition of investment properties

In the current year, the acquisitions of investment properties were treated as property acquisitions in terms of IAS 40 – 'Investment Properties'. 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.

1.10 **Deferred taxation**

As the group is a REIT, no provision for current tax has been provided as the Group's distributable income is paid to the shareholder. No deferred tax has been provided on property fair value movements as no capital gains tax is payable on disposal of properties due to the REIT legislation.

No deferred tax is provided on any other timing differences as the group does not expect to have taxable income in the foreseeable future.

1.11 **Standards and interpretations applicable to the company not yet effective**

There are new or revised accounting standards and interpretations in issue that are not yet effective. These include the following standards and interpretations that are material to the business and may have an impact on future financial statements, or those for which the impact has not yet been assessed. These standards were not early adopted.

Standard	Details of amendment	Annual periods beginning on or after
IFRS 3 Business Combinations	Annual Improvements 2010 – 2012 Cycle: amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9.	1 July 2014
	Annual Improvements 2011 – 2013 Cycle: amendments to the scope paragraph for the formation of a joint arrangement.	1 July 2014
IFRS 7 Financial Instruments: Disclosures	Amendments require entities to disclose gross amounts subject to rights of set-off, amounts set off in accordance with the accounting standards followed, and the related net credit exposure. This information will help investors understand the extent to which and entity has set off in its balance sheet and the effects of rights of set-off on the entity's rights and obligations.	1 January 2013
IFRS 8 Operating Segments	Annual improvements 2010 – 2012 Cycle: amendments to some disclosure requirements regarding the judgments made by management in applying the aggregation criteria, as well as those to certain reconciliations.	1 July 2014
IFRS 9: Financial Instruments	New standard that forms the first part of a three part project to replace IAS 39 Financial instruments: Recognition and Measurement. The IASB aims to replace IAS 39 'Financial Instruments: Recognition and Measurement' (IAS 39) in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement, de-recognition of financial assets and liabilities and hedge accounting have been issued. Chapters dealing with impairment methodology are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9's financial asset classification model to address application issues.	1 January 2015
IFRS 11 Joint arrangements	New standard that deals with the accounting for joint arrangements and focuses on the rights and obligations of the arrangement, rather than its legal form. Standard requires a single method for accounting for interests jointly controlled entities.	1 January 2013
	Amendments to the transitions guidance of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of interest in Other Entities, thus limiting the requirements to provide adjusted comparative information.	1 January 2013
	Amendments to provide guidance on the accounting for the acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business	1 January 2016
IFRS 12 Disclosure of Interest in Other Entities	New and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. Amendments to the transition guidance of IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of interest in Other Entities, thus limiting the requirements to provide adjusted comparative information. New disclosure required for Investment Entities (as defined in IFRS 10)	1 January 2014

Standard	Details of amendment	Annual periods beginning on or after
IFRS 13 Fair Value Measurement	New guidance on fair value measurement and disclosure requirements	
	Annual improvements 2010 – 2012 Cycle: amendments to clarify the measurement requirements for those short-term receivables and payables	1 January 2013
	Annual improvements 2011 – 2013 Cycle: amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with IAS 39 or IFRS 9	1 July 2014
IFRS 15 Revenue from Contracts with Customers	New guidance on recognition of revenue that requires recognition of revenue in a manner that depicts the transfer of goods or services to customers at an amount that reflects the consideration the entity expects to be entitled to in exchange for those goods or services	1 January 2017
IAS 1 Presentation of Financial Statements	New requirements to group together items within OCI that may be reclassified to the profit or loss section of the income statement in order to facilitate the assessment of their impact on the overall performance of the entity.	
	Annual Improvements 2009–2011 Cycle: Amendments clarifying the requirements for comparative information including minimum and additional comparative information required.	
IAS 19 Employee Benefits	Amendments to the accounting for current and future obligations resulting from the provision of defined benefit plans.	1 January 2013
	Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements in IAS 19 for contributions from employees or third parties that are linked to service have been amended.	1 July 2014
IAS 24 Related Party Disclosures	Clarification of the definition of a related party.	1 July 2014
IAS 27 Consolidated and separate Financial Statements	Consequential amendments resulting from the issue of IFRS 10, 11 and 12	
	Requirement to account for interest in 'Investment Entities' at fair value under IFRS 9, Financial Instruments, or IAS 39, Financial Instruments: Recognition and Measurement, in the separate financial statements of a parent	1 January 2013

INDLUPLACE PROPERTIES LIMITED (PREVIOUSLY ARROWHEAD RESIDENTIAL LIMITED)
NOTES TO FINANCIAL STATEMENTS

2. Investment property

	GROUP Period ended 30 September 2014 R	COMPANY Period ended 30 September 2014 R
Net carrying value		
Cost	506 395 071	257 701 168
Fair value surplus	14 281 889	14 281 889
	520 676 960	271 983 057
Movement for the year		
Investment properties at the beginning of year	–	–
Acquisitions	505 125 454	258 428 833
Improvements to buildings	1 997 282	–
Change in fair value	14 281 889	14 281 889
Straight-lining lease income	(727 665)	(727 665)
Balance at the end of the year	520 676 960	271 983 057
Reconciliation to valuation		
Investment properties carrying amount	520 676 960	271 983 057
Straight-line lease accrual	(727 665)	(727 665)
Investment properties per valuations	519 949 295	271 255 392

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

The valuations were performed using the discounted cash flow methodology. This method is based on an open market basis with consideration given to the future earnings potential and applying an appropriate capitalisation rate to the property which range between 10% and 13%.

All properties from the dormant subsidiaries were the fair value as per the sale agreement at date of acquisition.

3. Straight-line rental income accrual

Balance at the beginning of the year	–	–
Movement for the year	(727 665)	(727 665)
Balance at the end of the period	(727 665)	(727 665)

4. **Trade and other receivables**

	GROUP Period ended 30 September 2014	COMPANY Period ended 30 September 2014
	R	R
Trade receivables	3 692 442	3 692 442
Impairments	–	–
	3 692 442	3 692 442

Ageing of receivables past due but not impaired

As at 30 September 2014 trade receivables of R3 692 442 (2013: Rnil) were past due but not impaired

30 days	3 692 442	3 692 442
60 days	–	–
90 days	–	–
120+ days	–	–
Total	3 692 442	3 692 442

5. **Cash and cash equivalents**

For purposes of the cash flow statement, cash and cash equivalents comprise:

Bank balances	10 468 880	10 468 880
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6. **Stated capital**

Authorised

2 000 000 000 ordinary shares of no par value	–	–
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Issued

100 ordinary shares of no par value during the period	–	–
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Movement for the period

Balance at the beginning of the period	–	–
Shares issued during the year	100	100
Balance at the end of the year	100	100

7. **Loan from shareholder**

Loan from Arrowhead Properties Limited	518 878 761	518 878 761
	518 878 861	518 878 861

The loan is unsecured and the long term portion has no fixed terms of repayment. The loans bears interest at a rate equating to the distributable income of the company.

The loan is split as follows:

Long term	487 844 526	487 844 526
Short term	31 034 335	31 034 335
	518 878 861	518 878 861

8. **Interest in subsidiaries**

	Loans	Investment	Total
Interest in subsidiaries comprise of the following:			
Aloegate (Pty) Ltd	39 410 106	20 418 744	59 828 850
Aptotrim (Pty) Ltd	10 658 616	13 767 304	24 425 920
Barvicari Invest (Pty) Ltd	437 698	2 573 102	3 010 800
Erf 737 Rosettenville (Pty) Ltd	130 305	3 658 433	3 788 738
G & N Tarn (Pty) Ltd	990 371	16 500 495	17 490 866
Helen Joy Holdings (Pty) Ltd	439 939	6 157 296	6 597 235
Houghton Mansions (Pty) Ltd	4 361 250	1 185 139	5 546 389
Monk's Court (Pty) Ltd	1 185 210	5 445 568	6 630 778
Myso Holdings (Pty) Ltd	826 289	12 030 199	12 856 488
NDF Invest & Trading (Pty) Ltd	2 423 096	14 457 694	16 880 790
Park Chambers Share block	8 896 878	2 617 312	11 514 190
Pondos Invest cc	1 090 995	12 081 740	13 172 735
Sunnyshore Invest & Trading (Pty) Ltd	40 978 286	25 971 838	66 950 124
	111 829 039	136 864 864	248 693 903

The loans are unsecured and the long term portion has no fixed terms of repayment. The loans bear interest at an effective rate equating to the distributable income of the subsidiary companies. The subsidiary companies have however added all income and expenses in their underlying properties to Arrowhead Residential Limited in terms of a cession agreement.

9. **Trade and other payables**

	GROUP	COMPANY
	Period ended	Period ended
	30 September 2014	30 September 2014
	R	R
Accrued expenses	1 677 532	1 677 532
	1 677 532	1 677 532

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION

“The Board of Directors
Indluplace Properties Limited
2nd Floor
18 Melrose Boulevard
2076

14 May 2015

Dear Sirs

INDEPENDENT REPORTING ACCOUNTANTS' REPORT ON THE HISTORICAL FINANCIAL INFORMATION INCLUDED IN THE PROSPECTUS

Introduction

We have audited the historical financial information of Indluplace Properties Limited (“**Indluplace Properties**”) in respect of the year ended 30 September 2014 as set out in **Annexure 19** of the prospectus to be issued on or about 3 June 2015 (“**the prospectus**”) in compliance with the JSE Limited (“**JSE**”) Listings Requirements.

The historical financial information in respect of each period comprises of the Consolidated Statement of Financial Position as at 30 September 2014, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Historical Financial Information

The company's directors are responsible for the preparation, contents and presentation of the prospectus and the fair presentation of the historical financial information in accordance with International Financial Reporting Standards. The responsibility includes: designing implementing and maintaining internal control relevant to the preparation and fair representation of financial statements that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Reporting Accountants' Responsibility

Our responsibility is to express an opinion on the historical financial information of Indluplace Properties for the period ended 30 September 2014, included in the prospectus, based on our audit of the financial information for the year 30 September 2014.

We conducted our audit of the historical financial information for the year ended 30 September 2014 in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and report the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial information. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial information, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial information 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial information.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the historical financial information of Indluplace Properties for the year ended 30 September 2014 presents fairly, in all material respects, for the purposes of the prospectus, the financial position of Indluplace Properties at that date in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa and the JSE Listings Requirements.

Consent

We consent to the inclusion of this report, which will form part of the prospectus to the shareholders of Indluplace Properties in the form and context in which it appears.

Grant Thornton (Jhb) Inc.**Paul Badrick**

Director

Registration number 1994/001166/21

Registered Auditors

Chartered Accountants (SA)

Wanderers Office Park

52 Corlett Drive

Illovo, 2196

CORPORATE GOVERNANCE STATEMENT

CORPORATE GOVERNANCE REVIEW

Indluplace's board considers sound corporate governance practices to be a critical element in delivering sustainable growth for the benefit of all stakeholders. In conducting the affairs of the company, the board endorses the principles of fairness, responsibility, transparency and accountability advocated by the principles of the Code of Corporate Practices and Conduct set out in the King Report on Corporate Governance ("**King III**").

In regularly reviewing the company's governance structures, the board exercises and ensures effective and ethical leadership, always acting in the best interests of the company, at the same time concerning itself with the sustainability of its business operations.

A register of all 75 King III principles and the extent of Indluplace' compliance therewith is available on the company's website at www.indluplaceproperties.co.za.

1. BOARD OF DIRECTORS

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 subcommittees and the implementation of a continuously updated risk management programme.

The board comprises nine directors of whom five are non-executive directors, three of whom are independent. The executive directors are Gerald Leissner (CEO), Mark Kaplan, Imraan Suleman and Carel de Wit, the Financial Director. The chairman, Taffy Adler, is a non-executive director whose role is separate from that of the CEO, Gerald Leissner. The lead independent chairman is Gregory Kinross.

The CEO is fully responsible and accountable for the operations of the company. The chairman leads the board and facilitates constructive relations between the executive and the board. The chairman holds no other listed company chairman positions.

The board has adopted a charter that sets out the practices and processes it follows to discharge its responsibilities. The charter specifically sets a description of roles, functions, responsibilities and powers of the board, the shareholders, the chairman, individual directors, company secretary, and other prescribed officers and executives of the company.

The terms of reference of the board and its committees deal with such matters 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 powers of decision-making and no individual dominates the board's deliberations and decisions. The board will regularly review the decision-making authority given to management as well as those matters reserved for decision-making by the board.

Any director appointed during the year is required to have the appointment confirmed by shareholders at the next annual general meeting. At each annual general meeting one third of the directors for the time being, or if their number is not three or a multiple of three, the number nearest to one third but not less than one third, shall retire from office, provided also that at least one third of the non-executive directors for the time being, or if their number is not three or a multiple of three, the number nearest to one third, but not less than one third, shall retire from office.

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

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

The committees assist the board in discharging its responsibilities and duties under King III, whilst overall responsibility remains with the board. Full transparency and disclosure of committee deliberations is encouraged and the minutes of all committee meetings are available to all directors.

Directors are encouraged to take independent advice at the cost of the company for the proper execution of their duties and responsibilities. During the year no director sought such advice. 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.

A detailed assessment of all board members, including the chairman, has been undertaken.

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. The board shall meet at least four times a year.

2. THE REMUNERATION COMMITTEE

The committee comprises Gregory Kinross, Ayesha Rehman and Taffy Adler, whose primary responsibility is to monitor the remuneration policy of the company and more specifically the executive directors and ensure that directors and senior executives are remunerated fairly and responsibly. The chairman of the remuneration committee is Gregory Kinross.

The committee considers the mix of regular salary remuneration, annual bonuses and incentive elements that meet the company's needs. Incentives are based on targets that are stretching, verifiable and relevant.

The procedure for appointments to the board is formal and transparent and a matter for the board as a whole.

Where necessary, the committee will assess, recruit and nominate new non-executive directors. Remuneration of non-executive directors, who do not receive incentive awards, will be reviewed and set by the committee for ultimate approval by shareholders. The CEO, COO and CFO will attend meetings by invitation.

The remuneration committee is mandated by the board to authorise the remuneration and incentivisation of all employees, including executive directors. In addition, the remuneration committee recommends directors' fees payable to non-executive directors and members of board sub-committees.

The remuneration committee's responsibilities and duties are governed by a charter. The number of meetings held will be disclosed in the integrated annual report for September 2015.

3. THE AUDIT AND RISK COMMITTEE

The Companies Act, 2008 has transformed the audit committee from being a committee of the board to a separate statutory committee that is appointed by the shareholders. However, the audit committee still forms part of the board even though it has specific statutory responsibilities over and above responsibilities assigned to it by the board.

Indulplace' audit and risk committee is integral to the company's risk management process. It will report 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 the accounting practices, as well as the internal financial controls.

The committee comprises Gregory Kinross, Clifford Abrams and Ayesha Rehman. The chairman of the audit and risk committee is Gregory Kinross.

The CEO, COO and CFO as well as representatives of the external auditors attend meetings by invitation.

The committee members have the requisite financial and commercial skills to contribute to the committee's deliberations.

The auditors have unrestricted access to the audit and risk committee.

Well in advance of meetings, the audit and risk committee will receive reports on the 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.

One of the responsibilities of the committee is to monitor 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 will be 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 (including resources of the external property managers) in respect of internal audit and IT functions. The situation and needs in this regard will be reassessed by the committee on an ongoing basis.

Nothing has come to the attention of the committee to indicate there has been any material breakdown of controls as at the date hereof.

The number of audit and risk committee meetings held will be disclosed in the company's integrated annual report for the financial year ending September 2015.

As required by the JSE, the audit and risk committee will consider, on an annual basis, and satisfy itself of the appropriateness and expertise of the financial director. In this regard, the audit and risk committee are satisfied that the financial director, Carel de Wit, has the necessary skills and qualifications to fulfil his responsibilities.

In accordance with REIT provisions of the JSE Listings Requirements, the risk management policy adopted by the board is in accordance with industry practice and the company may not enter into any derivative transactions that are not in the normal course of Indluplace's business.

4. NOMINATION COMMITTEE

The board undertakes the role of a nomination committee and the selection, appointment and approval of new directors is therefore undertaken by the board as a whole in a formal and transparent manner, free from any dominance of any one particular shareholder. Any new appointees are required to possess the necessary skills to contribute meaningfully to board deliberations and to enhance board composition in accordance with recommendation, legislation, regulations and best practice.

The number of meetings held will be disclosed in the integrated annual report for September 2015.

5. THE SOCIAL AND ETHICS COMMITTEE

A formally appointed social and ethics committee of the board, comprising Taffy Adler, Carel de Wit and Gregory Kinross, has been constituted to assist the board with social and ethics related matters, as provided for in the Companies Act, 2008. The chairman of the social and ethics committee is Taffy Adler.

The committee acts on behalf of the board and is responsible for evaluating social and ethics responsibilities and making recommendations to the board. The committee has all the functions and responsibilities provided for in the Companies Act, 2008. The CEO and CFO attend meetings by invitation.

6. THE COMPANY SECRETARY

The board is assisted by a suitably qualified company secretary, Neville Toerien (Director of CIS Company Secretaries Proprietary Limited) who has adequate experience, who is not a director of the company and who has been empowered to fulfil his duties. The board is satisfied that the company secretary maintains an arms-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 the corporate governance framework is maintained. The directors have unlimited access to advice and services of the company secretary.

Nothing has come to the attention of the board of directors that indicate non-compliance by the company with applicable laws and regulations.

The board will satisfy itself on an annual basis on the competence, qualifications and experience of the company secretary.

EXTRACTS FROM THE INDLUPLACE SHARE PURCHASE AND OPTION SCHEME

“3 ELIGIBILITY

- 3.1 An employee shall be eligible to and shall participate in the share purchase scheme only if and to the extent that purchase offers are made to and are accepted by the employee or a qualifying juristic person of such employee.
- 3.2 The directors, in their sole discretion, but subject to the provisions of the statutes and of the provisions of these rules including rules 5.1 and 6.1 may from time to time by resolution offer shares and grant credit to purchase offerees, provided that such offers have been approved by the company’s remuneration committee.

“4 SHARES AVAILABLE FOR THE PURCHASE SCHEME

- 4.1 Subject to rule 4.2 and rule 4.3, the aggregate maximum number of shares:
- 4.1.1 which may be utilised in terms of the purchase scheme, together with the number of shares used in terms of the option scheme, shall not in aggregate exceed the scheme allocation; and
- 4.1.2 in respect whereof any one purchase offeree shall be entitled to accept an offer pursuant to the purchase scheme shall not exceed [6 000 000 (six million)] shares in the company.
- 4.2 The directors may determine that the limits in rule 4.1.1 shall be adjusted in such manner as the auditors certify to be in their opinion fair and reasonable as a result of sub-division or consolidation of shares.
- 4.3 The directors may determine that the limits in rule 4.1.2 shall be adjusted in such manner as the auditors certify to be in their opinion fair and reasonable as a result of any (i) issue of additional shares whether by way of a capitalisation of the company’s profits and/or reserves (including the share premium account and the capital redemption reserve fund); or (ii) rights issue.
- 4.4 Any adjustment in terms of rule 4.2 or rule 4.3 should give the purchase offeree entitlement to the same proportion of shares as that to which he was entitled before the event in rule 4.2 or rule 4.3 which gave rise to the adjustment.
- 4.5 Upon finalisation of the adjustment in terms of rule 4.1 or rule 4.3, the auditors shall confirm to the JSE, in writing, that such adjustment was made in accordance with the terms of the scheme.
- 4.6 In the determination of the number of shares which may be acquired by purchase scheme participants in terms of rule 4.1, shares purchased through the JSE or off-market shall not be taken into account. The rolling over of shares (including the arrangement which assumes that purchase scheme shares which have already been issued to purchase scheme participants in terms of the scheme, and which then revert back to the number referred to in rule 4.1.1) is prohibited.

“6 OFFERS

- 6.1 A purchase offer:
- 6.1.1 shall be made at the purchase price determined as at the purchase offer date;
- 6.1.2 shall specify:
- 6.1.2.1 the name of the purchase offeree;
- 6.1.2.2 the number of shares offered;
- 6.1.2.3 the purchase price payable in respect of such purchase scheme shares (the amount of credit granted under each offer shall be separately recorded as a share debt);
- 6.1.2.4 the purchase offer date;
- 6.1.2.5 the time period within which a purchase offer shall be accepted which shall be no later than 2 (two) days after it is actually made or granted; and
- 6.1.2.6 any other relevant terms and conditions;
- 6.1.3 shall be governed by the provisions of these rules and shall, without limiting the generality of the

aforegoing, be subject to rule 8 and the following provisions, namely, that until the specific purchase scheme share debt has been paid to the funder company in respect of the corresponding tranche of purchase scheme shares (which for purposes of this rule 6.1.3 shall include the rights issue shares and capitalisation shares linked thereto)–

- 6.1.3.1 ownership in such purchase scheme shares shall vest in the relevant purchase scheme participants but such purchase scheme share/s shall be pledged to the funder company as required in terms of rule 6.1.3.3 and accordingly may not in any way be mortgaged, pledged or otherwise encumbered, unless the board in its discretion consent thereto in writing;
- 6.1.3.2 the purchase scheme participant shall be entitled to all dividends and other distributions (including distributions in specie) made on such purchase scheme shares subject to rule 8.1;
- 6.1.3.3 such purchase scheme shares shall be pledged to the funder company as security for the payment of the specific purchase scheme share debt payable by such purchase scheme participant to the funder company in respect of such purchase scheme shares, subject to release from such pledge in terms of rule 6.1.3.5;
- 6.1.3.4 those purchase scheme shares may be freely sold or transferred by the purchase scheme participant, provided that the purchase scheme participant is obliged to utilise such portion of the proceeds of such sale or transfer as may be required to firstly to settle the specific purchase scheme share debt in respect of such sold or transferred shares;
- 6.1.3.5 as and when repayment of the specific purchase scheme share debt in whole or in part occurs by virtue of early repayment by the purchase scheme participant, the purchase scheme participant shall be entitled to the release of a *pro rata* number of purchase scheme shares in respect of such specific purchase scheme share debt from the pledge;
- 6.1.3.6 the purchase scheme participant is entitled to extinguish the oldest specific purchase scheme share debt in its entirety prior to his being able to effect repayment of any later specific purchase scheme share debt, provided that the board may allow the repayment of any specific purchase scheme share debt other than the oldest specific purchase scheme share debt.
- 6.1.3.7 the purchase scheme shares and rights issue shares and capitalisation shares linked thereto may be re-acquired in terms of rule 9;
- 6.1.3.8 the voting rights attaching to all purchase scheme shares owned by participants in terms of this scheme and all rights issue shares and capitalisation shares linked thereto shall at all times vest in the participants and be exercised by the participants provided that the purchase scheme shares will not have their votes at general meetings or annual general meetings of the company taken into account for the purposes of the resolutions proposed in terms of the Listings Requirements of the JSE, nor will the share scheme shares be taken into account for purposes of determining categorisations of transactions in terms of section 9 of the Listings Requirements of the JSE;
- 6.1.3.9 on a winding-up of the company, the proceeds payable in respect of the purchase scheme shares shall first be applied in discharging the amount due to the funder company;
- 6.1.3.10 shall be personal to and only accepted by the purchase offeree to whom it is addressed, subject to rule 6.4;
- 6.1.3.11 shall, unless otherwise specified in it, be accepted by notice in writing in such form as the directors may stipulate, delivered to the secretary within 24 (twenty four) hours after it is made, failing which the purchase scheme shares which are the subject of the purchase offer shall revert back to the scheme;
- 6.1.3.12 may be accepted in part or in full.

- 6.2 Each acceptance of a purchase offer shall:
- 6.2.1 specify the number of shares in respect of which the purchase offer is accepted;
 - 6.2.2 be regarded as complete upon the company's receipt of the acceptance of the purchase offer in writing within the period specified in the offer;
 - 6.2.3 be in terms of and be subject to and governed by the provisions of these rules;
 - 6.2.4 specify an address for purposes of rule 24.
- 6.3 Notwithstanding anything to the contrary herein the risk in and benefits attaching to the purchase scheme shares will pass to the purchase scheme participant on the acceptance of a purchase offer.
- 6.4 A purchase scheme participant may on-sell his purchase scheme shares, whether prior to or after registration of the purchase scheme shares into the name of such participant, to another qualifying juristic person, provided that:
- 6.4.1 any such trust, company or close corporation agrees in writing to be bound by the provisions of these rules (including, without limitation, being jointly and severally liable with the purchase scheme participant for the payment of any purchase scheme share debt) as though it were the purchase scheme participant, *mutatis mutandis*;
 - 6.4.2 the relevant purchase scheme participant furnishes a suretyship or guarantee, in favour of the funder company to the satisfaction of the directors for the obligations of the qualifying juristic person concerned;
 - 6.4.3 for so long as the purchase scheme shares are subject to the pledge and security provisions contained in rule 6.1.3.3, such qualifying juristic person must remain a qualifying juristic person and, if there is a breach of the provisions of this rule 6.4.3, then, on the date of such breach coming to the knowledge of the company (the "**termination date**") the following provisions shall apply in respect of those of the purchase scheme participant's purchase scheme shares which have purchase scheme share debt outstanding in respect thereof on the termination date –
 - 6.4.3.1 the purchase scheme share debt outstanding in respect of such purchase scheme shares shall become payable immediately after the termination date; and
 - 6.4.3.2 as soon as the purchase scheme share debt has been paid in full, those shares shall immediately be released from pledge or other security provided for in rule 6.1.3.3,
 provided that if the purchase scheme share debt is not repaid in accordance with the above then the company may, by resolution to that effect, purchase and/or procure the sale of all of the purchase scheme shares of that purchase scheme participant at the then market value and the provisions of rule 9 shall apply, *mutatis mutandis*, as if contained herein."

“8 PAYMENT OF PURCHASE PRICE

8.1 *Distributions*

The outstanding balance due on the specific purchase scheme share debt shall, while the balance due remains unpaid, bear interest at a variable rate such that the amount of interest payable in respect of the specific purchase scheme share debt shall be equal to the amount of the distributions payable by the company on the corresponding purchase scheme shares at each payment date which payment date shall also be the date for the payment of interest on the specific purchase scheme share debt and the company is authorised to utilise the income distribution amounts payable to a participant in respect of the purchase scheme shares as payment of the interest amounts payable by the participant to the company in respect of the specific purchase scheme share debt.

8.2 *Prepayment of outstanding balance*

Subject to the provisions of rule 9 which provides for the company, in certain circumstances, to repurchase purchase scheme shares, a participant shall be entitled to pay the outstanding balance of the purchase scheme share debt before the due date of payment thereof.

8.3 *Dismissal or resignation*

If the designated employee of a purchase scheme participant ceases to be an employee by reason of such employee's resignation, or the dismissal of such employee due to misconduct, then, in respect of such of the purchase scheme share debt that has not been repaid as at the date of such cessation of employment, the following provisions shall apply:

- 8.3.1 the purchase scheme share debt outstanding in respect of such shares shall become payable within 6 (six) months after the date of such cessation of employment; and
- 8.3.2 as soon as the purchase scheme share debt has been paid in full, those shares shall be released from pledge or other security as provided for in rule 6.1.3.3.

8.4 *Other Reasons for Cessation of Employment*

If the designated employee of a purchase scheme participant ceases to be an employee by reason of any circumstances other than those set out in rule 8.3 above, including cessation of employment of a purchase scheme participant as a result of a takeover in terms of rule 20, then the following provisions shall apply –

- 8.4.1 no further purchase scheme offer shall be made to such purchase scheme participant, and any purchase scheme offers made but not yet accepted shall automatically lapse and be of no further force or effect; and
- 8.4.2 the provisions of these rules shall continue to apply to such purchase scheme participant unaltered.

8.5 *Right to demand payment after 10 (ten) years*

Subject to rule 8.6, the funder company shall be entitled to demand payment of the purchase scheme share debt outstanding in respect of any purchase scheme shares then outstanding, at any time after the expiration of 10 (ten) years from the relevant date of acceptance of the purchase offer.

8.6 *Procedure after purchase scheme shares fully paid*

- 8.6.1 At any time after a purchase scheme participant has, in respect of any purchase scheme shares, paid the purchase scheme share debt and any interest thereon, such purchase scheme shares shall be released to the purchase scheme participant or his nominee.
- 8.6.2 The company may reach alternative arrangements with purchase scheme participants or the legal representative in the case of cessation of employment pursuant to the provisions of rules 8.3 or 8.4.”

“12 **ELIGIBILITY**

An employee shall be eligible to and shall participate in the option scheme only if and to the extent that option offers are made to and are accepted by such employee.

13 **SHARES AVAILABLE FOR THE OPTION SCHEME**

The aggregate maximum number of shares:

- 13.1 which may be utilised in terms of the option scheme, together with the number of shares used in terms of the purchase scheme, shall not in aggregate exceed the scheme allocation; and
- 13.2 in respect whereof any one option offeree shall be entitled to accept an offer pursuant to the option scheme shall not exceed 2 000 000 (two million) shares in the company.

The provisions of rule 4.2, 4.3, 4.4 and 4.5 shall apply *mutatis mutandis* to this rule 13.”

“14 **OFFER**

- 14.1 The board may, in its sole and absolute discretion, from time to time resolve to make an option offer to employees on the terms and conditions set out in these rules, provided that such offers have been approved by the company's remuneration committee.
- 14.2 On exercise, option scheme shares shall be issued by the company to option scheme participants.
- 14.3 An option offer:
 - 14.3.1 shall be made at the purchase price determined as at the option offer date;
 - 14.3.2 shall specify:
 - 14.3.2.1 the name of the option offeree;
 - 14.3.2.2 the number of option scheme shares offered;

- 14.3.2.3 the option date;
 - 14.3.2.4 the vesting dates;
 - 14.3.2.5 the purchase price;
 - 14.3.2.6 the time period within which the option offer shall be accepted which shall be no later than 14 (fourteen) days after the option date;
 - 14.3.2.7 any other relevant terms and conditions.
- 14.4 Acceptance by an employee of an option offer shall be communicated to the board by not later than 14 (fourteen) days after the option date. An option offer which is not accepted by an employee as aforesaid shall automatically be deemed to have been cancelled, and the option scheme shares which are the subject of the option offer shall revert back to the scheme, provided that the board shall be entitled to extend or re-instate such offer by written notice to the participant.
- 14.5 Subject to rights accruing on the death of an option scheme participant and rule 14.11, an option is personal to an option scheme participant and shall not be capable of being ceded, assigned, transferred or otherwise disposed of or encumbered by an option scheme participant.
- 14.6 There shall be no consideration payable for an option at the time of the option offer.
- 14.7 An option scheme participant shall not be entitled to any dividends (or other distributions made) and shall have no right to vote in respect of shares forming part of an option, unless and until the shares under the option are exercised and are settled to the option scheme participant in accordance with the provisions of this scheme.
- 14.8 For the sake of clarity and the avoidance of any doubt, it is recorded that until the settlement of option shares to an option scheme participant, such option scheme participant shall not
- 14.8.1 have any ownership interest in; or
 - 14.8.2 receive any dividends and/or exercise any voting rights attached to; or
 - 14.8.3 have acquired,
- such option scheme shares, or be entitled to the proceeds from any sale of the option scheme shares.
- 14.9 An option may be cancelled at any time after the date of acceptance thereof if the board and the participant so agree in writing.
- 14.10 The board and the option scheme participants may by agreement in writing amend the terms and conditions of any option offer subject to any limitations in these Rules, including rule 21 and Schedule 14 of the JSE Listings Requirements.
- 14.11 An option scheme participant may, with the prior written consent of the board, and subject to such conditions as the board may in its discretion determine, cede, assign or transfer the participant's rights in and to an option to a qualifying juristic person. The rules of the scheme will in such event apply equally to the qualifying juristic person. Without derogating from the generality of the foregoing, the board may impose a condition that the participant bind himself or herself as surety for, and co-principal debtor in solidum with, the qualifying juristic person for the fulfilment of its obligations in terms of this scheme."

27 TERMINATION OF SCHEME

The scheme shall terminate as soon as all of the following events have taken place:

- 27.1 the directors resolve that the scheme shall terminate; and
- 27.2 the company has received payment in full of all amounts owed to it by the participants which are recoverable; and
- 27.3 if applicable, when the company has discharged all its obligations to the participants."

INDLUPPLACE GROUP RISK FACTORS

Indluplace' major risks are identified as follows:

Risk	Level	Mitigating factor
Investments: Properties are acquired which do not fit investment criteria.	Low	The investment committee approves all properties acquired after a detailed due diligence is performed. All decisions made by the investment committee must be unanimous. No property should represent more than 10% of the value of the company's portfolio unless the investment proposition is such that the acquisition is merited.
Property damage or destruction: Damage to properties by fire or other causes could result in a loss of income. Properties acquired are not insured.	Low	All properties are insured at replacement value and for loss of income. The policy provides a window in which to cover new acquisitions.
Vacancies: Substantial loss of revenue resulting in a decrease in distributions.	Low	Active marketing policies and incentives are pursued for vacant premises. The properties within the portfolio are such that there is a low percentage of vacancies.
Concentration of lease expiries: Could result in a loss in rental revenue, with premises being let at below market rentals and increased holding costs.	Low	Lease expiries are well spread. Management regularly monitors lease expiries. Ongoing efforts are made to lengthen lease periods.
Regulatory and compliance: Possible non-compliance with regulatory requirements could result in reputational damage and financial loss.	Low	Adequate insurance is in place to cover key insurance risks. Board members endeavour to comply with the highest professional standards. There is ongoing consultation with professional advisors to ensure compliance.
Human resources: Loss of key staff members. Loss of executives.	Low	Staff members' packages are competitive and they receive performance bonuses and incentives. All staff members participate in the company's share purchase scheme.
Bad debts: Negative impact on distributions.	Low	Vigilant credit control by the property managers. All new tenants are vetted prior to leases being signed. Management monitors arrears regularly.
Operational risk: Loss of earnings due to poor processes and controls.	Low	Monthly management meetings are held with property managers to discuss the performance of the portfolio. There is regular feedback from the internal audit of the property manager and adoption and monitoring by management of appropriate risk management practices.
IT: Unauthorised users gain access to the systems, failure of the systems or information is compromised.	Low	Reliance is place on JHI for disaster recovery. JHI audits its IT systems and is ISO compliant.
Hijacking of company: The company being hijacked for fraudulent purposes.	Low	Company secretary makes regular checks of the details recorded by the CIPC.
Business continuity: Loss of company data.	Moderate	A disaster recovery plan is in place which is tested once a year.
Fraud and errors: Errors are made or fraud committed either by an employee of the company or its property manager.	Moderate	Internal controls, schedules of payments and cash balances are tested and reviewed regularly.
Municipal and other services: Material increase in electricity costs which could place downward pressure on rentals. Disruption of supply.	Moderate	The majority of the rentals are at market rates. Ongoing monitoring of costs of utilities and recoveries tenants to ensure that costs are fully recovered. Investigation of use of generators where appropriate.



INDLUPLACE
DWELLING ON RESIDENTIAL
Indluplace Properties Limited

(previously Arrowhead Residential Limited)
(Incorporated in the Republic of South Africa)
(Registration number 2013/226082/06)
JSE share code: "ILU" ISIN: ZAE000201125
("Indluplace" or "the company")

PRIVATE PLACEMENT APPLICATION FORM

TO BE COMPLETED BY INVITED INVESTORS

An offer to subscribe for shares in Indluplace ("private placement shares") at an indicative issue price of R10.00 ("issue price") ("the private placement"), to invited investors in terms of the prospectus which was registered by the Companies and Intellectual Property Commission on Friday, 29 May 2015 (the "prospectus").

Successful applicants will be advised of their allotment of private placement shares on Thursday, 11 June 2015.

Please refer to the instructions below before completing this application form.

Dematerialised shares

The allocated private placement shares will be transferred to successful applicants in dematerialised form only. Accordingly, all successful applicants must appoint a Central Securities Depository Participant ("CSDP") directly, or a broker, to receive and hold the dematerialised shares on their behalf. Should a shareholder require a physical share certificate for his Indluplace shares, he will have to, at his own cost, materialise his Indluplace shares following the listing and should contact his CSDP or broker to do so.

As allocated private placement shares will be transferred to successful applicants on a delivery-versus-payment basis, payment will be made by your CSDP or broker on your behalf.

Invited investors should complete this application form in respect of the private placement and hand deliver or email it to:

If delivered by hand or by courier:

Attention: Letrisha Mahabeer
Java Capital Proprietary Limited
6A Sandown Valley Crescent
Sandown
Sandton, 2196

If emailed:

Indluplace@javacapital.co.za

In the event that this application form is submitted through a broker, the broker must stamp this application form. This application form must be received by no later than 12:00 on Wednesday, 10 June 2015.

Invited investors must contact their CSDP or broker and advise them that they have submitted the application form as instructed above. Pursuant to the application, invited investors must make arrangements with their CSDP or broker for payment to be made as stipulated in the agreement governing their relationship with their CSDP or broker, in respect of the private placement shares allocated to them in terms of the private placement by the settlement date, expected to be Friday, 19 June 2015.

Condition precedent

The listing is conditional on achieving a spread of shareholders, acceptable to the JSE, being a minimum of 20% of the issued share capital of the company being held by the public, by not later than 48 hours prior to the listing.

Reservation of rights

The board shall, in its sole discretion, determine an appropriate allocation mechanism, such that the private placement shares will be allocated on an equitable basis, as far as reasonably possible, taking into account the spread requirements of the JSE, the liquidity of the shares and considering the potential shareholder base that the board wishes to achieve and whether or not the board considers it appropriate to grant preferential allocation to any applicant or group of applicants.

The directors of Indluplace reserve the right to accept or reject, either in whole or in part, any application form should the terms contained in the prospectus, of which this application form forms part, and the instructions herein not be properly complied with.

Applications must be for a minimum of 50 000 private placement shares and in multiples of 1 000 private placement shares thereafter.

To the directors:

Indluplace Properties Limited

- I/We, the undersigned, confirm that I/we have full legal capacity to contract and, having read the prospectus, hereby irrevocably apply for and request you to accept my/our application for the under mentioned value to subscribe for private placement shares under the private placement set out in the prospectus to which this application form is attached and in terms of the terms and conditions set out therein and that may, in your absolute discretion, be allotted to me/us, subject to the MOI of Indluplace.
- I/We wish to receive my/our allocated private placement shares in dematerialised form and will deliver this application form to Java Capital Proprietary Limited, and will provide appropriate instructions to my/our CSDP or broker, as the case may be, with regard to the application herein and the payment thereof, as stipulated in the agreement governing my/our relationship with my/our CSDP or broker, as the case may be. I/We accept that payment in respect of this application will be, in terms of the custody agreement entered into between me/us and my/our CSDP or broker, as the case may be, on a delivery-versus-payment basis.
- I/We understand that the subscription for private placement shares in terms of the prospectus is conditional on the granting of a listing of the shares of Indluplace, by Friday, 19 June 2015 or such later date as the directors may determine, on the JSE.

Dated _____ 2015 Telephone number (_____)

Signature _____ Mobile phone number _____

Assisted by (where applicable) _____ Email address _____

Surname of individual or name of corporate body	Mr Mrs Miss Other title
Full names (if individual)	
Postal address (preferably PO Box address)	Postal code
Telephone number ()	
Mobile phone number	
Email address	
Number of shares applied for (minimum 50 000 shares)	(Enter figures only – not words)

Required information must be completed by CSDP or broker with their stamp and signature affixed thereto.

CSDP name	
CSDP contact person	
CSDP contact telephone number	
SCA or bank CSD account number	
Scrip account number	
Settlement bank account number	
Stamp and signature of CSDP or broker	

This application will constitute a legal contract between Indluplace and the applicant. Application forms will not be accepted unless the above information has been furnished.

Instructions:

1. Applications may be made on this application form only for a minimum of 50 000 shares for a single addressee acting as applicant. Copies or reproductions of the application form will be accepted at the discretion of the directors of Indluplace.
2. Applications are irrevocable and may not be withdrawn once submitted.
3. CSDP's and brokers will be required to retain this application form for presentation to the directors if required.
4. Please refer to the terms and conditions of the private placement set out in paragraph 16 of the prospectus. Applicants should consult their broker or other professional advisor in case of doubt as to the correct completion of this application form.
5. Applicants need to have appointed a CSDP or broker and must advise their CSDP or broker in terms of the custody agreement entered into between them and their CSDP or broker. Payment will be made on a delivery-versus-payment basis.
6. No payment should be submitted with this application form to Indluplace or Java Capital.
7. If payment is dishonoured, or not made for any reason, Indluplace may, in its sole discretion, regard the relevant application as invalid or take such other steps in regard thereto as it may deem fit.
8. No receipts will be issued for application forms, application monies or any supporting documentation.
9. All alterations on this application form must be authenticated by full signature.
10. Blocked Rand may be used by emigrants and non-residents of the common monetary area (comprising the Republic of South Africa and Namibia and the Kingdoms of Swaziland and Lesotho) for payment in terms of this and reference should be made to paragraph 31 of the prospectus, which deals with the Exchange Control Regulations. If you are in any doubt in regard thereto, please consult your professional advisor.
11. As allocated private placement shares are being transferred to successful applicants on a delivery-versus-payment basis, no payment will be required to be made if the private placement or the listing is not successful.