



# INDLUPLACE

## DWELLING ON RESIDENTIAL

(Incorporated in the Republic of South Africa)

(Registration number 2013/226082/06)

(Approved as a REIT by the JSE)

JSE share code: "ILU" ISIN: ZAE000201125

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### INDLUPLACE BOOSTS TEAM TO DRIVE LETTING IN 2020

- New staff appointments focusing on improving leasing and rental growth in 2020
- Average residential vacancy rate reduced
- Portfolio value of R4.18 billion
- Portfolio LTV at 33,6%

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**Wednesday, 13 November 2019.** IndluPlace Properties, the first residential-focused REIT to list on the JSE, has reinforced the strength of its management team with new appointments to continue driving improvements in operational and letting performance in the year ahead.

The portfolio has grown rapidly through acquisition over the past two years and as a result IndluPlace has increased its head office complement from four to eight people over the past 12 months to ensure the sustainable management of the fund. It appointed Grant Harris to the board as Chief Operating Officer on 15 July and Nindiphiwe Tetyana as a non-executive director from 1 November 2019.

*"Our strengthened head office team brings substantial experience and we are excited to see the results of various initiatives that have already been launched to supplement the good letting performance of the past year,"* says CEO Carel de Wit.

#### **Financial results**

In the year to 30 September 2019, IndluPlace's contractual rental income decreased to R546.5 million from R563.5 million at 30 September 2018, largely as a result of the non-renewal of bulk leases at Highveld View in Mpumalanga as work at Eskom's Kusile power station reduced. Letting at the complex to individual tenants has been positive albeit at reduced rental in a very competitive market. This was partly offset by income from the additional 210 newly built units acquired at Golden Oaks in Boksburg.

IndluPlace now owns 9 917 residential units, up from 9 788 at the end of the previous financial year, with a vacancy rate of 7.3%, or 6.1% excluding Highveld View (2018: 8.4%) at end of September. The portfolio is diversified across locations, rental levels and building types, which aids in offsetting weak conditions in particular segments of the rental market. The group holds

47% of its residential units in Johannesburg suburbs, 31% in inner-city Johannesburg and 10% in Pretoria/Midrand. Almost half of the portfolio (47%) comprises two-bedroom units and another 21% is one-bedroom units.

Total debt at the end of the reporting period amount to R1,48 million, slightly higher as a result of the Golden Oaks acquisition. Comfortable with the company's balance sheet, FD, Terry Kaplan commented: *"61% of our debt is hedged at a weighted average cost of 9,20%. We are comfortable with our LTV at 33,6%. This still leaves us a measure of headroom for growth should the opportunity arise and positions us well in a very uncertain local environment."*

### **Going forward**

The economic environment in South Africa is the most difficult in recent memory, with Indluplace's customers expected to remain under pressure. Management anticipates that rental escalations will remain subdued and that the highly competitive rental market will continue, with vacancies remaining flat.

The group has declared a distribution of 78.25c per share for the year to 30 September (2018: 97.75c) but de Wit warns that next year's dividend will remain under pressure.

*"We continue to work towards minimising our exposure to head lease tenants within the portfolio and the disposal of smaller assets is progressing well," de Wit says. "We are confident that our rental offering represents good value for money and that we will be able to hold our own in attracting quality tenants despite a very competitive market. As a result we anticipate vacancies remaining relatively flat in the year ahead, rental escalations to remain subdued, council charges to increase substantially above inflation and increased administration costs due to the strengthened team.*

*"We do however anticipate that the dividend per share in 2020 will be about 6 to 9% lower than the previous year. Although the market remains difficult to predict, we believe that this level of performance of the Indluplace portfolio will be sustainable," concluded de Wit.*

**END**

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## **NOTE TO EDITORS:**

### **Indluplace Properties Limited**

Indluplace Properties is the only REIT listed on the main board of the JSE that focuses exclusively on rental residential property. Since its listing it has increased the value of its properties to R4.2 billion and currently owns 167 residential properties consisting of 9 917 residential units and about 20 583m<sup>2</sup> retail space, spread mainly across Gauteng.

Indluplace is growing a diverse portfolio by focusing on acquiring yield enhancing properties and portfolios that provide income from date of acquisition. This will be achieved by investing in rental housing at the more affordable end of the market, where a proven demand exists, generally in larger urban centres close to work opportunities and transport infrastructure.

Indluplace offers an exit for developers or owners of residential stock or portfolios and utilises specialist outsourced property managers for the appropriate portfolios.

### **Leadership and Management Team**

Indluplace is led by an experienced management team, with strong credentials, who has extensive experience in the sector. Executive directors include Chief Executive Officer Carel de Wit, Financial Director Terry Kaplan and Grant Harris, Chief Operational Officer.

#### **Executive Directors**

- Carel de Wit Chief Executive Officer
- Terry Kaplan Financial Director
- Grant Harris Chief Operational Officer

#### **Non-executive Directors**

- Taffy Adler Non-executive director (Chairman)
- Selwyn Noik Non-executive director

#### **Independent Non-Executive Directors**

- Clifford Abrams Independent non-executive director
- Ayesha Rehman Independent non-executive director
- Nindiphiwe Tetyana Independent non-executive director