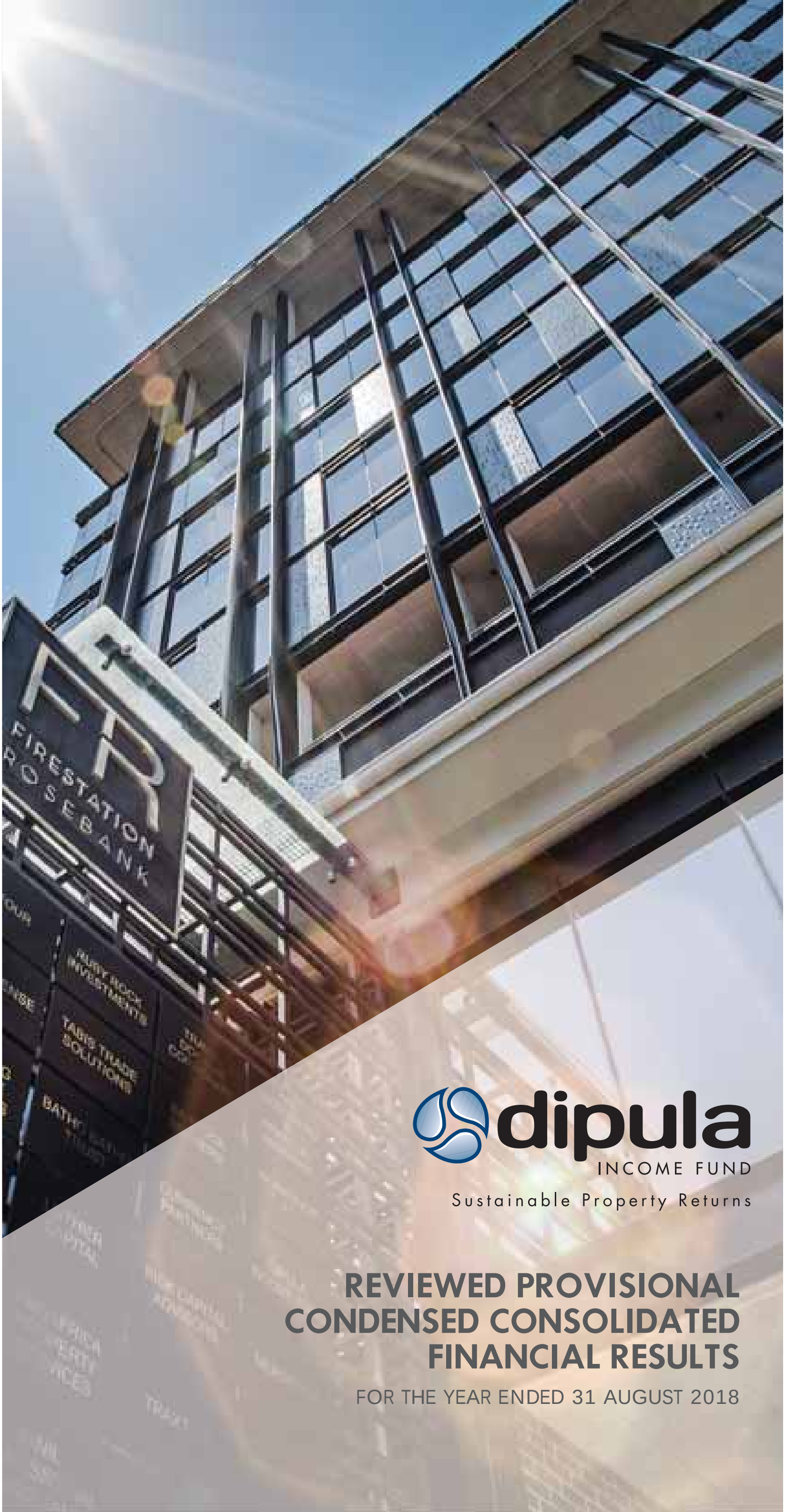


dipula
INCOME FUND
Sustainable Property Returns

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS

FOR THE YEAR ENDED 31 AUGUST 2018

REVIEWED PROVISIONAL CONDENSED CONSOLIDATED FINANCIAL RESULTS

HIGHLIGHTS

Property portfolio increase to
R8.6 billion
up 25%

Non-core disposals of
R290 million

Vacancies down to
7.5%

Reduction in office vacancies of **51%**

Capital raise of
R790 million
(32% oversubscribed)

Distributable earnings
R504.2 million
up 17.8%

Market capitalisation
R4.8 billion
up 9%

A-share dividend
105.80560 cents per share
up 4.45%

B-share dividend
99.67872 cents per share
up 4.38%

COMMENTARY

Profile

Dipula is an internally managed, South African focused Real Estate Investment Trust ("REIT") that owns a diversified portfolio, primarily comprising retail, office and industrial properties located across all provinces in South Africa. The majority are located in Gauteng.

Dipula is listed on the JSE Limited ("JSE") with a combined market capitalisation of R4.8 billion and assets valued at R8.6 billion. Dipula has two classes of shares in issue that trade under the codes DIA and DIB. DIA shares are entitled to a preferred income growth of the lower of 5% or CPI, while DIB shares receive the remaining net distributable income.

Dipula's strategy is to own a diversified portfolio with a retail bias and good tenant covenants.

Financial results

During the year ended 31 August 2018 ("the year") distributable earnings increased 17.8% to R504.2 million (2017: R428.2 million), amounting to a combined dividend per share of 205.48432 cents which represents a 4.41% (2017: 5.8%) growth in dividend per share, in line with market guidance.

The dividend per A-share increased by 4.45% year-on-year to 105.80560 cents per share (2017: 101.29784 cents) and is in accordance with the A-share dividend policy. The dividend per B-share increased by 4.38% year-on-year to 99.67872 cents per share (2017: 95.49384 cents).

Efficient management resulted in the property cost-to-income ratio remaining in line with the prior year at 33.7% (2017: 33.6%).

Dipula's net asset value per share was R10.03 (2017: R10.13), 0.9% lower than the prior year due to write off of goodwill.

A total of R1.5 billion of property acquisitions had transferred by year-end. This included portfolios acquired from Setso Holdco Proprietary Limited ("Setso") and Rec Group Property Trust ("RecTrust") amounting to R1.25 billion which became effective in June 2018. In order to fund these acquisitions the company raised equity of R790 million in a 32% oversubscribed accelerated book-build.

Property portfolio

At year-end Dipula's property portfolio consisted of 203 properties valued at R8.6 billion with a total gross lettable area ("GLA") of 932 492m² (2017: 174 properties; R6.9 billion value; 757 363m² GLA).

Acquisitions

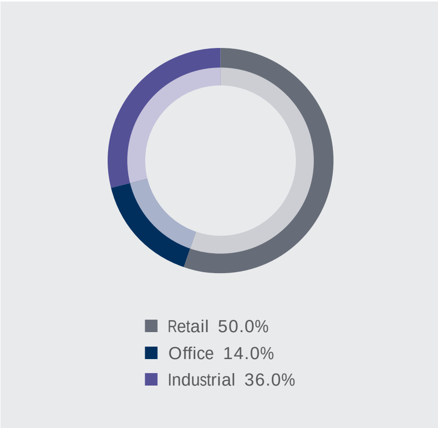
As announced on SENS on 10 November 2017 and 22 March 2018, Dipula acquired a portfolio valued at R1.25 billion from Setso and RecTrust with a forward yield of 11.8%. The transactions became effective on 26 June 2018.

During the period under review, Dipula acquired sections in Firestation Rosebank, Harding Shopping Centre (50% undivided interest) and 14 Kramer (Kramerville) for a purchase price of R229.50 million at an aggregate forward yield of 9.7%.

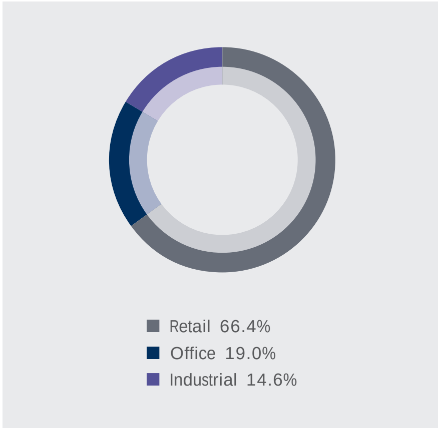
Sectoral and geographic profile

The sector and geographic breakdown of Dipula's portfolio at 31 August 2018 is set out below:

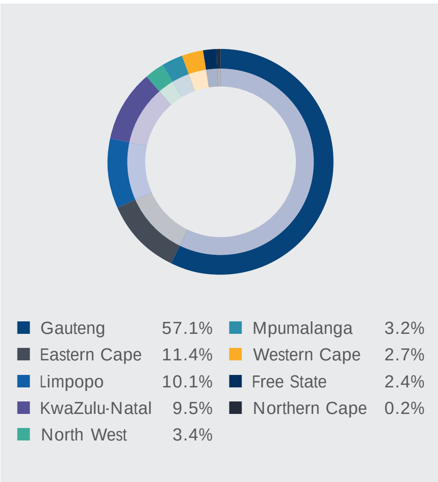
Sectoral profile by GLA (%)



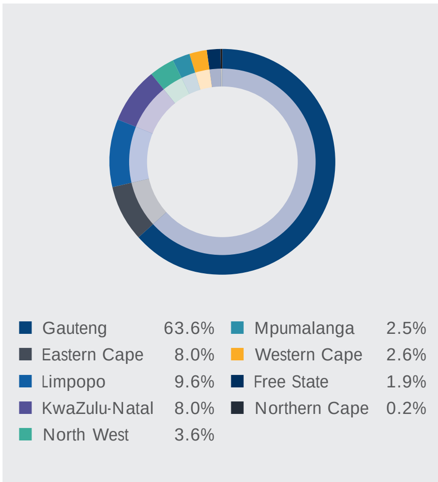
Sectoral split by gross rental income (%)



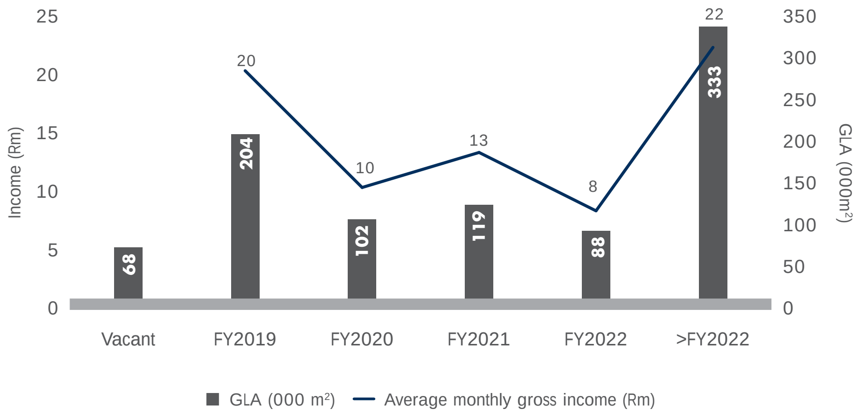
Geographic profile by GLA (%)



Geographic split by gross rental income (%)



Dipula lease expiry profile



Vacancies

Vacancies reduced by 12% to 7.5% (2017: 8.5%) due mainly to a 51% reduction in office vacancies. The breakdown of vacancies by sector is as follows: Retail 8.1% (2017: 7.1%), Offices 9.2% (2017: 18.7%) and Industrial 5.8% (2017: 5.4%).

Disposals

During the year seven properties were sold for R290 million at an average yield of 9.2%. The largest being the 30% undivided interest in Eyethu Orange Farm Mall.

Refurbishments and developments

A total of R195 million was spent on capital expenditure including redevelopments during the year. The conversion of Broadwalk Place and Finance House from office to residential is expected to be completed in October and December 2018 respectively.

The company plans to spend R250 million on refurbishments over the next 18 months.

Cost to income ratios

	31 August 2018	31 August 2017
Property cost to income (gross basis)	**33.7%**	33.6%
Property cost to income (net basis)	**18.6%**	17.8%
Total cost to income (gross basis)	**35.9%**	36.6%
Total cost to income (net basis)	**21.4%**	21.6%

Funding

At 31 August 2018, Dipula's all-in blended rate of interest was 9.25% (2017: 9.17%). The company has total debt of R3.5 billion. The weighted average debt expiry is 2.7 years and hedge expiry is 2.1 years.

87% of the interest on the debt had been fixed at the end of the year (2017: 90%).

Debt maturity and hedging profile

	Facility		Fixed/swap		Floating	
Financial year-end	R'000	%	R'000	%	R'000	%
FY2019	975 195	27.7	1 148 601	32.6	(173 406)	(4.9)
FY2020	650 391	18.5	756 250	21.5	(105 859)	(3.0)
FY2021	845 067	24.0	450 000	12.8	395 067	11.2
FY2022	633 238	18.0	400 000	11.4	233 238	6.6
FY2023	420 000	11.8	300 000	8.4	120 000	3.4
	3 523 891	100.0	3 054 851	86.7	469 040	13.3

Management company ("Manco") internalisation

Effective 1 September 2017, the internalisation of the Manco was finalised through the acquisition of 100% of the beneficial interest in the Dipula Asset Management Trust, for an aggregate acquisition cost of R150 million. The internalisation is consistent with industry best practice and more closely aligns the interests of the company's management with investors.

Changes to the board of directors

Mr NS Gumede resigned as a director effective from 22 December 2017. The directors of Dipula would like to thank Saul for his dedication and valuable contribution to the company and wish him well in his future endeavours.

Prospects

The board remains cautious regarding trading conditions in the near term. The group remains focused on integrating acquisitions and extracting maximum value from the existing portfolio. Despite the negative sentiment, Dipula has a "pipeline" of projects that will add significant value in the long term.

Notwithstanding flat growth in dividends per share for the next year due to various initiatives undertaken in the current period which impact distributions in the year ahead but which have set a solid foundation for the medium to long term, the board is confident of delivering 7% growth in dividends per share for the year ending 31 August 2020.

This forecast assumes that macroeconomic conditions do not deteriorate further, no major corporate failures occur and that tenants will be able to absorb rising utility and assessment rates costs. Forecast rental income is based on contractual escalations and market-related renewals with no further property acquisitions or disposals assumed. This forecast has not been reviewed or reported on by the group's independent external auditors.

Payment of dividend

The board has approved and notice is hereby given of the final gross dividend (dividend number 15) for the period 1 March 2018 to 31 August 2018 of 53.13072 cents per A-share and 55.60278 cents per B-share.

The dividend is payable to Dipula shareholders in accordance with the timetable set out below:

Last day to trade *cum* dividend	Tuesday, 4 December 2018
Shares trade *ex* dividend	Wednesday, 5 December 2018
Record date	Friday, 7 December 2018
Payment date	Monday, 10 December 2018

Share certificates may not be dematerialised or rematerialised between Wednesday, 5 December 2018 and Friday, 7 December 2018, both days inclusive.

The dividend will be transferred to dematerialised shareholders' CSDP accounts/broker accounts on Monday, 10 December 2018. Certificated shareholders' dividend payments will be paid to certificated shareholders' bank accounts on or about Monday, 10 December 2018.

An announcement relating to the tax treatment will be released separately on SENS.

On behalf of the board

Zanele Matlala	**Izak Petersen**
Chairperson	*CEO*

19 November 2018

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Reviewed year ended 31 August 2018 R'000	Audited year ended 31 August 2017 R'000
ASSETS		
Non-current assets	**8 944 839**	6 989 754
Investment property	**8 607 859**	6 882 691
Fair value of property portfolio	**8 427 249**	6 727 095
Straight-line rental income accrual	**180 610**	155 596
Goodwill	**–**	13 327
Intangible assets	**112 500**	–
Property, plant and equipment	**3 886**	1 267
Derivative financial assets	**26 315**	–
Loans receivable	**194 279**	92 469
Current assets	**298 532**	374 260
Trade and other receivables	**208 266**	153 817
Loans receivable	**–**	89 936
Derivative financial assets	**1 202**	281
Cash and cash equivalents	**89 064**	130 226
Non-current assets held for sale		
Investment property held for sale	**30 013**	42 942
Total assets	**9 273 384**	7 406 956
EQUITY AND LIABILITIES		
Shareholders' interest	**5 308 816**	4 424 473
Stated capital	**4 243 513**	3 346 742
Fair value reserve	**1 037 803**	998 793
Retained income	**27 500**	78 938
Non-controlling interests	**155 796**	–
Non-current liabilities	**2 602 100**	2 306 139
Interest-bearing liabilities	**2 546 926**	2 271 057
Non-interest-bearing liabilities	**51 124**	–
Derivative financial liabilities	**4 050**	35 082
Current liabilities	**1 206 672**	676 344
Interest-bearing liabilities	**974 225**	551 008
Bank overdraft	**20 048**	–
Trade and other payables	**209 648**	125 336
Derivative financial liabilities	**2 751**	–
Total equity and liabilities	**9 273 384**	7 406 956

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Reviewed 31 August 2018 R'000	Audited 31 August 2017 R'000
Revenue	**1 141 348**	1 069 660
Contractual rental income	**860 027**	825 555
Municipal and property recoveries	**217 557**	226 962
Other income	**38 750**	–
Straight-line rental income accrual	**25 014**	17 143
Property-related expenses	**(362 824)**	(353 463)
Net property income	**778 524**	716 197
Administration and corporate costs	**(24 470)**	(31 887)
Net operating profit	**754 054**	684 310
Net finance cost	**(231 605)**	(243 632)
Finance income	**42 103**	20 606
Finance cost	**(273 708)**	(264 238)
Net profit after finance cost	**522 449**	440 678
Transaction costs on business combination	**(2 543)**	–
Loss on sale of property, plant and equipment	**(153)**	–
Amortisation of intangible assets	**(37 500)**	–
Goodwill impaired	**(13 327)**	(35 155)
Fair value adjustments	**13 996**	1 352
Investment properties and properties held for sale	**(16 507)**	57 512
Straight-line rental income accrual	**(25 014)**	(17 143)
Interest rate swaps	**55 517**	(39 017)
Profit before taxation	**482 922**	406 875
Taxation	**–**	–
Profit for the year after taxation	**482 922**	406 875
Other comprehensive income	**–**	–
Total comprehensive income for the year	**482 922**	406 875
Total profit and comprehensive income for the year attributable to:		
Shareholders of the company	**471 540**	387 922
Non-controlling interests	**11 382**	18 953
	482 922	406 875
Basic and diluted earnings per A-share (cents)	**99.09**	91.59
Basic and diluted earnings per B-share (cents)	**99.09**	91.59

EARNINGS, HEADLINE EARNINGS AND DIVIDENDS

	Reviewed 31 August 2018 R'000	Audited 31 August 2017 R'000
Reconciliation between profit, earnings and headline earnings		
Earnings	**471 540**	387 922
Adjustments:	**96 595**	7 372
Amortisation of intangible asset/goodwill impaired	**50 827**	35 155
Non-controlling interest portion of fair value adjustment	**4 247**	12 586
Fair value – investment properties and held for sale	**16 507**	(57 512)
Fair value – straight-line rental income	**25 014**	17 143
Headline earnings	**568 135**	395 294
Total number of shares in issue*	**529 282 638**	436 932 798
Number of A-shares in issue	**264 641 319**	218 466 344
Number of B-shares in issue	**264 641 319**	218 466 454
Total weighted average number shares in issue*	**475 853 506**	423 543 004
Weighted average number of A-shares in issue*	**236 062 841**	211 771 488
Weighted average number of B-shares in issue*	**239 790 665**	211 771 516
Headline earnings per A-share (cents)	**119.39**	93.33
Headline earnings per B-share (cents)	**119.39**	93.33
Dividend per A-share	**105.80560**	101.29784
Interim	**52.67488**	50.64892
Final	**53.13072**	50.64892
Dividend per B-share	**99.67872**	95.49834
Interim	**44.07594**	41.83993
Final	**55.60278**	53.65841
Combined share	**205.48432**	196.79618
Interim	**96.75082**	92.48885
Final	**108.73350**	104.30733
Net asset value per A-share (cents)	**1 003.02**	1 012.62
Net asset value per B-share (cents)	**1 003.02**	1 012.62
Loan to value ("LTV")	**40.6%**	38.9%

* *Net of treasury shares.*

Basic and headline earnings per share are based on the weighted average number of shares in issue during the year. The company does not have any dilutionary instruments in issue.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Stated capital R'000	Fair value reserve R'000	Retained income R'000	Non-controlling interests R'000	Total equity R'000
Balance at 31 August 2016 (audited)	3 107 931	992 884	93 599	131 190	4 325 604
Total comprehensive income for the year	–	–	387 922	18 953	406 875
Acquisition of non-controlling interests	–	–	8 310	(141 943)	(133 633)
Shares issued net of share issue expenses	238 811	–	–	–	238 811
Dividends declared	–	–	(404 984)	(8 200)	(413 184)
Transfer to fair value reserve – investment properties	–	44 926	(44 926)	–	–
Transfer from fair value reserve – interest rate swaps	–	(39 017)	39 017	–	–
Balance at 31 August 2017 (audited)	**3 346 742**	**998 793**	**78 938**	**–**	**4 424 473**
Total comprehensive income for the year	**–**	**–**	**471 540**	**11 382**	**482 922**
Equity contributed by non-controlling interests	**–**	**–**	**–**	**151 549**	**151 549**
Shares issued net of share issue expenses	**896 771**	**–**	**–**	**–**	**896 771**
Dividends declared	**–**	**–**	**(483 968)**	**(7 135)**	**(491 103)**
Transfer from fair value reserve – investment properties	**–**	**(16 507)**	**16 507**	**–**	**–**
Transfer to fair value reserve – interest rate swaps	**–**	**55 517**	**(55 517)**	**–**	**–**
Balance at 31 August 2018 (reviewed)	**4 243 513**	**1 037 803**	**27 500**	**155 796**	**5 464 612**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

	Reviewed 31 August 2018 R'000	Audited 31 August 2017 R'000
Cash flows from operating activities		
Cash generated from operations	**713 649**	691 395
Net finance cost	**(237 337)**	(245 228)
Dividends paid	**(491 103)**	(413 184)
Net cash (utilised in)/generated from operating activities	**(14 791)**	32 983
Cash flows from investing activities		
Acquisition of investment properties and capital expenditure	**(1 982 997)**	(110 424)
Acquisition of business combination	**(47 382)**	–
Contribution by/(acquisition of) non-controlling interests	**151 549**	(133 633)
Net acquisition of property, plant and equipment	**(3 344)**	(460)
Proceeds on disposal of investment properties	**201 416**	111 642
Repayment of loans advanced	**89 936**	–
Net cash utilised in investing activities	**(1 590 822)**	(132 875)
Cash flows from financing activities		
Issue of shares net of share issue expenses	**796 471**	238 811
Non-interest-bearing liabilities raised	**51 124**	–
Interest-bearing liabilities raised/(repaid)	**696 808**	(67 425)
Net cash generated from financing activities	**1 544 403**	171 386
Net (decrease)/increase in cash and cash equivalents	**(61 210)**	71 494
Cash and cash equivalents at the beginning of the year	**130 226**	58 732
Cash and cash equivalents at the end of the year	**69 016**	130 226

CONDENSED CONSOLIDATED SEGMENTAL INFORMATION

	Retail R'000	Offices R'000	Industrial R'000	Land R'000	Corporate R'000	Total R'000
Year to 31 August 2018 (reviewed)						
Extracts from the statement of comprehensive income						
Contractual rental income and recoveries (excluding straight-line)	**734 157**	**201 269**	**142 158**	**–**	**–**	**1 077 584**
Other income	**8 358**	**24 392**	**6 000**	**–**	**–**	**38 750**
Property-related expenses	**(250 529)**	**(56 972)**	**(36 094)**	**(21)**	**(19 208)**	**(362 824)**
Net property income	**491 986**	**168 689**	**112 064**	**(21)**	**(19 208)**	**753 510**
Extracts from the statement of financial position						
Investment property at fair value	**5 423 068**	**1 760 137**	**1 394 504**	**30 150**	**–**	**8 607 859**
Investment property held for sale	**22 050**	**6 475**	**–**	**1 488**	**–**	**30 013**
Total	**5 445 118**	**1 766 612**	**1 394 504**	**31 638**	**–**	**8 637 872**
Year to 31 August 2017 (audited)						
Extracts from the statement of comprehensive income						
Contractual rental income and recoveries (excluding straight-line)	737 589	177 611	137 317	–	–	1 052 517
Property-related expenses	(259 152)	(57 808)	(36 488)	(15)	–	(353 463)
Net property income	478 437	119 803	100 829	(15)	–	699 054
Extracts from the statement of financial position						
Investment property at fair value	4 633 166	1 221 630	1 001 315	26 580	–	6 882 691
Investment property held for sale	40 500	–	–	2 442	–	42 942
Total	4 673 666	1 221 630	1 001 315	29 022	–	6 925 633

The entity has five reportable segments based on the sectoral nature – these are the entity's strategic business segments. For each strategic business segment, the entity's executive directors review internal management reports on a monthly basis.

CONDENSED CONSOLIDATED SEGMENTAL INFORMATION (CONTINUED)

	Reviewed 31 August 2018 R'000	Audited 31 August 2017 R'000
Reconciliation of reportable segment revenue and profit		
Revenue		
Total revenue for reportable segments	**1 116 334**	1 052 517
Straight-line rental income accrual	**25 014**	17 143
Consolidated revenue	**1 141 348**	1 069 660
Profit		
Total profit for reportable segments	**753 510**	699 054
Straight-line rental income accrual	**25 014**	17 143
Administration and corporate costs	**(24 470)**	(31 887)
Net finance cost	**(231 605)**	(243 632)
Transaction costs on business combination	**(2 543)**	–
Fair value adjustments	**13 996**	1 352
Loss on sale of property, plant and equipment	**(153)**	–
Amortisation of intangible assets/goodwill impaired	**(50 827)**	(35 155)
Profit before taxation	**482 922**	406 875
Reconciliation of profit for the year to distributable earnings		
Profit attributable to shareholders of the company	**471 540**	387 922
Fair value – investment properties revaluation	**16 507**	(57 512)
Fair value – straight-line rental income	**25 014**	17 143
Fair value – interest rate swaps	**(55 517)**	39 017
NCI portion of fair value adjustment	**4 247**	12 586
Antecedent interest	**13 881**	10 991
Transaction costs on business combination	**2 543**	–
Loss on sale of property, plant and equipment	**153**	–
Amortisation of intangible assets/goodwill impaired	**50 827**	35 155
Straight-line rental income accrual	**(25 014)**	(17 143)
Distributable earnings and dividends declared	**504 181**	428 159
Distribution statement		
Revenue	**1 116 334**	1 052 517
Contractual rental income	**860 027**	825 555
Recoveries and other income	**256 307**	226 962
Property-related expenses	**(362 824)**	(353 463)
Net property income	**753 510**	699 054
Administration and corporate costs	**(24 470)**	(31 887)
Net operating profit	**729 040**	667 167
Net finance cost	**(231 605)**	(243 632)
Antecedent dividend	**13 881**	10 991
Non-controlling interests	**(7 135)**	(6 367)
Distribution	**504 181**	428 159

BASIS OF PREPARATION AND ACCOUNTING POLICIES

These results were prepared by the Financial Director, Mr R Asmal and the Group Financial Manager, Mrs N Kotze CA(SA).

The reviewed provisional condensed consolidated financial results for the year ended 31 August 2018 have been prepared in accordance with the requirements of the JSE Limited Listings Requirements and the requirements of the Companies Act of South Africa. The JSE Listings Requirements require provisional consolidated financial reports to be prepared in accordance with the framework concepts and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Pronouncements as issued by the Financial Reporting Standards Council and to contain the information required by IAS 34: *Interim Financial Reporting*. The accounting policies and methods of computations applied are consistent with those applied in the previous year's consolidated annual financial statements.

Auditor's report

The condensed consolidated financial statements for the year ended 31 August 2018 have been reviewed by Deloitte & Touche, and their unmodified review conclusion report is available for inspection at the company's registered office.

The auditor's review conclusion report does not necessarily report on all of the information contained in these provisional condensed financial results.

Shareholders are therefore advised that in order to obtain a full understanding of the nature of the auditor's engagement they should obtain a copy of the auditor's review conclusion report together with the accompanying financial information from the issuer's registered office. The directors take full responsibility for the preparation of these provisional condensed consolidated financial results and for ensuring that this financial information has been correctly extracted from the underlying financial statements.

Measurement of fair value

Investment property

On an annual basis, properties above R12 million (at the last valuation date) and one-third of properties below R12 million are valued by independent registered valuers.

The remaining two-thirds are valued internally by directors.

The properties are valued using either the discounted cash flow or capitalisation methods by the internal and external valuers. The valuations are done on an open market basis with consideration given to the future earnings potential and applying an appropriate capitalisation rate to a property. The capitalisation rates used range between 7.8% and 13.25%. Investment properties held for sale were valued at the net sale price, which is considered to be the fair value.

Financial instruments

Financial instruments are measured at fair value. The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

Hierarchy levels

The fair value hierarchy reflects the significance of the inputs used in making fair value measurements. The level within which the fair value measurement is categorised in its entirety shall be determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

The different levels have been defined as follows:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly;
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

Investment properties and derivative financial instruments have been categorised as Level 3 and 2, respectively. There has been no material change between levels during the year and there were no transfers between levels.

	Reviewed 31 August 2018 R'000	Audited 31 August 2017 R'000
Fair value measurements for investment properties categorised as Level 3:		
Balance at the beginning of the year	**6 882 691**	6 963 015
Acquisitions/additions	**2 014 350**	101 151
Transferred to non-current assets held for sale/disposals	**(256 748)**	(306 648)
Tenant installation/lease commission	**2 781**	2 237
Change in fair value and expenses incurred in properties sold	**(35 215)**	122 455
Depreciation	**–**	481
Balance at the end of the year	**8 607 859**	6 882 691

Valuation technique and significant unobservable inputs

Investment properties

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Discounted cash flows: The valuation model considers the present value of net cash flows to be generated from the property taking into account expected rental and capitalisation rates. The expected net cash flows are discounted using risk-adjusted discount rates. Among other factors, the discount rate estimation considers the quality of the property, its location and lease terms.	■ Expected rental growth varies between 6% and 8% per annum; ■ Risk-adjusted discount rates vary between 14% and 16.5%.	The estimated fair value would increase/(decrease) if: ■ expected rentals were higher/(lower); and ■ risk-adjusted discount rates and capitalisation rates were lower/(higher).
Capitalisation model: Establishes the market-related rental income for the property and applies an appropriate capitalisation rate.	■ Capitalisation rates vary between 7.8% to 13.25%.	

Derivative financial instruments – Level 2:
Interest rate swaps

Valuation technique	Significant unobservable inputs
Valued by discounting the future cash flows using the South African swap curve at the dates when the cash flows take place.	▪ Interest rate swap curve

The fair value of other financial instruments approximate carrying values.

Subsequent events
Declaration of dividend after reporting date

The declaration of dividend occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements.

BUSINESS COMBINATION

During the year ended 31 August 2018, the group acquired 100% of the beneficial interest in its asset management entity, Dipula Asset Management Trust (“DAMT”) for R150 million. This acquisition was in terms of the group’s agreement to internalise its asset management and obtain total control of DAMT.

The acquisition was funded by the allotment and issue of 9 931 631 Dipula “B” shares for the equivalent of R100,3 million issued at a 30-day volume weighted average price per Dipula “B” share and a cash payment of R49.7 million.

The practical effective date of the acquisition was 1 September 2017.

The acquisition of 100% of the beneficial interest in DAMT is accounted for in terms of IFRS 3: *Business Combinations*. The asset management internalisation will better align the interests of management with that of the group’s shareholders.

	DAMT 31 August 2017 R’000
The assets and liabilities arising from the acquisition are as follows:	
Property, plant and equipment	74
Trade and other receivables*	852
Cash and cash equivalents	4 861
Assets	5 787
Trade and other payables	5 787
Liabilities	5 787
Fair value of assets and liabilities acquired	–
Total purchase consideration	150 000
Difference recognised as – intangible asset	150 000

* *Carrying value of trade and other receivables approximates their fair value, with all gross contractual cash flows collectable.*

Transaction costs of R2.54 million were incurred on the acquisition and have been reflected in the statement of comprehensive income.

Purchase consideration	150 000
Add: Acquisition-related costs	2 543
Less: Settled in Dipula “B” shares	(100 300)
Purchase consideration settled in cash	52 243
Cash and cash equivalents in trust acquired	(4 861)
Net cash outflow on acquisition	47 382
Revenue of DAMT included in the statement of comprehensive income and eliminated on consolidation – 1 September 2017 to 31 August 2018	28 317
Profit of DAMT included in the statement of comprehensive income and eliminated on consolidation – 1 September 2017 to 31 August 2018	12 118

CORPORATE INFORMATION

DIPULA INCOME FUND LIMITED
(Incorporated in the Republic of South Africa)
(Registration number 2005/013963/06)
JSE share code DIA
ISIN: ZAE000203378
JSE share code: DIB
ISIN: ZAE000203394
(Approved as a REIT by the JSE)
("Dipula" or "the company" or "the Fund", and together with its subsidiaries, "the group")

Directors
ZJ Matlala* (Chairperson)
IS Petersen (CEO)
BH Azizollahoff*#
R Asmal (FD)
E Links*
Y Waja*
SA Halliday*
** Independent non-executive   # British*

Registered office and business address
12th Floor
Firestation Rosebank
16 Baker Street
Rosebank
2196

Independent auditors
Deloitte & Touche
Practice number: 902276
Registered Auditors
Deloitte Place
20 Woodlands Drive
Woodmead
Sandton
2052

Transfer secretaries
Link Market Services South Africa Proprietary Limited
(Registration number 2000/007239/07)
19 Ameshoff Street
Braamfontein
2001

Bankers
The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3rd Floor
East Wing
30 Baker Street
Rosebank
2196

Corporate advisor and sponsor
Java Capital
6A Sandown Valley Crescent
Sandton
2196

Company secretary
CIS Company Secretaries Proprietary Limited
(Registration number 2006/024994/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
2196