



2016

INTEGRATED ANNUAL REPORT

FOR THE YEAR ENDED 31 AUGUST 2016

PORTFOLIO

**R7.1
billion**

201

PROPERTIES

FOOTPRINT
ACROSS

9 PROVINCES

MAJORITY IN
GAUTENG

AVERAGE PROPERTY
SIZE

4 015m²

VALUED AT

R35 million

CONTENTS

	OUR MILESTONES	IFC
	ABOUT THIS REPORT	1
	OUR VALUE DRIVERS	3
1	WHO WE ARE	4
	Highlights	6
	Investment case	7
	Dipula at a glance	8
	Our business structure	15
2	OUR STRATEGY	16
	Our market context	18
	Our business model	19
	Meeting our objectives	20
	Risk management	21
3	OUR PERFORMANCE	24
	Value added statement	26
	Chairperson's report	28
	Chief Executive's report	30
	Financial Director's report	34
	Five-year financial overview	38
	Sustainability report	39
4	GOVERNANCE	42
	Our stakeholders	44
	Directorate	45
	Corporate governance	47
	King III application	51
	Remuneration report	55
	Social and ethics committee report	57
5	OUR PORTFOLIO IN DETAIL	58
6	ANNUAL FINANCIAL STATEMENTS	72
7	SHAREHOLDERS INFORMATION	138
	Shareholder analysis	140
	JSE statistics	142
	Shareholders' diary	142
	Definitions	143
	Notice of annual general meeting	144
	Form of proxy	Attached
	Corporate information	IBC

OUR QUESTIONS

2005

- Dipula Property Fund founded with R300 million portfolio

2010

- Portfolio grows to R750 million

2011

- Merger of Dipula Property Fund with Mergence Africa Property Fund to form Dipula Income Fund
- Acquisition of Asakhe portfolio for R314 million and a Redefine portfolio for R395 million
- Dipula lists on JSE with R1.8 billion market cap

2012

- Acquisition of McCormick portfolio for R254 million

2013

- Acquisition of Abland portfolio for R431 million
- Acquisition of Orange Farm Phase 1 for R42 million
- Acquisition of Smada portfolio for R116 million
- Acquisition of Capital and iFour portfolio for R559 million

2014

- Acquisition of Gillwell Taxi Retail Park for R323 million
- Acquisition of Township centres from Redefine for R425 million
- Acquisition of Govan Mbeki Place for R50.5 million

2015

- Acquisition of 80% stake in Moolman portfolio for R680 million
- Registration of R2 billion DMTNP
- Internalisation of property management

2016

- Portfolio exceeds R7 billion
- Revenue reaches R1 billion
- Completed developments of R100 million

ABOUT THIS REPORT

Dipula is a REIT listed on the JSE's Main Board in the Real Estate Investment Trusts sector. The company owns a diversified R7.1 billion property portfolio, comprising retail, office and industrial properties. The portfolio is currently weighted towards retail, which accounts for 70% of revenue. The properties are located across all nine provinces of South Africa, with the majority in Gauteng, which accounts for 59% of revenue.

BASIS OF PREPARATION

The annual financial statements have been prepared in accordance with IFRS, the requirements of the Companies Act, the JSE Listings Requirements and the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Council.

Dipula has further considered and applied many of the recommendations contained in the International Integrated Reporting Framework issued in December 2013. The company has also applied the majority of the principles in the King III Report. Explanation is offered where any non-application has occurred.

SCOPE OF THIS REPORT

This, our fifth integrated annual report, presents the financial results and the ESG performance of the group for the year 1 September 2015 to 31 August 2016, and follows our prior integrated annual report published in December 2015. It is primarily targeted at current shareholders, potential new institutional investors, fund and asset managers, funders and potential property vendors as well as employees.

The content included in this integrated annual report endeavours to identify and explain the material issues faced by the group. These have been determined by assessing issues critical to achieving strategic objectives, identified risks and feedback from stakeholders. The following have therefore been identified as material to the group:

- Distributions growth
- Occupancy levels
- Lease expiry profile
- Acquisition of new assets

- Arrears and bad debts
- Access to capital

We endeavour to discuss these material issues throughout this integrated annual report and in specific in the Our Strategy section on pages 16 to 23. This should enable the group's stakeholders to accurately evaluate Dipula's ability to create and sustain value over the short, medium and long term.

Asset management is performed by an external asset manager, DAMT. The beneficiaries of DAMT have a significant stake in the company. We perform most of our property management in-house through a 100% subsidiary. The remainder of the property management function is outsourced to five recognised contractors: Broll, Eris, Hermans & Roman, Moolman Group and McCormick. These companies are individually responsible for reporting on their respective operations as they are neither constituted for, nor solely dedicated to the service of Dipula. Accordingly, information relating to the operations of these companies is not included in this integrated annual report.

Registration number: 2005/013963/06

DIA ISIN: ZAE000203378

DIB ISIN: ZAE000203394

JSE-listed REIT: 1 September 2013

JSE share code: DIA and DIB

Date listed: 17 August 2011

Asset manager: Dipula Asset Management Trust

B-BBEE: Level 2

Market capitalisation: R4.2 billion

Closing price: 31 August 2016

DIA: R11.42

DIB: R9.00

SIGNIFICANT EVENTS DURING REPORTING PERIOD

As previously reported, the following milestones were achieved in the year:

- Portfolio grew from R5.6 billion in the prior year to R7.1 billion
- The group achieved a R1 billion revenue mark
- Developments worth R100 million were completed at a first year yield of 11%

ASSURANCE

The combined assurance model of the group in its current format is set out below:

Business process	Annual Financial Statements	B-BBEE
Nature of assurance	Unqualified audit	BEE scorecard
Status	Assured	Assured
Assurance provider	Deloitte & Touche	Honeycomb
Disclosure in integrated report	Page 78	Page 7

CORPORATE INFORMATION

The group's contacts are Izak Petersen (Chief Executive) and Ridwaan Asmal (Financial Director). They can be contacted at the registered office of the company (see inside back cover).

Dipula's integrated annual report 2016 is available in hard copy from the company secretary on request, and is also posted on the group's website: www.dipula.co.za

RESPONSIBILITY STATEMENT AND REVIEW

The audit and risk committee and the board acknowledge their responsibility to ensure the integrity of this integrated annual report. It has accordingly been reviewed by the audit and risk committee, board, company secretary and sponsor. The annual financial statements included in this integrated annual report have been audited by the external auditors.

FORWARD-LOOKING STATEMENT

This integrated annual report contains forward-looking statements that, unless otherwise indicated, reflect the company's expectations as at 31 August 2016. Actual results may differ materially from the company's expectations if known and unknown risk or uncertainties affect its business, or if estimates or assumptions prove inaccurate. The company cannot guarantee that any forward-looking statement will materialise and, accordingly, readers are cautioned not to place undue reliance on these forward-looking statements.

The company disclaims any intention and assumes no obligation to update or revise any forward-looking statement even if new information becomes available as a result of future events or for any other reason, save as required to do so by legislation and/or regulation.



IS Petersen
Chief Executive



R Asmal
Financial Director



Y Waja
Chair audit and risk committee

OUR VALUE DRIVERS

<p>ACTIVE, HIGH QUALITY ASSET MANAGEMENT</p> <p>⊞</p> <p>OPTIMAL AND ETHICALLY MANAGED PORTFOLIO</p>	<p>— WHAT IT MEANS —</p> <p>We focus on income and portfolio-enhancing acquisitions with high-lease tenants while our disposals are strategic and well-timed. We emphasise ethical behaviour in all dealings and closely monitor property managers with frequent site visits and hands-on asset management. We instil a culture of ownership and recruit additional skills where required. DAMT leads by example in this regard. We further foster direct relationships with key tenants and stakeholders.</p>
<p>FOCUS ON QUALITY</p> <p>⊞</p> <p>SUSTAINABLE PORTFOLIO</p>	<p>— WHAT IT MEANS —</p> <p>Our philosophy is to acquire a diversified portfolio of assets that enhances the overall quality with individual assets ranging from R50 million – R700 million. We aim to increase the average property value to R50 million in the medium term. Where a property no longer fits our criteria we dispose of it. We constantly broaden our partnerships in order to unlock opportunities.</p>
<p>COST OPTIMISATION AND HEDGING</p> <p>⊞</p> <p>PROFITABILITY AND APPROPRIATE GEARING</p>	<p>— WHAT IT MEANS —</p> <p>We maintain a ‘lean and mean’ structure and are focused on managing utility and property operation costs. We seek to broaden our funding sources, utilise effective interest rate hedging and achieve optimal levels of debt and equity.</p>
<p>TENANT FOCUS</p> <p>⊞</p> <p>QUALITY INCOME</p>	<p>— WHAT IT MEANS —</p> <p>With a majority of A and B (national and regional) graded tenants we ensure quality income. This is further enhanced by our regular tenant interaction, aimed at tenant retention and recruitment, and our redevelopments and extensions aimed at improving our value proposition for tenants.</p>
<p>DELIVERY MOTIVATED PERFORMANCE</p> <p>⊞</p> <p>GROWING DISTRIBUTIONS</p>	<p>— WHAT IT MEANS —</p> <p>We seek to deliver sustainable distribution growth through competent asset management that results in income growth, cost efficiencies and skilful interest rate risk management. Our goal is to grow total long-term returns (capital and income).</p>
<p>ENTREPRENEURIAL FLAIR AND DRIVE</p> <p>⊞</p> <p>STRONG PIPELINE</p>	<p>— WHAT IT MEANS —</p> <p>We actively pursue new deal flow through creative and prudent risk taking.</p>
<p>PROUDLY SOUTH AFRICAN</p> <p>⊞</p> <p>GOOD BEE AND SOCIAL CONSCIENCE</p>	<p>— WHAT IT MEANS —</p> <p>We strive for the highest B-BBEE rating by addressing each scorecard category and being socially responsible.</p>
<p>SOLUTIONS-ORIENTED</p> <p>⊞</p> <p>NIMBLE DECISIONS</p>	<p>— WHAT IT MEANS —</p> <p>Our decision-making is nimble and supported by prudent but bold thinking and tenacity.</p>



JUN

01

WHO WE ARE



Renaissance Park

Sector: Industrial

GLA: 10 680m²

Location: Johannesburg



HIGHLIGHTS

TURNOVER UP 46% TO
R1.1 billion

PROPERTY PORTFOLIO
UP 27% TO
R7.1 billion

DISTRIBUTABLE EARNINGS
UP 15.8% TO
R384.6 million

NAV UP 12% TO
R10.46
PER SHARE

A-SHARE
DISTRIBUTION
UP 5% TO
96.47 cps

B-SHARE
DISTRIBUTION
UP 11.5% TO
89.49 cps

FULL YEAR DISTRIBUTION
UP 8% TO
185.96 cps

INVESTMENT CASE

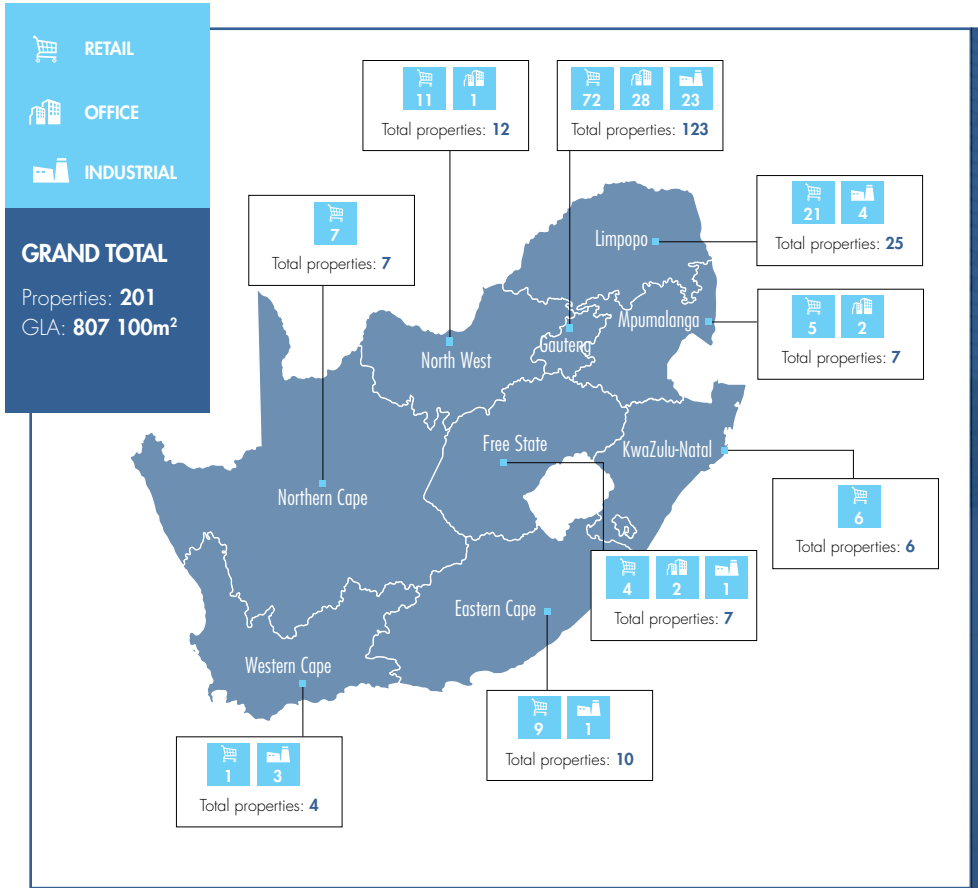
ABOVE-INFLATION CONTRACTUAL ESCALATIONS	CONSISTENT INCOME AND DISTRIBUTION GROWTH	BLUE-CHIP TENANT BASE GOOD QUALITY INCOME	R7.1 BILLION PORTFOLIO
LOW ASSET MANAGEMENT FEES	EXCEPTIONAL BEE CREDENTIALS	RELATIVELY LOW INTEREST RATE RISK	PORTFOLIO-ENHANCING ACQUISITIONS
GEOGRAPHICALLY AND SECTORALLY DIVERSIFIED	SKILLED MANAGEMENT AND EXPERIENCED BOARD	STRUCTURED INVESTMENT A AND B SHARES FOR DIFFERENT RISK APPETITES	SIGNIFICANT MANAGEMENT STAKE ALIGNING WITH SHAREHOLDERS

BEE SCORECARD

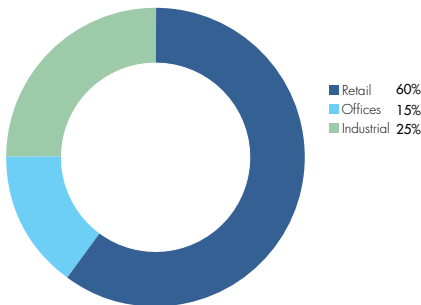
Code	2016	2015
Ownership	20.0	20.0
Management control	10.0	9.14
Employment equity*	n/a	n/a
Skills development*	n/a	n/a
Preferential procurement	16.26	17.35
Enterprise development	15.0	10.0
Socio-economic development	0.18	-
Economic development	12.55	9.2
Level	2	2

* These two areas of the scorecard did not apply to Dipula as there were no direct employees when the rating was completed and all management was outsourced.

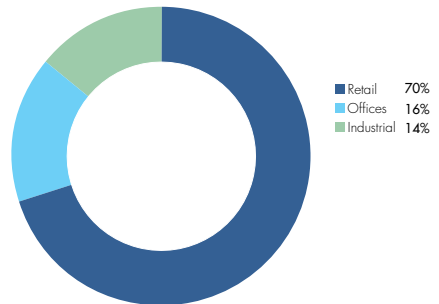
DIPULA AT A GLANCE



Sectoral split by GLA (%)



Sectoral split by revenue (%)



OUR PORTFOLIO

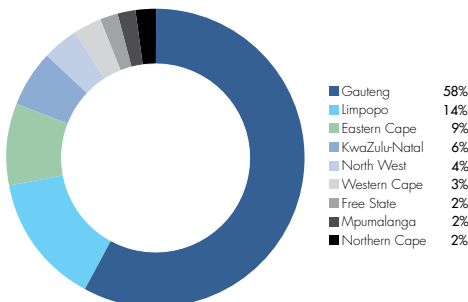
Key indicators



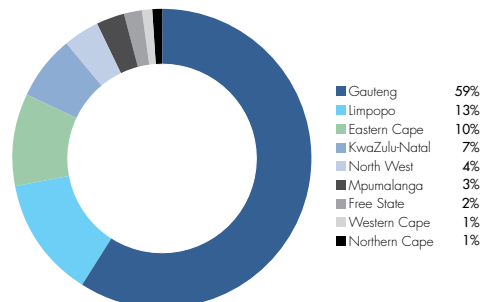
At 31 August 2016	Retail	Office	Industrial	Total
Number of properties	136	33	32	201
Portfolio valuation (R'000)	4 788 324	1 251 932	1 015 709	7 055 965
Gross lettable area (m ²)	486 234	121 966	198 900	807 100
Average value per m ² (R)	9 848	10 265	5 107	8 742
Vacancy (%)	8.5	12.8	5.9	8.5
Average monthly gross rental per m ² by income (R)	111.52	97.79	52.11	101.01
Average escalation by GLA (%)	7.6	8.9	8.1	7.8
Average escalation by income (%)	7.6	9.0	8.0	7.9

The average annualised property yield was 9.6% on the year-end property portfolio valuation.

Geographic split by GLA (%)



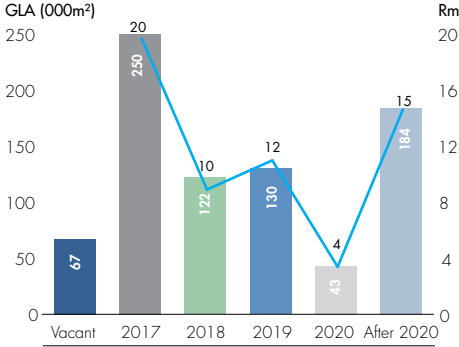
Geographic split by revenue (%)



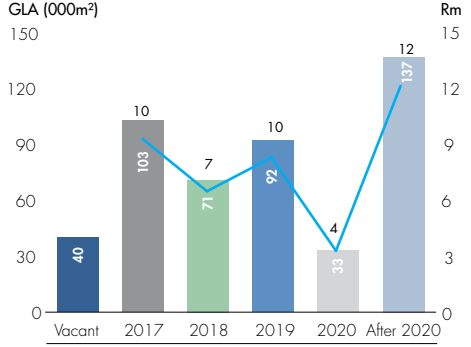
DIPULA AT A GLANCE (CONTINUED)

LEASE EXPIRY PROFILE

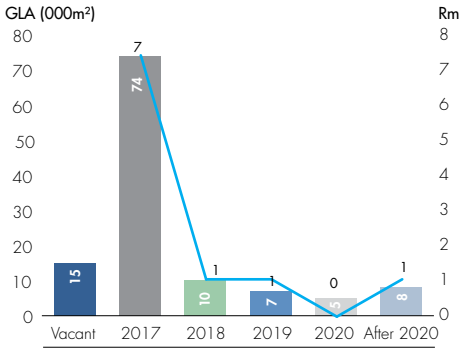
Portfolio



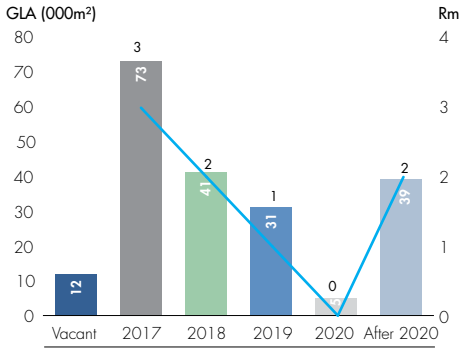
Retail



Office



Industrial



— Average monthly rental income

■ Vacant

■ Expiring before 31 August 2017

■ Expiring before 31 August 2018

■ Expiring before 31 August 2019

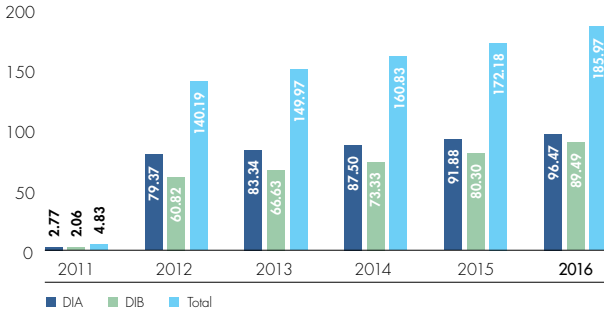
■ Expiring before 31 August 2020

■ Expiring after 31 August 2020

SHARE PRICE AND DISTRIBUTION

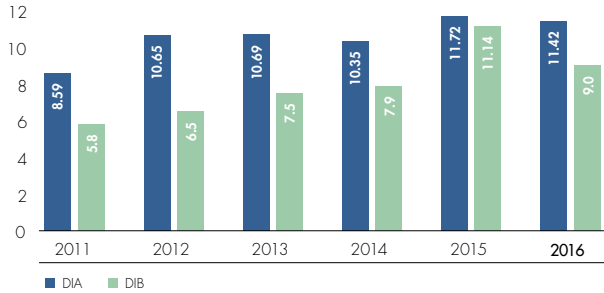
Distribution history

Cents



Share price history

Rand



OUR TENANTS

Grade	GLA (m ²)	% GLA	Rental income (R'000)	% value
A	484 522	66	42 384	71
B	143 485	20	9 054	15
C	101 409	14	8 563	14
Total	729 416	100	60 001	100

Tenant grade by GLA (m²)

Grade	Retail	Office	Industrial	Total
A	325 707	66 759	92 056	484 522
B	44 463	21 369	77 653	143 485
C	67 997	14 571	18 841	101 409
Total	438 167	102 699	188 550	729 416

Tenant grade by rental income (R'000)

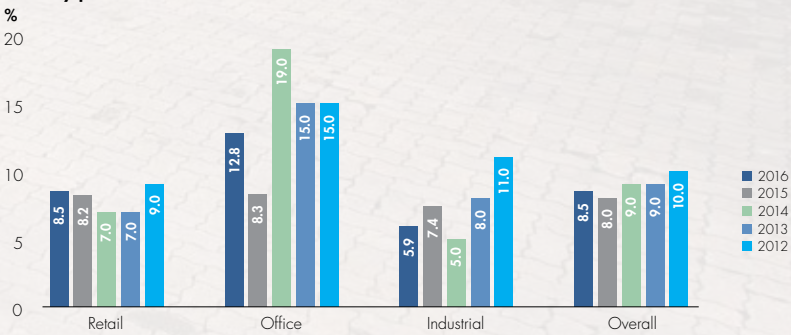
Grade	Retail	Office	Industrial	Total
A	30 231	7 390	4 763	42 384
B	4 306	1 403	3 345	9 054
C	6 856	1 014	693	8 563
Total	41 393	9 807	8 801	60 001

A: Large national tenants, large listed tenants, government and major franchisees

B: National tenants, listed tenants, franchisees, medium to large professional firms

C: Other (this comprises 626 tenants)

Vacancy profile



Our portfolio has grown 238% since listing underpinned by a number of portfolio-enhancing acquisitions.

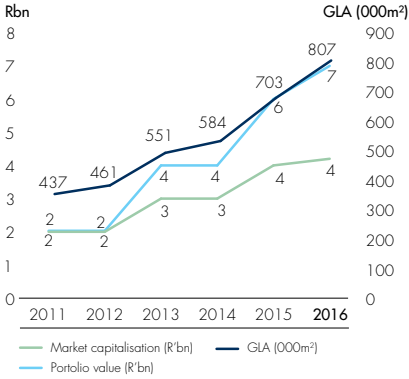
With our intense focus on shareholder returns, distributions have increased consistently.

Top 10 properties by value

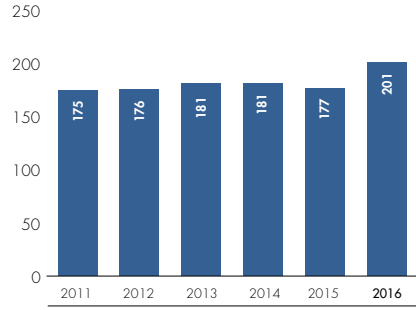
Property	Region	Property type	GLA (m ²)	Value R'000	Value per R/m ²	% total portfolio
Gillwell Taxi Retail Park	Eastern Cape	Retail	22 108	305 800	13 832	4.3
SAPS VIP	Gauteng	Office	21 478	290 000	13 502	4.1
Umzimkhulu Mall	KwaZulu-Natal	Retail	16 064	207 000	12 886	2.9
Nquthu	KwaZulu-Natal	Retail	14 912	184 800	12 393	2.6
Gezina Galleries	Gauteng	Retail	16 669	175 000	10 499	2.5
Corporate Park II Polokwane	Limpopo	Industrial	28 068	169 500	6 039	2.4
Bochum Plaza	Limpopo	Retail	12 081	164 000	13 576	2.3
Kopanong Kudube Shopping Centre	Gauteng	Retail	10 755	157 000	14 598	2.2
Tower Mall	North West	Retail	15 436	153 600	9 951	2.2
New Brighton PE	Eastern Cape	Industrial	23 099	151 300	6 550	2.1
Total			180 670	1 958 000	10 837	27.6

DIPULA AT A GLANCE (CONTINUED)

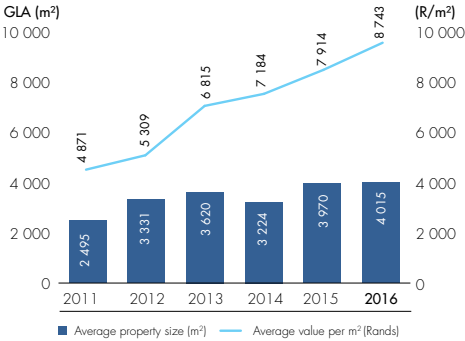
Portfolio size



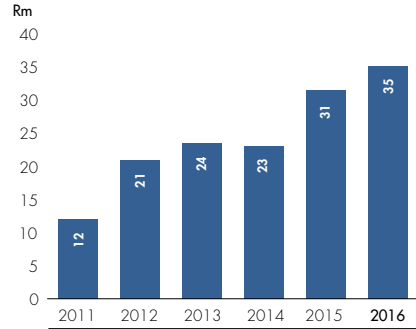
Number of properties



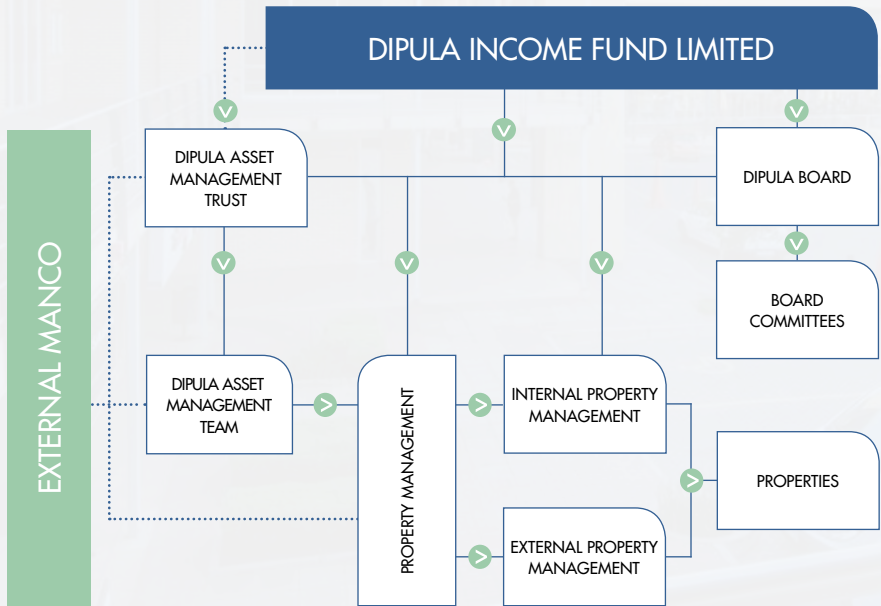
Portfolio indicators



Average property value



OUR BUSINESS STRUCTURE





02

OUR STRATEGY

Gillwell Taxi Retail Park

Sector: Retail

GLA: 22 108m²

Location: East London



OUR MARKET CONTEXT

Tough trading conditions persist and the South African economy remains under pressure with economic growth expected to come in at less than 1%. This is being propelled by both economic and political uncertainty. Increased protests for basic services as well as the emergence of the #feesmustfall movement at universities have contributed to an even more uncertain political environment, impacting growth prospects.

Similar political and economic policy uncertainty in the US is likely to drive volatility in global interest rates as central banks realign their monetary policies to take account of movements in US monetary policy and its impact on world currencies. The bid/offer spreads of South African physical property remain wide and thus very little transactional activity occurred in 2016. Instead there was a reasonable amount of corporate action, which is likely to continue into the year ahead.

Increasingly South African money is seeking offshore destinations. SA funds are heeding the call and continue to rapidly expand into various offshore markets. We have also seen many inward listings of offshore focused funds. This has resulted in Dipula being one of a very few SA focused funds.

By 30 September 2016, the FTSE/JSE Listed Property Index had delivered a total return of 3.8% for a rolling 12 months period, well behind the ALBI (7.6%), cash (7.1%) and equities (6.6%). Low growth is expected to persist into 2017 which will result in a tough trading environment for the property sector.

* Stats were obtained from Bloomberg and Avior research.

STRATEGY SCORECARD

		FY2017	FY2016	FY2016	At listing
		Future	Actual	Target	Initial
Market capitalisation	(Rbn)	6	4.2	6	1.5
Average property value	(Rm)	53	35	50	12
Average property size	(m ²)	7 000	4 015	6 000	2 495
Portfolio size	(Rbn)	8.5	7.1	8.5	2.1
Rentable area	(m ²)	900 000	807 100	830 000	436 600
Number of properties		160	201	160	175
LTV	(%)	40	40	40	40
Vacancy	(%)	5	8.5	5	9

OUR BUSINESS MODEL

HOW WE DO IT

USE DEBT AND EQUITY

FUNDING to acquire, develop, expand and upgrade property assets

APPLY OUR ESTABLISHED ASSET AND PROPERTY MANAGEMENT EXPERTISE

and advanced IT systems, supported by trusted external property managers, to ensure a well-managed portfolio

INVEST IN URBAN AREAS

rural areas, townships and support emerging suppliers

PARTICIPATE IN COMMUNITY-BASED

organisations and industry bodies

STRIVE TO LOWER EMISSION

and impact environment with a low carbon footprint

ENSURE WATER AND ELECTRICITY CONSERVATION

as much as possible given cost benefit considerations

WHAT WE DO

Dipula is a JSE listed REIT offering indirect investment in a diversified property portfolio of retail, industrial and office properties located throughout South Africa. Investors have the option of either the A or B share catering for different risk appetites.

THE VALUE WE CREATE

A DIVERSIFIED PROPERTY PORTFOLIO

investment – retail, office, industrial

Stronger listed property sector – **R4.2 BILLION** market cap

Economic **growth** for communities

Preferential procurement – **22%** spend on qualifying small and exempt micro enterprises

Job creation – **11** direct jobs created; estimated **2 500** indirect jobs created. **17 000 – 19 000** households directly or indirectly benefiting

MEETING OUR OBJECTIVES

OUR OBJECTIVES

WIDENING OUR INVESTOR BASE

To lead to better liquidity and tradability of our share

MATERIAL ISSUE

- Distributions growth
- Access to capital

SOLIDIFYING INTERNAL PROPERTY MANAGEMENT

Focus on improving systems and attracting the right people

MATERIAL ISSUE

- Distributions growth
- Occupancy levels
- Lease expiry profile
- Arrears and bad debts

MAKING IT INTO THE SAPY INDEX

To lead to better share performance and access to capital

MATERIAL ISSUE

- Access to capital

ATTRACTING AND RETAINING THE RIGHT PEOPLE

To enhance our performance in a sector with a wide skills shortage

MATERIAL ISSUE

- Distributions growth

INVESTING IN THE RIGHT ASSETS

Long-term performance is a function of a resilient portfolio

MATERIAL ISSUE

- Acquisition of new assets

EFFECTIVE COMMUNICATION WITH OUR STAKEHOLDERS

Stakeholders need to understand our business model and strategy with no ambiguity

MATERIAL ISSUE

- Distributions growth
- Access to capital

MEETING THEM (BY CAPITAL)



FINANCIAL

- Refinanced R760 million debt
- Portfolio reached R7.1 billion (2015: R5.6 billion) = 27% growth
- NAV up 12% year-on-year
- R275 million capital raised
- Disposed of R61 million non-core assets
- Average property value increased to R35 million (up 13%) (2015: R31 million)



HUMAN

- Continuous improvements at DPM (internal property managers)
- 41 employees
- 83% PDIs
- Board predominantly PDI
- Adoption of remuneration policy



INTELLECTUAL

- Built various asset management IT models
- Passed various social and ethics policies for sustainability



MANUFACTURED

- R1.2 billion assets transferred
- Strategic revamps worth R100 million completed
- R356 million developments planned
- Moolman JV fully implemented



NATURAL

- Commenced roll-out of solar power
- Improved efficiency of lighting, airconditioning and vertical transportation



SOCIAL AND RELATIONSHIP

- Level 2 BEE
- Support various initiatives in the communities served by our properties

RISK MANAGEMENT

RISK MANAGEMENT PROCESS

Risk management is integral in day-to-day operations as well as to the group's growth strategy. Effective management of the range of risks to which the group is exposed helps in delivering on our strategic objectives. A formal process is in place to identify, assess, manage and monitor all practical risks. The risk management process is underpinned by our ethical leadership and business principles.

The board has adopted an enterprise-wide approach that includes systems of internal control comprising policies, procedures and information intended to safeguard assets and reduce the risk of fraud, error, loss and other irregularities, ensure the accuracy and completeness of accounting records and reporting, and ensure the timely preparation of financial statements and information in compliance with legislation and financial reporting standards and practices.

RISK RESPONSIBILITY MATRIX

The group's process for identifying and managing risk has been delegated by the board to the audit and risk committee. The day-to-day responsibility for risk management, including maintaining an appropriate loss prevention and internal control framework remains with the executive committee of the group.

Key features of Dipula's risk management system are:

- Setting the tone from the top in terms of ethical leadership and creating an ethical environment.
- Clear business objectives and business principles.
- An established risk policy.
- An ongoing process for identification and evaluation of significant risks.
- Management processes in place to mitigate significant risks to an acceptable level.
- Ongoing monitoring of internal and external factors that may impact the organisation's risk profile.

Our risk management process has identified the key risks as set out in the table on page 22. These are not the only risks facing the company. Other risks have been identified but may not yet have been designated as material, or are currently unknown. Future events could lead to their escalation and negative impact on Dipula's operations.

OUR RISK MANAGEMENT FRAMEWORK

BOARD

The board holds overall responsibility for risk management and sets the level of risk tolerance. It delegates identification and management of risk to the audit and risk committee.

AUDIT AND RISK COMMITTEE

The committee identifies and manages risk on behalf of the board, monitors the effectiveness of the risk policy and oversees the monitoring and management of risk by the asset manager.

ASSET MANAGER

Identifies risk together with the audit and risk committee. It reviews the risk matrix quarterly and is responsible for day-to-day risk management including loss prevention and internal control framework.

RISK MANAGEMENT (CONTINUED)

RISK MATRIX

Key risk	Impact	Mitigation
<p>1</p> <p>Vacancies and lease expiries</p> <ul style="list-style-type: none"> – Overexposure to single tenants – Changing occupancy trends – Reduced rental on expiry of leases 	<ul style="list-style-type: none"> • Negative impact on revenue stream • Increased property holding costs • Deteriorating building and net asset value • Discounting new lettings at below market rentals 	<ul style="list-style-type: none"> • Asset management team directly involved with material new lets/renewals • Diversified portfolio • Dedicated internal leasing activities • Emphasis on tenant retention • Continued tenant engagement • Lease expiry reports monitored by property and asset managers to ensure tenants are engaged with adequately before expiry
<p>2</p> <p>Equity challenge of low trading volumes of DIA and DIB shares</p>	<ul style="list-style-type: none"> • Difficult to conclude new acquisitions and developments resulting in limited growth of portfolio 	<ul style="list-style-type: none"> • Market Dipula to new investors who actively trade shares • Facilitate sale of shares from large shareholder blocks who do not trade
<p>3</p> <p>Arrears and bad debts</p>	<ul style="list-style-type: none"> • Failure to recover amounts owing • Negative impact on cash flow • Large write-offs • Knock on effect on smaller retail tenants as a result of loss of a major anchor tenant 	<ul style="list-style-type: none"> • Vigilant credit control by property managers and oversight by asset managers • Improvement and strengthening of collection teams and management of credit control function • Strong internal legal team and external attorneys following up hand-overs • Rigorous tenant credit checks • Deposits and sureties • Diversification by tenant and geography
<p>4</p> <p>Slow or negative economic growth locally and depressed international markets</p>	<ul style="list-style-type: none"> • Negative impact on letting premises and tenant defaults resulting in decrease in rental income, distributable income and share price 	<ul style="list-style-type: none"> • Increased focus on leasing and income growth • Appropriate selection criteria to assess tenant's financial status and sustainability • Longer leases with blue-chip tenants • Assisting viable tenants through challenges • Swift action with prospective defaulters
<p>5</p> <p>Interest rate risk</p> <ul style="list-style-type: none"> – exposure to volatile interest rate cycles 	<ul style="list-style-type: none"> • Increased borrowing costs • Reduced distributable income 	<ul style="list-style-type: none"> • Target to hedge interest exposure at a minimum of 70% • Continuous monitoring of interest rates and swap levels • Avoiding concentration risk of debt and swap maturities

Key risk	Impact	Mitigation
<p>6</p> <p>Liquidity and refinancing risk</p> <ul style="list-style-type: none"> – Unable to meet financial commitments and/or inability to roll over debt at optimal funding rates and/or exposure to single sources of funding 	<ul style="list-style-type: none"> • Insufficient cash resources to meet obligations timeously • Inability to pursue acquisition opportunities • Inability to refinance borrowings on expiry 	<ul style="list-style-type: none"> • Cash flow management • Maintaining conservative loan to value ratios • Ongoing engagement with funders and monitoring of environment • Diversifying funding sources • Spreading debt expiry profile
<p>7</p> <p>Regulatory risk</p> <ul style="list-style-type: none"> – Non-compliance with legislation 	<ul style="list-style-type: none"> • Fines and public censures if non-compliance occurs • Reputational impact • Non-REIT compliance incurring tax liabilities 	<ul style="list-style-type: none"> • Ongoing engagement with JSE sponsors and company secretary • Completion of compliance checklists • Ongoing legal gap analysis and mitigation
<p>8</p> <p>Human Capital</p> <ul style="list-style-type: none"> – Skills shortage – Underperformance of property managers – Retention of key staff 	<ul style="list-style-type: none"> • Performance dependent on experienced and skilled staff • Reduced net income growth and delays in recoveries • Increased vacancies and arrears • Poor condition of buildings 	<ul style="list-style-type: none"> • Service level agreements with property managers • Increased engagement by asset manager • Property inspections • Staff retention initiatives
<p>9</p> <p>Government leases</p>	<ul style="list-style-type: none"> • Leases not signed timeously impacts revenue and vacancies • Growing arrears negatively affects cash flow 	<ul style="list-style-type: none"> • Continuous engagement with DPW and understanding their processes and proposed changes • Maintaining strong B-BBEE ratings • Maintaining rentals within market
<p>10</p> <p>Municipal billing</p>	<ul style="list-style-type: none"> • Incorrect bills resulting in cash flow challenges • Human capital dedicated to resolve queries and effect corrections • Negative impact on recoveries impacting distributable income 	<ul style="list-style-type: none"> • Appointment of utility specialists to liaise with municipalities
<p>11</p> <p>Social unrest due to political instability and a lack of service delivery</p>	<ul style="list-style-type: none"> • Damage to property • Safety concerns • Disruption in operations of tenants causing financial pressure 	<ul style="list-style-type: none"> • Insurance cover • Implementation of safety and security contingency plans • Better relationships with communities



03

OUR PERFORMANCE



Corporate Park II Polokwane

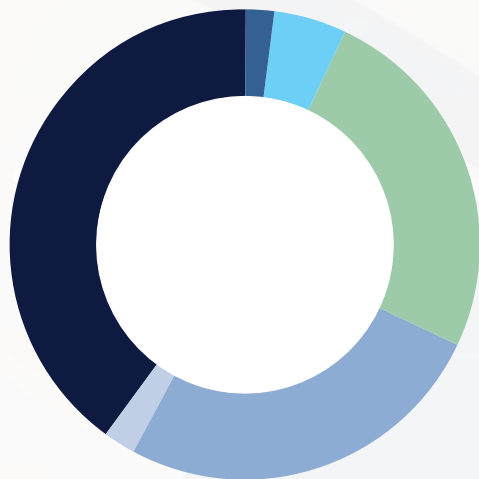
Sector: Industrial

GLA: 28 068m²

Location: Polokwane



VALUE ADDED STATEMENT



■ Employees and directors	2%
■ Management fees	5%
■ Government and regulatory bodies	25%
■ Debt providers	26%
■ Non-controlling interest	2%
■ Equity providers	40%

R'000

VALUE GENERATED

Revenue	1 023 475
Expenses excluding management fees, municipal costs and remuneration	(78 980)
Finance income	8 540
	953 035

VALUE DISTRIBUTED

Employees and directors	
Employees at internal property management company and buildings	13 627
Directors' fees	1 710
Management fees	
Asset management	21 083
Property management	24 195
Government and regulatory bodies	
Municipalities	242 065
Debt providers	
Finance costs to banks	250 542
Non-controlling interest	
Non-controlling shareholders	17 670
Equity providers	
Net distribution to investors	382 144
	953 035

THE GROUP GENERATED
LANDMARK REVENUE OF
R1 BILLION AND ACHIEVED A
PORTFOLIO VALUE OF **R7 BILLION**
WITH TOTAL GLA OF **807 100M²**

Zanele Matlala – *Chairperson*



INTRODUCTION

It has been another milestone year for Dipula. The group generated landmark revenue of R1 billion and achieved a portfolio value of R7 billion with total GLA of 807 100m². Further, our market capitalisation remained around the R4 billion mark despite a few black swan events.

As a result we posted growth in distributions of 8% with the A-shares up 5% and B-shares up 11.5%.

TRADING ENVIRONMENT

The South African trading environment remains lacklustre. The recovery to an extent in commodities was counteracted by a volatile Rand and low productivity. We continue to see poor economic growth.

On the political front uncertainty and unease prevail with the #feemusfall movement gaining in momentum and violence and public disputes for the soul of the ANC raging unabated.

There is also much uncertainty around future interest rate movements, especially in light of political changes in the US and possible economic policy shifts that may follow. Our monetary policy is largely pegged to interest rate movements in the US. A tangible recovery is needed from our trading partners in order for us to move forward with gusto.

In this landscape government needs to take clear and demonstrable policy steps to calm local private sector nerves as the consumer remains under intense financial pressure.

CORPORATE GOVERNANCE

We place great emphasis on applying best practice governance. During the year our instruments of governance – our sub-committees – continued to fulfil their respective mandates well and fully and ensured we have in place the appropriate policies and procedures. The audit and investment committees provided valuable support to the board, while our social and ethics committee monitored compliance and national contribution to ensure we truly live our commitment in this regard. The remuneration committee monitored DAMT's remuneration policies and practices to ensure that the company's strategic objectives were achieved and that the Asset Manager met its KPIs.

Notably we maintained our commendable Level 2 BEE rating for the year.

2017 FOCUS

We expect the economic headwinds to continue into FY17. However, our agile team is well equipped to react quickly to opportunity and we believe there will be these moments to brighten the gloomy landscape. We will continue to focus on capital recycling and further enhancing our portfolio through revamps and refurbishments.

APPRECIATION

I thank my fellow board members for their sound advice and ongoing support during the year that indisputably helped steer Dipula's growth and success. I also extend my appreciation to management for navigating a difficult year and delivering an impressive year-on-year growth in distributions.



Zanele Matlala

Chairperson

14 December 2016

LEVEL 2
BEE rating



OUR PERFORMANCE CAN BE ATTRIBUTED TO DIPULA'S SUCCESS IN ACQUIRING WELL AND MANAGING BRILLIANTLY

Izak Petersen – *Chief Executive*



INTRODUCTION

During the year under review we remained focused on our strategy of improving our well diversified portfolio and delivering a steady performance. This is something we have successfully done each year since listing. Our predominantly retail focused portfolio has proven to be resilient in tough market conditions. Prudent spending together with inflation-beating escalations and below-market rentals contributed to our impressive performance.

I am pleased to report that Dipula continued to achieve excellent distribution growth for the year notwithstanding challenging market conditions. We have grown considerably since listing with our portfolio now exceeding R7 billion and an 8% year-on-year increase saw distributions to shareholders reach 185.96775 cents per share compared to 172.17620 cents for the prior year.

This performance can be attributed to Dipula's success in acquiring well and managing brilliantly. We boast a management team with a great track record of deal making.

Our NAV per share increased 12% to R10.46 (2015: R9.34) as a result of a positive portfolio revaluation driven by active asset management.

While Dipula's market capitalisation decreased to R4.2 billion (2015: R4.4 billion) at year-end, the year-on-year reduction was due almost entirely to investor uncertainty across equity markets given the prevailing economic and political headwinds.

Overall our growth was mainly organic, which reflects a business and growth strategy that continues to bear fruit as our portfolio continues to perform under tough conditions.

OUR PORTFOLIO

Total vacancies increased slightly to 8.5% from 8% in the prior year, with office vacancies up to 12.8% (2015: 8.3%) and retail vacancies up to 8.5% (2015: 8.2%) as a result of the generally poor economy and strategic vacancies related to revamps. In contrast industrial vacancies improved to 5.9% (2015: 7.4%) following the letting of the newly constructed Renaissance Park and good letting at Corporate Park, Polokwane. Since year-end we have signed new leases that have resulted in vacancies reducing to 7.8%.

We concluded new leases worth R209 million in the year at a weighted average escalation of 7.9%.

Renewals were on average concluded at a 5.2% positive rental growth across the sectors, with retail renewals registering a 4.5% positive renewal, offices 5.8% and industrial 7.4%. The value of leases renewed was R369 million at a weighted average escalation of 8%.

Our tenant retention rate was an impressive 89% while A- and B-grade tenants remain the majority occupiers of space at 86%, compared to 68% at listing.

Retail assets now make up 70% (2015: 62%) and offices 16% (2015: 23%) of our revenues, rendering our portfolio more defensive. This is indicative of the great strides we have made since listing in 2011 when these ratios were 52% and 32%, respectively for retail and offices.

Total assets transferred during the year amounted to R1.2 billion. This was made up of Gillwell Taxi Retail Park and our two Moolman joint ventures, Lizinex Proprietary Limited and Jarrabilla Investments Proprietary Limited. Revaluations totalled R284 million or 4.2% with approximately R62 million worth of properties sold and transferred. At year-end the portfolio comprised 201 properties at an average value of R35 million – an increase of 11.7% year-on-year or 192% since listing. This affirms

DISTRIBUTABLE
EARNINGS

33%

NAV PER SHARE
INCREASED 12%
TO

R10.46

TENANT
RETENTION

89%

TRANSFERRED
PROPERTY WORTH

**R1.2
billion**

CHIEF EXECUTIVE'S REPORT (CONTINUED)

the success of our strategy to up the average size of our assets to R50+ million.

The average GLA per property was 4 015m² at an average value per m² of R8 743, while total GLA has increased from 436 600m² at listing to 807 100m² (2015: 702 653m²), equating to 85% growth since listing and 15% year-on-year.

PROPERTIES TRANSFERRED DURING THE YEAR

Moolman portfolio	R860 million
Gillwell Taxi Retail Park	R326 million

REDEVELOPMENTS AND REVAMPS

Completed refurbishments and developments during the year amounted to R100 million. These included the R37.6 million spent on Renaissance Park which was subsequently leased to a blue chip tenant at higher than expected rentals. Retail property Score Ivory Park was also successfully completed during the year at a cost of R11 million.

We expect to complete revamp projects to the value of R356 million over the next 18 months at an average yield of approximately 11%. These include projects currently underway such as Nemisa (office) at a cost of R42 million; Score Vosloorus (retail) at a cost of R5 million; and Hammanskraal (retail) at a cost of R13 million.

DISPOSALS

Five properties were sold during the year for a total of R61.7 million in line with group strategy of disposing of non-core assets. Properties held-for-sale amounted to R93.9 million.

SUSTAINABILITY

We are committed to building a sustainable portfolio and providing investors with growth. In doing so we cannot ignore the greater needs within South Africa and we therefore seek, while growing Dipula, to contribute towards building a sustainable national economy including bolstering the communities in which we operate. We take modest and realistic steps towards making a difference where we can such as our strategy to invest in rural and township areas, and balance this with creating and preserving value for our investors.

Please see page 40 for further detail on our specific community-based activities during the year.

LOOKING AHEAD

It is easy to assume we in South Africa are facing a tougher future than others. However, the reality is that the entire globe is facing challenging times. We are yet to see the full impact of Brexit, particularly on the property industry, and with increased migration and terror attacks remaining a threat in Europe, major political and economic decisions are being inappropriately (although perhaps understandably) driven by fear and narrow national interest.

We expect no alleviation to the environment in the short to medium term. At Dipula we will continue to focus on extracting the maximum value from the portfolio and improving the vacancy profile.

We would like to drop our vacancies to about 5% in 2017 while growing the portfolio to R8.5 billion and increasing our market cap to R6 billion and hopefully making it into the SAPY.

We are confident that we will renew most of the leases expiring in 2017 and achieve the required growth.

The board expects growth in distributions of between 6% and 7% for the year ending 31 August 2017.

This forecast has not been reviewed or reported on by the company's external auditors. Given the nature of its business, Dipula uses distribution per share as its key performance measure.

THANKS

I wish to extend my thanks to our asset managers, internal property managers, external property managers and all other service providers for their continued dedication and hard work. I also thank my fellow directors for their guidance and counsel during the year. And especially I extend my appreciation to our tenants for their loyal support.



Izak Petersen

Chief Executive

14 December 2016



DISTRIBUTION PER COMBINED SHARE GREW BY 8% WHICH IS AT THE UPPER END OF GUIDANCE PROVIDED TO MARKET

Ridwaan Asmal – *Financial Director*



OVERVIEW

Dipula's property portfolio has grown from R2.1 billion to R7.1 billion in the five years since listing on the JSE. Sustainable growth in distributions has been maintained over the period in line with our strategic objectives. The Fund has continued to increase its exposure to the retail sector with 70% of net property income now generated from retail, 16% from offices and the remaining 14% from industrial.

DISTRIBUTABLE EARNINGS

Distributable earnings increased by 15.8% to R384.6 million (2015: R332.3 million) translating into an 8% growth in distribution per combined share (2015: 7.05%) which is at the upper-end of previous guidance provided.

The distribution attributable to A-shares increased by 5% year-on-year to 96.47414 cents per share (2015: 91.88014 cents) and is in line with the distribution policy to A-shareholders. The distribution attributable to B-shares was 89.49361 cents per share (2015: 80.29606 cents), which equates to an increase of 11.5% year-on-year.

HIGHLIGHTS

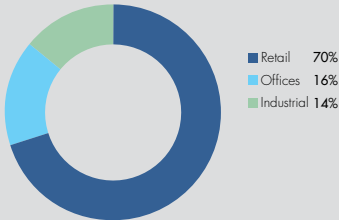
REVENUE UP
46%
 TO
R1.1 billion

COMBINED
 DISTRIBUTION
 FOR YEAR UP
8%

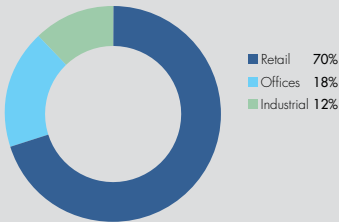
A-SHARE
 DISTRIBUTION UP
5%

B-SHARE
 DISTRIBUTION UP
11.5%

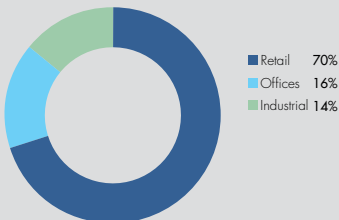
Revenue



Property expenses



Net property income



FINANCIAL DIRECTOR'S REPORT (CONTINUED)

STATEMENT OF DISTRIBUTABLE INCOME

	Actual 2016 R'000	Actual 2015 R'000	Variance %
Revenue	1 023 475	725 032	41
Rental income (excluding straight line)	797 557	578 550	38
Recoveries and other income	225 918	146 482	54
Property expenses	(349 646)	(250 216)	40
Net property income	673 829	474 816	42
Administration and corporate costs	(32 013)	(25 789)	24
Asset management fees	(21 083)	(17 131)	23
Corporate costs	(10 930)	(8 658)	26
Net operating profit	641 816	449 027	43
Net interest paid	(242 002)	(141 830)	71
Profit after interest	399 814	307 197	30
Amortisation of debt raising fees	–	2 187	(100)
Antecedent interest	2 492	22 895	(89)
Non-controlling interest	(17 670)	–	100
Distributable income	384 636	332 279	16
A-shares	199 536	177 317	13
B-shares	185 100	154 961	19

DISTRIBUTION

<i>Cents per share</i>	2016		
	Interim	Final	Total
A-share	48.23707	48.23707	96.47414
B-share	38.78144	50.71217	89.49361
Combined distribution	87.01851	98.94924	185.96775

	GROWTH TO 2015		
	Interim %	Final %	Total %
A-share	5.0	5.0	5.0
B-share	9.7	12.8	11.5
Combined distribution	7.1	8.9	8.0

	Actual 2016 %	Actual 2015 %
COST-TO-INCOME RATIOS		
Property cost-to-income (gross basis)	34.2	34.5
Property cost-to-income (net basis)	16.9	19.8
Total cost-to-income (net basis)	20.8	24.2

The gross property cost-to-income ratio was in line with the prior year, while the net property cost-to-income ratio reflected a reduction of 2.9% points mainly as a result of improved utility recoveries from recently acquired properties.

NET ASSET VALUE

The net asset value per share increased by 12% to R10.46 compared to the prior year primarily due to the growth in property valuations and the non-controlling interest included in equity. The combined market price of R20.42 at yearend represents a 2% discount to net asset value.

FUNDING

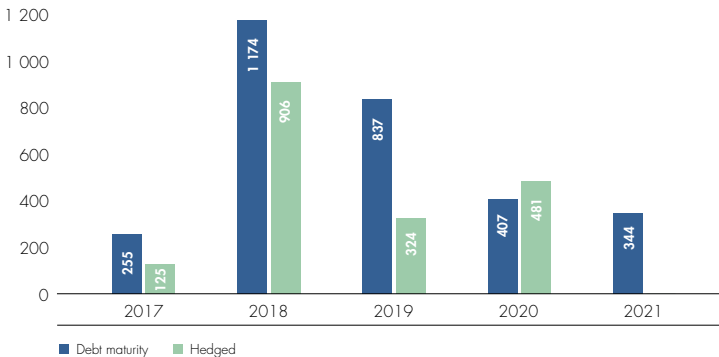
As at 31 August 2016 the group's all-in blended interest rate was 8.93%. The group has total debt facilities of R3.0 billion, with R2.9 billion utilised to date. The aggregate length of borrowings is 2.5 years. The loan to value at yearend was 40%.

An aggregate of 60.8% of the debt had been hedged at yearend for an average period of 2.2 years. Subsequent to yearend further three-year swaps have been entered into, increasing the cover to 70.7% of total debt.

An amount of R760 million was refinanced during the year at competitive interest rates and a total of R255 million will mature in FY2017.

Debt maturity and hedging

Rm



APPRECIATION

I would like to thank the management team at Dipula and the respective property management companies for their effort and commitment during the year.

Ridwaan Asmal
Financial Director

14 December 2016

FIVE-YEAR FINANCIAL OVERVIEW

	Aug 2016 R'000	Aug 2015 R'000	Aug 2014 R'000	Aug 2013 R'000	Aug 2012 R'000
1. DISTRIBUTION STATEMENT					
Revenue	1 023 475	725 032	573 661	424 020	341 225
Property expenses	(349 646)	(250 216)	(199 062)	(142 579)	(98 574)
Net property income	673 829	474 816	374 599	281 441	242 651
Administration and corporate costs	(32 013)	(25 789)	(18 327)	(14 244)	(11 757)
Net operating profit	641 816	449 027	356 272	267 197	230 894
Net finance cost	(242 002)	(141 830)	(117 911)	(61 822)	(65 209)
Lease cancellation income	–	–	9 493	9 511	(19 003)
Antecedent dividend	2 492	22 895	380	–	1 265
Amortisation of debt raising fee	–	2 187	888	330	–
Non-controlling interests	(17 670)	–	–	–	–
Distribution	384 636	332 279	249 122	215 216	147 947
2. SUMMARISED STATEMENT OF FINANCIAL POSITION					
Non-current assets	7 017 087	5 562 466	4 165 368	3 779 817	2 441 968
Current assets	206 704	161 234	102 593	88 071	188 665
Non-current assets held for sale	93 850	49 366	74 800	30 250	54 987
Total assets	7 317 641	5 773 066	4 342 761	3 898 138	2 685 620
Non-current liabilities	2 631 664	1 752 422	1 089 853	1 475 371	948 243
Current liabilities	360 373	416 673	726 293	169 445	282 118
Total liabilities (excluding debentures)	2 992 037	2 169 095	1 816 146	1 644 816	1 230 361
Net assets	4 325 604	3 603 971	2 526 615	2 253 322	1 445 259
3. DISTRIBUTION					
A-share (cents)	96.47	91.88	87.50	83.34	79.37
Growth in distribution	5.0%	5.0%	5.0%	5.0%	
B-share (cents)	89.49	80.30	73.34	66.64	60.82
Growth in distribution	11.5%	9.5%	10.0%	9.6%	
Combined (cents)	185.97	172.18	160.84	149.98	140.19
Growth in distribution	8.0%	7.1%	7.2%	7.0%	
4. STATISTICS					
Market price at year end (cents)					
A-share	1142	1172	1035	1069	1065
B-share	900	1114	790	750	650
Net asset value per share (cents)	1046	934	815	785	708
Loan to Value (LTV)	40%	36%	37%	38%	38%

SUSTAINABILITY REPORT

Dipula is committed to being a good corporate citizen and fostering a sustainable business for all stakeholders. A formal sustainability policy is in place which sets out Dipula's aim to create shareholder value by leveraging social, environmental and economic opportunities. It sets out guidelines on our approach to community investment, B-BBEE, people management, employment equity and training and development. In line with this policy we seek to engage in activities which promote these values and ensure that environmental, social and governance considerations are integrated into our financial decision-making. In doing so we endeavour to follow the Code of Responsible Investing in South Africa (CRISA).

TRANSFORMATION

Dipula is a Level 2 BEE company and we are committed to transformation, particularly within the property sector. See page 7 for our detailed BEE scorecard.

Our commitment is evidenced in our support of the Property Sector Charter Council research into the impact of property on the South African economy and events that explored ways of improving transformation in the sector. One of our executives also serves as the Chairman of the Property Sector Charter Council. We have a stated policy of empowering SMMEs through procurement support and enterprise development.



SUSTAINABILITY REPORT (CONTINUED)

CSI AND ENTERPRISE DEVELOPMENT

Our CSI and enterprise development initiatives form an integral part of our business strategy. We have enterprise development and CSI policies in place and adherence to these is overseen by the social and ethics committee. The policies set out guidelines for project selection and budgeting.

OUR CSI OBJECTIVES:

ACHIEVE a pragmatic balance between meeting the development needs of society while simultaneously deriving value for the business;

INCREASE the company's involvement in the communities served by the properties in its portfolio, other needy and sustainable projects not served by our properties;

EMPOWER disadvantaged communities mainly in areas in which the company operates, thus making a measureable impact on the socio economic conditions of these communities;

BE SEEN AS A CARING AND RESPONSIBLE corporate citizen by all of the company's various stakeholders.

We believe that enterprise development serves as a truly beneficial tool in empowering people as well as serving to benefit Dipula and the property sector as a whole. The objective of our enterprise development policy is to grow sustainable business enterprises in the sector that will increase jobs and expand the economy. It involves the investment, support, facilitation and fostering of new and existing small and micro-enterprises. Our enterprise development initiatives range from creating new enterprises to providing financial support to existing businesses.

Some of the CSI projects supported by Dipula and our staff during the year included:

- **Eyethu Orange Farm** – a number of activities were conducted throughout the year including:
 - Hampers and gifts for Vuyiswa Home for the disabled
 - Supporting a medical team providing free breast care awareness and prostate testing to the Orange Farm community with two mobile trucks providing mammograms and prostate testing for the over 40s and general education and information for all others
 - Kiddie support groups – centre provided space for dance and singing performances
 - Visits to Thato Kimahla Centre for orphaned and abandoned Orange Farm Children and primary schools to better understand the community's challenges
- **Villa of Hope Eldorado Park** which provides superior care to children who have been orphaned or require alternative care due to abuse, neglect, abandonment and children that have been affected or infected by HIV or AIDS or other illnesses. Much needed groceries were donated to this worthy cause by staff.
- In partnership with **Junior Chamber International Sandton** and **Akani Foundation Diepsloot** the company donated stationery packs to deserving schools.

Dipula continues to support emerging businesses in the sector, for the procurement of various construction and professional services.

Dipula also disposed of various properties to emerging BEE property owners during the year under review.

THE ENVIRONMENT

Dipula is committed to ensuring we operate sustainably and responsibly in terms of environment and promote environmental sustainability in the built environment.

This commitment is outlined in the group's sustainability policy. The policy sets out our commitment to reducing our negative environmental impacts and using our environmental resources in a sustainable way.

None of our properties are located in an area of biodiversity.

We have embarked on various initiatives to reduce energy usage at our properties. This has required investment to improve the efficiency of lighting, air-conditioning and vertical transportation. During the year, we completed our first solar installation project at Renaissance Park, which will draw 70% of its consumption from solar. We plan to roll out more solar installations going forward. We also seek to reduce our overall water consumption, and water usage is metered to ensure accurate reporting on each property's performance.



We give preference to purchasing materials which contain a reused or recycled component. We are currently evaluating operational strategies to limit waste and pollution both in our construction process as well as the operation of the buildings.





04

GOVERNANCE

Seshego Circle Centre

Sector: Retail

GLA: 15 166m²

Location: Polokwane



OUR STAKEHOLDERS

We view communication with our stakeholders as integral to our sustainability and therefore engage in open and timeous communication at all times. Our stakeholder engagement informs and supports our key strategic discussions and is critical in identifying our material issues and the steps needed to address these.

The asset manager is responsible for identifying stakeholders and devising an engagement plan. Feedback from stakeholder engagement is

communicated to the board, which monitors the asset manager's performance in this regard.

Our major forums of communication with all stakeholders include our website, presentations, one-on-one meetings, interaction with the media, this integrated report, the annual general meeting and ongoing formal and informal discussions. Further we engage with various stakeholders through our membership of SAPOA, SACSC and SAREIT amongst other industry bodies.

SHAREHOLDERS

WHAT MATTERS TO THEM

- Sustainable growth
- Share price performance
- Risk and mitigation strategies
- Management stability and competence

SPECIFICS IN 2016

- Results presentations
- One-on-one meetings
- Property site visits
- Media releases

PROPERTY MANAGERS

WHAT MATTERS TO THEM

- Job security
- Good working environment
- Support from Asset Manager

SPECIFICS IN 2016

- Internalisation of majority of property management
- Regular meetings, workshops, training and performance evaluations

ASSET MANAGERS

WHAT MATTERS TO THEM

- Sustainability
- Fair mandate conditions
- Legal and compliance

SPECIFICS IN 2016

- Quarterly board meetings attended by the Asset Manager
- Adhoc meetings with board

FUNDERS

WHAT MATTERS TO THEM

- Loan covenant compliance
- Solvency
- Quality of assets
- Adequate security
- Tenant quality

SPECIFICS IN 2016

- Publication of credit rating
- One-on-one meetings
- Updates on major transactions and general business environment
- Submission of annual financial statement
- Portfolio insurance and status reports
- Media releases
- Results presentation

TENANTS

WHAT MATTERS TO THEM

- Rental and occupancy costs
- Safety
- Quality property management

SPECIFICS IN 2016

- Introduction and monitoring of customer services line at internal property manager
- One-on-one meetings

INDUSTRY BODIES

WHAT MATTERS TO THEM

- Market trends
- BEE
- Industry developments
- Collective bargaining

SPECIFICS IN 2016

- Membership of industry bodies: SAREIT, SAPOA, SACSC, SAIBPP, Property Charter Council

MUNICIPALITIES

WHAT MATTERS TO THEM

- Rates and service payments
- By-law compliant
- Property values

SPECIFICS IN 2016

- Objections to municipal valuations
- Continuous monitoring of consumption and accounts
- One-on-one meetings
- Engagement through SAPOA

NATIONAL AND PROVINCIAL GOVERNMENT

WHAT MATTERS TO THEM

- Tax payments
- Compliance with legislation
- Government leasing

SPECIFICS IN 2016

- Communication through industry bodies (SAPOA/SA REITS)
- Attendance of seminars and meetings to understand government leasing conditions
- One-on-one meetings
- Media

DIRECTORATE

**ZANELE JOYCE MATLALA (53)****Independent non-executive Chairperson***BCompt (Hons), CA(SA)*

Zanele has been the CEO at Merafe Resources Limited (Merafe) since 1 June 2013 and previously served as the CFO of Merafe from 1 October 2010. Prior to joining Merafe, she was the group FD of Kagiso Trust Investments Proprietary Limited. Zanele has previously served as CFO at the Development Bank of Southern Africa. She has also worked in various roles at the Industrial Development Corporation.

IZAK PETERSEN (43)**Chief Executive***CA(SA)*

Izak originally co-founded the Mergence Group of companies a decade ago. Mergence was co-principal in the formation and listing of Dipula through the merger of Mergence Africa Property Fund and Dipula Property Fund. Izak directed and structured the listing of Dipula. He has headed Mergence Africa Properties from the acquisition of its first asset, to its listing of Dipula and has spearheaded the growth of Dipula's asset base from R1.4 billion to R7 billion in five years. Izak continues to serve as an executive and shareholder of the Mergence Group and is also the MD of Mergence Africa Capital. Prior to this he worked for PSG Investment Bank and Deloitte. Izak holds directorships in a number of Mergence Group companies and has served on numerous industry bodies over the years including SAPOA, ABASA Western Cape and ABSIP.

RIDWAAN ASMAL (44)**Financial Director***BCom (Accounting)*

Ridwaan has 20 years' experience in listed property with specific skills in financial reporting and management, acquisitions, disposals, treasury and hotel property development. He started his career at Anglo American Property Services before joining Broll Property Group and thereafter CORONIB Asset Management. In 2006 Ridwaan was appointed Financial Director of Hospitality Property Fund Limited. He joined Dipula as Financial Director in September 2015.

NYANGENI SAUL GUMEDE (60)**Executive director***BComp, CPM®*

Saul is a co-founder of Dipula. In 1998 he founded Dijalo Property Services, of which he became CEO. Dijalo provides property management, facility management, broking and leasing, development facilitation, property consulting and property valuations to the property and financial sectors. Prior to this he was assistant property general manager at SEBO, a Bophuthatswana Government Pension Fund with a portfolio valued at R800 million, which was absorbed by Public Investment Commissioners ("PIC") after 1994. He also formerly worked for 10 years at Old Mutual Properties in various positions managing a property portfolio of R3.5 billion. He began his career at Deloitte & Touche in 1982.



BRIAN HILTON AZIZOLLAHOFF (55)

Independent non-executive (British)

BA (NY), MBA (Wits)

Brian has 30 years' experience in the property industry. He was a director of Anglo American Properties and then managing director of ApexHi Properties Limited. He served as CEO of Redefine from 2003 until its merger with ApexHi and Madison Property Fund Managers Limited in 2009 and then resigned from Redefine to form Capstone Property Group. In 2016 he sold out of Capstone to form a new company, Propertiq. He also sits on the audit committee of SAPOA.



YOUNAID WAJA (64)

Independent non-executive

BCom (Hons), BCompt, CA(SA), HDip Tax Law

Younaid is a tax and business consultant, an independent director of JSE companies and serves and has served as a member of audit, risk, social and ethics, remuneration and investment committees. He has extensive experience across a range of business sectors including telecommunications, property, asset management, gaming, motor and transportation, and economic growth facilitation. Younaid has also served as a director of various public sector and JSE companies. He was a senior partner and executive chairman of APF Chartered Accountants Inc., a consortium of black auditing and accounting firms. During his career he served as chairman of the Public Accountants and Auditors Board (PAAB, now IRBA); vice president of the Association for the Advancement of Black Accountants of Southern Africa (ABASA); an executive member of the Black Business Council (BBC); and a member of the Income Tax Court.



ELIAS ('ELTIE') LINKS (70)

Independent non-executive

PhD (Economics)

Professor Links is a non-executive director of a number of companies including Kansai Plascon Limited, Telesure Holdings Limited, Allianz Global Corporate and Specialty Limited and TerraSan Limited. He has also been appointed as a Professor Extraordinaire at the University of Stellenbosch Business School. He further serves as a member of The Presidential Advisory Council on BBBEE. Previously he served as the South African Ambassador to the European Union, Belgium and Luxembourg as well as the Permanent Representative of South Africa at the World Bank and International Monetary Fund, Washington DC.



SYD HALLIDAY (69)

Independent non-executive

CAIB (SA), ACIS

Syd retired from Nedbank in 2004 where he had held various senior credit risk management positions in the property finance divisions of Nefic, Syfrets, Nedcor Investment Bank and Nedbank. Following his retirement he served as the independent chairman of Nedbank Corporate Property Finance's main property lending committee up to December 2012. Syd joined the board of Dipula in May 2014 and is a member of the investment and remuneration committees. He also serves on the board of Hospitality Property Fund Limited as an independent non-executive director and as a trustee of National Empowerment Property Investment Trust. Syd also consults to Sasfin Bank's Property Private Equity Fund.

CORPORATE GOVERNANCE

Board	
Members	Responsibilities
<p>ZJ Matlala* (Chairperson) IS Petersen (Chief Executive) R Asmal (Financial Director) NS Gumede BH Azizollahoff** SA Halliday* E Links* Y Waja*</p>	<ul style="list-style-type: none"> • Group performance and alignment with strategic objectives • Custodian of governance and implementation of King III recommendations • Sound judgement and leadership with integrity based on King III principles • ESG direction and values • Investment and performance criteria • Timely, relevant and meaningful reporting to stakeholders • Monitoring solvency and liquidity • Safeguarding sustainability, compliance and controls • Formal and transparent nomination and appointment of new directors

Audit and risk committee	
Members	Responsibilities
<p>Y Waja* (Chair) BH Azizollahoff* E Links*</p> <p>Invitees: IS Petersen R Asmal NS Gumede J Junkoon</p>	<ul style="list-style-type: none"> • Reviewing financial statements, integrated annual report, internal control framework • Risk management • Monitoring outsourced internal audit and IT governance • Appointing external auditors <p>See page 76 for the full report</p>

* Independent non-executive

British

CORPORATE GOVERNANCE (CONTINUED)

Remuneration and nomination committee	
Members	Responsibilities
<p>SA Halliday* (Chair – remuneration) ZJ Matlala* (Chair – nomination) Y Waja*</p> <p>Invitees: IS Petersen R Asmal S Gumede</p>	<ul style="list-style-type: none"> • Reviewing group remuneration strategy • Board nominations <p>See page 55 for the full report</p>
Social and ethics committee	
Members	Responsibilities
<p>E Links* (Chair) BH Azizollahoff* NS Gumede Y Waja*</p> <p>Invitees: IS Petersen R Asmal J Junkoon</p>	<ul style="list-style-type: none"> • Initiating goals and reporting on safety, health and environment • Responsible corporate citizenship, social responsibility, ethics, values and transformation <p>See page 57 for the full report</p>
Investment committee	
Members	Responsibilities
<p>BH Azizollahoff* (Chair) SA Halliday* NS Gumede IS Petersen</p> <p>Invitees: R Asmal G Abrahams</p>	<p>Assessing and recommending to board acquisitions, large revamps and disposals</p>

*Independent non-executive

BOARD AND COMMITTEE MEETING ATTENDANCE

Director	Board	Audit and risk committee	Social and ethics committee	Remuneration and nomination committee	Investment committee
IS Petersen	4 (4)	4 (4)^	2 (2)^	2 (2)^	4 (4)
R Asmal	4 (4)	4 (4)^	2 (2)^	2 (2)^	4 (4)^
NS Gumede	4 (4)	4 (4)^	2 (2)	2 (2)^	4 (4)
ZJ Matlala	4 (4)			2 (2)	
BH Azizollahoff	3 (4)	3 (4)	2 (2)		4 (4)
SA Halliday	4 (4)			2 (2)	4 (4)
E Links	4 (4)	4 (4)	2 (2)		
Y Waja	4 (4)	4 (4)	2 (2)	2 (2)	

^Invited

ETHICAL LEADERSHIP

Dipula is committed to upholding the highest standards of ethics, transparency and good governance in the interests of all stakeholders, when delivering on strategic growth initiatives. The board is the ultimate guardian of the group's ethics and values and is supported in this regard by the social and ethics committee. A Code of Ethics and Conduct is in place and the principles are outlined in our board and committee charters, all within the regulatory framework of the JSE Listings Requirements and King III. The company is fully committed, where practical and relevant for an organisation of our size and nature, to compliance with the Code of Corporate Practices and Conduct set out in the King III Report. See the full King III checklist available on Dipula's website and chapter 2 on pages 51–54.

Both a Whistle Blowing Policy and Fraud Policy are in place. These outline Dipula's zero tolerance to fraud and requires any suspected incidents of fraud to be reported and addressed. Line managers are responsible for ensuring all employees and agents are provided with appropriate training with regards to the policies, which are reviewed annually.

THE BOARD

The responsibilities of the chairperson and chief executive, and those of other independent non-executive and executive directors, are clearly separated. The chairperson provides leadership to the board in all deliberations ensuring independent input, and oversees its efficient operation. The chief executive is responsible for proposing, updating, implementing and maintaining the strategic direction of Dipula as well as ensuring appropriately supervised and controlled daily operations. In this regard, he is assisted by the financial director and the asset management and property management staff.

The independent non-executive directors are high merit individuals who objectively contribute a wide range of industry skills, knowledge and experience to the board's decision-making process. These directors are not involved in the daily operations of the company.

The board has delegated certain functions to the audit and risk committee, the social and ethics committee, the remuneration and nomination committee and the investment committee.

The board as a whole is self-evaluated and individual director's performance is also reviewed periodically.

There were no changes to the board during the year.

CORPORATE GOVERNANCE (CONTINUED)

COMPANY SECRETARY

The group's company secretary is CIS Company Secretaries Proprietary Limited, a subsidiary of Computershare. The board is satisfied that its representatives, Neville Toerien and Nazli Reid, are sufficiently qualified and skilled to act in accordance with and update directors in terms of the King III Report and other relevant regulations and legislation and that an arm's length relationship is maintained between the company secretary and the board, its sub-committees and management.

The company secretary advises the board on procedures regarding meetings and generally ensures that an adequate governance framework is maintained. The company secretary's independence was confirmed via an independence declaration and their competence was assessed by the audit and risk committee and confirmed by the board.

LEGAL COMPLIANCE

A legal universe framework is in place. The board is responsible for ensuring compliance with laws and regulations. New legislation that impacts the group is discussed at board meetings. The directors are assisted in this regard by the company secretary.

No fines or non-monetary sanctions were imposed on the group for non-compliance with any laws or regulations during the year under review, nor has the group been party to any legal actions for anti-competitive behaviour or anti-trust.



KING III APPLICATION

Principle number	Description	Application
2.1	The board should act as the focal point for and custodian of corporate governance	The board is the focal point and custodian of corporate governance at Dipula. In accordance with the board charter the board is committed to the highest standards of corporate governance. The board charter, which is reviewed annually, clearly sets out its role and duties with regard to achieving sustainable value for the group in a transparent and responsible manner.
2.2	The board should appreciate that strategy, risk, performance and sustainability are inseparable	The board, in accordance with the board charter, and all committee terms of reference, is responsible for aligning the strategic objectives, vision and mission with performance and sustainability considerations. The board both informs and approves company strategy and is accountable for its execution. The board is responsible for ensuring the integrity of the group's risk management policies and procedures and internal controls.
2.3	The board should provide effective leadership based on an ethical foundation	The board provides effective leadership and is committed to the highest levels of corporate governance as a key driver of sustainability. Directors are required to adhere to the values set out in the Code of Ethics/Conduct. Deliberations, decisions and actions of the board are based on fairness, accountability, responsibility and transparency.
2.4	The board should ensure that the company is and is seen to be a responsible corporate citizen	Dipula's social and ethics committee reflects and effects the group's commitment to responsible corporate citizenship. In addition to compliance with King III, Dipula has a Code of Ethics/Conduct in place which guides directors' relationships with and commitment to stakeholders.
2.5	The board should ensure that the company's ethics are managed effectively	The board has established a social and ethics committee, which assists in ensuring that the group's ethics are managed effectively. The committee focuses on social investment, transformation, ethics and sustainable development within the group.
2.6	The board should ensure that the company has an effective and independent audit committee	The membership of the audit and risk committee comprises three independent non-executive directors who meet at least four times each year. The audit and risk committee's terms of reference have been approved by the board and are reviewed every year. The effectiveness of the committee is monitored by the board.
2.7	The board should be responsible for the governance of risk	This function is delegated to the audit and risk committee, which conducted an evaluation of risk and is satisfied with the effective management of risk. The board is ultimately responsible for the governance of risk within the group.

KING III APPLICATION (CONTINUED)

Principle number	Description	Application
2.8	The board should be responsible for information technology ('IT') governance	The audit and risk committee oversees the governance of information technology. Management are responsible for monitoring IT at head office and at the property management company. Property management is partly outsourced to Broll, Eris, Moolman Group, Hermans & Romans and McCormick.
2.9	The board should ensure that the company complies with applicable laws and considers adherence to non-binding rules, codes and standards	The group strives to comply with all applicable laws to the best of its ability. Compliance is an ethical imperative and is monitored by the audit and risk committee and in applicable instances, the social and ethics committee and reported to the board. The audit and risk committee is responsible for assisting the board with the oversight of compliance-related matters.
2.10	The board should ensure that there is an effective risk-based internal audit	<p>The internal audit function includes an outsourced dedicated internal auditor who reports directly to the audit and risk committee and has unhindered access to the board chairperson.</p> <p>Property management is partly outsourced to Broll, Eris, Moolman Group, Herman & Romans and McCormick. While these companies are responsible for their own internal audits, Dipula executives perform an operational and financial review of the properties on a monthly basis.</p>
2.11	The board should appreciate that stakeholders' perceptions affect the company's reputation	The board recognises the importance of developing and nurturing positive and stable relationships with key stakeholders as a key driver of business success. (See page 44).
2.12	The board should ensure the integrity of the company's integrated report	The board is responsible for the integrity of the integrated report and approves the report prior to publication.
2.13	The board should report on the effectiveness of the company's system of internal controls	The board continuously ensures the soundness of the group's system of internal controls.
2.14	The board and its directors should act in the best interests of the company	<p>The board and its directors always act in the best interests of the group. The board has unrestricted access to all company information, records, documents and property. The board also has access to this information through the company secretary.</p> <p>Directors are required to disclose their shareholdings, additional directorships and any potential conflicts of interest as well as any share dealings in the company's securities to the company secretary who, together with the sponsor and Chief Executive, ensures publication of their dealings in Dipula on SENS. The company adheres to a policy (in compliance with JSE Listings Requirements) of prohibiting dealings by directors and certain other managers including prescribed officers in closed periods – commencing immediately after the end of the financial/interim period and ceases on the announcement of its interim and year-end financial results, any period while the company is trading under cautionary announcement, and at any other time deemed necessary by the board.</p> <p>The directors and all other relevant persons are informed by email when the company enters a "closed period".</p>

Principle number	Description	Application
2.15	The board should consider business rescue proceedings or other turnaround mechanisms as soon as the company is financially distressed as defined in the Act	The board monitors the group's solvency and liquidity periodically. Business rescue has not been required.
2.16	The board should elect a chairperson of the board who is an independent non-executive director. The Chief Executive of the company should not also fulfil the role of chairperson of the board	The chairperson, ZJ Matlala is an independent non- executive director and is not a former Chief Executive. The role of the chairperson is clearly defined in the board charter. Further, a clear division of responsibilities between the roles of the chairperson and that of the Chief Executive exists.
2.17	The board should appoint the Chief Executive and establish a framework for the delegation of authority	The board has appointed IS Petersen as Chief Executive and a delegation of authority framework is in place and reviewed regularly.
2.18	The board should comprise a balance of power, with a majority of non-executive directors. The majority of non-executive directors should be independent	The board comprises a majority of independent non-executive directors – 5/8. The responsibilities of the chairperson and Chief Executive, and those of other non-executive and executive directors, are clearly separated to ensure a balance of power and prevent any one director from exercising unfettered powers of decision-making.
2.19	Directors should be appointed through a formal processes	Directors' appointments are formal and transparent, and were undertaken by the board as a whole. A nomination committee has been formed which will recommend future appointments to the board for approval.
2.20	The induction of and ongoing training and development of directors should be conducted through formal processes	A formal orientation induction programme for new directors is in place. All new directors are familiarised with company operations, senior management and its business environment. Specific training is arranged on an <i>ad hoc</i> basis when required. Directors receive further briefings from time to time on relevant new laws and regulations as well as on changing economic risks. Directors are responsible for ensuring that they have a working understanding of applicable laws.
2.21	The board should be assisted by a competent, suitably qualified and experienced company secretary	The company secretary is empowered by the board to effectively perform their duties. The role and function of the company secretary are clearly formulated in writing. The company complies with the provisions of the Companies Act, 2008 in relation to the appointment and removal, and the duties allocated to the company secretary. (See page 50 for further details.)

KING III APPLICATION (CONTINUED)

Principle number	Description	Application
2.22	The evaluation of the board, its committees and the individual directors should be performed every year	The board as a whole is self-evaluated and individual directors' performances are also reviewed periodically.
2.23	The board should delegate certain functions to well-structured committees but without abdicating its own responsibilities	The board delegates certain functions without abdicating its own responsibilities to the following committees: <ul style="list-style-type: none"> • Audit and risk committee • Remuneration and nomination committee • Social and ethics committee • Investment committee
2.24	A governance framework should be agreed between the group and its subsidiary boards	A governance framework is not required as the companies are managed as a group.
2.25	Companies should remunerate directors and executives fairly and responsibly	The executive directors are remunerated by the Asset Manager as disclosed in note 30.2 of the AFS. Non-executive directors' fees are benchmarked every three years.
2.26	Companies should disclose the remuneration of each individual director and certain senior executives	Non-executive directors' fees are approved by the board and Dipula shareholders at the annual general meeting. Disclosed in note 30.2 of the AFS.
2.27	Shareholders should approve the company's remuneration policy	The asset management team which includes the executive directors are remunerated by the external asset manager. The internal property management staff is employed by Dipula Property Management Proprietary Limited, a wholly-owned subsidiary. As the company does not directly employ any executives or prescribed officers, the remuneration policy does not require shareholders' approval.

REMUNERATION REPORT

During the latter months of FY15 Dipula established a remuneration committee ("the committee") as a sub-committee of the board which operates under terms of reference approved by the board. The committee is responsible for monitoring the development, application and periodically reviewing the company's remuneration policy, which is then approved by the board.

COMPOSITION

The committee also acts as the nominations committee and operates under separate terms of reference approved by the board.

The committee comprises three independent non-executive directors: SA Halliday, who chairs the committee in respect of remuneration matters, ZJ Matlala, who chairs the committee in respect of nomination matters, and Y Waja.

STRUCTURE

Dipula aims to be a leading South African REIT in terms of sustainable returns, quality of income and above average long-term capital growth. To achieve these objectives, we are guided by certain strategic fundamentals as detailed on page 3 of this report.

Dipula is managed by DAMT and the executive directors and asset management staff are employed and remunerated by DAMT or DAMT related entities. As the asset management agreement provides for DAMT to perform in line with agreed KPIs employee performance is monitored by DAMT and a remuneration structure is in place to maintain a motivated, ethical and performance driven team, adding long-term sustainable value in terms of Dipula's strategic objectives. The internal property management staff is employed by DPM, which is a wholly-owned subsidiary of Dipula. The management of DPM and the required remuneration contracts and salaries and incentives are also determined by DAMT.

The committee monitors DAMT's remuneration policies and practices to ensure that the company's strategic objectives are achieved and that the DAMT meets its KPIs, while complying with the principles of this policy and employing responsible remuneration practices.

During FY16, the remuneration and nominations committee focused its attention on drafting and finalising their terms of reference and remuneration policy.

SYNOPSIS OF THE REMUNERATION POLICIES

Basic remuneration

Annual salaries are guaranteed and are structured on a cost-to-company basis, and annual increases are awarded subject to overall performance and profitability of the company and DAMT.

Salaries are benchmarked every three years against the REIT sector and independent market data.

Annual short-term incentives

The payment of an annual short-term incentive is assessed on both company and individual performance, subject to the achievement of qualifying targets, which will be determined and measured annually. No cap on the payment of short-term incentive bonuses will apply in the case of executive directors.

REMUNERATION REPORT (CONTINUED)

The short-term incentives for key staff who are not executive directors will be capped at three to four months basic salary (dependent on seniority of staff member), subject to the achievement of qualifying targets, which will be determined and measured annually. Qualifying targets are based on appropriate performance measures, for example performance to budget, cost control, vacancy levels, renewals of lease expiries, performance evaluations and the achievement of personal objectives set for the particular year.

Long-term incentives

A long-term share incentive scheme for the executives and key staff is in the process of being finalised and shareholders will be engaged in this regard.

In view of the fact that the company (as opposed to the DAMT) does not directly employ any executives or prescribed officers, as explained above, the remuneration policy will not be put to a non-binding shareholders' vote at the forthcoming annual general meeting.

DIRECTORS

The remuneration of executive directors is set out on page 133.

The fees for non-executive directors are set out below:

	Board		Audit and risk committee		Social and ethics committee		Investment committee		Remuneration and nomination committee		% increase
	Chair	Member	Chair	Member	Chair	Member	Chair	Member	Chair	Member	
FY2015	265 140	189 000	64 800	47 520	64 800	47 520	64 800	47 520			8
FY2016	281 048	200 340	68 888	50 371	68 888	50 371	68 888	50 371	68 888	50 371	6
FY2017	300 721	214 364	73 496	53 897	73 496	53 897	73 496	53 897	73 496	53 897	7



SA Halliday

Chairman remuneration committee

SOCIAL AND ETHICS COMMITTEE REPORT

This committee executes the duties assigned to it by the Companies Act as well as any additional duties delegated to it by the board of directors of Dipula, including ensuring that the company acts as a responsible corporate citizen and establishes ethical guidelines for engagement with stakeholders and interaction with the environment. Management is tasked with the attendant day-to-day responsibilities in their respective areas of business and reporting thereon to the social and ethics committee. The board remains ultimately responsible for the objectives which it has delegated.

The committee comprises three independent non-executive directors: E Links, who chairs the committee, BH Azizollahoff and Y Waja, as well as executive director NS Gumede. The committee met twice during the year and details of attendance are set out on page 49.

A formal charter has been adopted which guides the committee in ensuring that the group conducts its business in an ethical and properly governed manner and in reviewing or developing policies, governance structures and practices for sustainability.

The committee also monitors the group's activities with regard to any relevant legislation or prevailing codes of best practice in respect of the following:

- Social and economic development, including the group's standing in terms of the:
 - 10 principles set out in the United Nations Global Compact Principles; and
 - OECD recommendations regarding corruption.
- Employment Equity Act.
- Broad-based Black Economic Empowerment Act.
- Good corporate citizenship, including the group's:
 - promotion of equality, prevention of unfair discrimination and reduction of corruption; and
 - contribution to development of the communities in which our activities are predominantly conducted of sponsorship, donations and charitable giving.
- Environment, health and public safety, including the impact of the group's activities and its services.
- Consumer relationships, including the group's advertising, public relations and compliance with consumer protection laws.
- Labour and employment, including the group's:
 - standing in terms of the International Labour Organisation protocol on decent work and working conditions; and
 - employment relationships and our contribution towards the educational development of our employees.
- Corporate values and ethical standards, and ensuring that the company takes measures to achieve adherence to these in all aspects of the business.

Management reports to the committee on matters relevant to its deliberations and the committee in turn draws relevant matters to the attention of the board and reports on them to the shareholders at the annual general meeting.

Please see pages 39 – 41 for reporting on the committee's areas of focus.



E Links

Chairman, social and ethics committee

05

OUR PORTFOLIO IN DETAIL

Eyethu Orange Farm Mall

Sector: Retail

GLA: 27 000m²

Location: Johannesburg



OUR PORTFOLIO IN DETAIL

INVESTMENT PROPERTIES – 31 AUGUST 2016

Property	Location
PROPERTY PORTFOLIO – RETAIL	
Gillwell Taxi Retail Park	Cnr Gillwell and Fleet Streets, East London
Umzimkhulu Mall	Bird and Main street, Umzimkulu
Nquthu Plaza	Erf 4008 Nquthu, Manzolwande Drive, Nquthu
Gezina Galleries	Cnr Michael Brink and Frederika, Gezina, Pretoria
Bochum Plaza	Cnr Dendron and Blouberg Road, Bochum
Kopanong Kudube Shopping Centre	Malatsi Street, Ivory Park, Thembisa
Tower Mall	Cnr N12 and Jabulani Street, Jouberton, Klerksdorp
Ziyabuya Shopping Centre	Cnr Uitenhage Road and Mkwenkwe, Kwadesi
Hammanskraal Shopping Centre	Douglas Rens Road, Hammanskraal
Woodmead Super Value Mall	Waterfall Crescent South, Woodmead
Eyethu Orange Farm Mall (30% interest)	Link Road, Orange Farm
Seshego Circle Centre (40% interest)	Nelson Mandela and Polokwane Drive, Seshego, Polokwane
Game Groblersdal	Cnr Barlow Street and Grobler Avenue, Groblersdal
Fin Forum	6 Mezeroen Place, Montana, Pretoria
Soweto Asambhe Centre	Cnr Chris Hani and Dynamo Streets, Soweto
Belle Ombre Shopping Centre	Cnr Boom and Potgieter Streets, Marabstad, Pretoria
Shoprite Centre Pretoria North	259 Ben Viljoen Street, Pretoria North
Palm Court	Cnr J G Strydom and Fern Road, Weltevreden Park
Phangami Mall	Cnr R524 (Punda Maria Road) and R523 (Sibasa Road)
Blackheath Pavillion	309 Pendering Road, Blackheath
Meadowpoint Shopping Centre	Zone 2, Meadowlands
274 Beyers Naude Drive	274 Beyers Naude Drive, Northcliff, Blackheath
Tsakane Corner	Sibongiseni Street, Tsakane
Shoprite Sibasa	57 Miluwani Street, Sibasa, Thohoyandou
Kopanong Shopping Centre	Douglas Rens Road, Kudube Ext 4, Hammanskraal
Welkom High Park Building	Stateway and Bok Streets, Sanlam Business Centre, Welkom
51 Govan Mbeki	51 Govan Mbeki Avenue, Port Elizabeth
Orange Farm/Town Square	Link Road, Orange Farm CBD
Proteapoint Shopping Centre	Protea North, Soweto
Dobsonpoint Shopping Centre	Mohajane Drive, Dobsonville
Randfontein Station Shopping Centre	Cnr Station and Sutherland Roads, Randfontein
Boxer Tzaneen	9 Station Road, Extension 4, Tzaneen
Pimville Square	Modjadji Street, Pimville Zone 7
Fairways on Main (50% interest)	45 Main Road, Howick
Giyani Shopping Centre	Magistrate Street, Giyani

Region	Acquisition date	GLA (m ²)	Vacancy	Average gross Rent (R/m ²)	Valuation 2016 (R'000)
Eastern Cape	Nov 15	22 108	10.0%	130	305 800
KwaZulu-Natal	Jun 15	16 064	6.2%	117	207 000
KwaZulu-Natal	May 12	14 912	4.0%	107	184 800
Gauteng	Jul 13	16 669	0.0%	99	175 000
Limpopo	May 12	12 081	0.0%	100	164 000
Gauteng	Dec 14	10 755	3.7%	144	157 000
North West	Dec 13	15 436	14.3%	114	153 600
Eastern Cape	Jul 13	14 584	8.8%	87	125 300
Gauteng	Dec 14	11 286	0.0%	102	123 600
Gauteng	Jul 13	7 169	0.0%	195	121 000
Gauteng	Apr 15	7 560	0.4%	137	117 600
Limpopo	Aug 15	15 166	0.2%	113	116 000
Mpumalanga	Aug 15	7 856	2.1%	117	113 600
Gauteng	Aug 15	5 848	0.0%	172	103 600
Gauteng	Aug 15	10 434	0.0%	82	99 400
Gauteng	Jul 11	7 829	3.2%	117	86 600
Gauteng	Jul 13	6 510	0.0%	124	80 800
Gauteng	Jul 11	6 317	11.1%	125	76 500
Limpopo	Aug 15	7 290	3.6%	113	76 200
Gauteng	Jul 13	6 295	21.0%	142	74 000
Gauteng	Dec 14	4 559	2.3%	110	67 100
Gauteng	Jul 11	3 784	0.0%	172	63 800
Gauteng	Nov 14	5 396	0.0%	110	61 400
Limpopo	Aug 15	5 907	0.0%	83	58 500
Gauteng	Jul 11	3 950	0.0%	137	56 000
Free State	Apr 08	7 570	30.5%	80	55 000
Eastern Cape	Oct 14	8 151	0.0%	72	54 500
Gauteng	Dec 12	5 591	0.0%	77	52 200
Gauteng	Dec 14	3 866	2.2%	115	52 100
Gauteng	Dec 14	3 797	0.0%	105	51 900
Gauteng	Jul 14	5 931	3.5%	120	50 700
Limpopo	Aug 15	5 094	8.7%	94	50 000
Gauteng	Dec 14	4 291	14.7%	104	44 500
KwaZulu-Natal	Oct 13	6 368	0.0%	55	39 100
Limpopo	Jul 11	6 934	6.5%	52	37 000

OUR PORTFOLIO IN DETAIL (CONTINUED)

Property	Location
PROPERTY PORTFOLIO – RETAIL	
Atlas Rd Banking Centre Boksburg	Atlas Road, Anderbolt, Boksburg
Blackheath Galleries	Cnr Beyers Naude Drive and Mountain View, Blackheath
Umgeni Business Park	1 Kosi Place, Springfield Park, Durban
Woodmead Square	Waterfall Crescent South, Woodmead
Morkels – Kuruman	14 Livingston Street, Kuruman
Sam Sekoti Vosloorus	Sam Sekoti Avenue, Vosloorus
Alberton Crossing	Cnr Voortrekker and Ring Road, Alberton
October Avenue Ivory Park	2nd October Avenue, Ivory Park Ext 8
Pick n Pay Kroonstad	Cnr President and Truter Streets, Kroonstad
Casseys Auto Springs	140 – 2nd Street, Springs
Perm East London	42 – 46 Oxford Street, East London
Main Street Corner Nigel	Cnr Main and Hendrik Verwoerd Streets, Nigel
Edgars – Vryburg	60 Market Street, Vryburg
Virgin Active Horizon View	38 Van Santen Drive, Horizon View, Roodepoort
Planet Fitness Montana	33 Tibouchina Street, Zambesi Drive, Montana Park, Pretoria
Standard Bank Doornfontein	49 Beit Street and Siemart , Doornfontein
Henshall	13 Henshall Street, Nelspruit
Shoprite Westonaria	Cnr Edwards and Allen Street, Westonaria, Randfontein
Beares – Northam	Stand 2, Botha Street, Northam
Greywies	103 Kerk Street, CBD, Polokwane
29 Main Street Mafikeng	29 Main Street, Mafikeng
30 Voortrekker Road	30 Voortrekker Road, Bellville
Edgars – Kuruman	10 Livingstone Street, Kuruman
40 Scott Street Newcastle	40/42 Scott Street, Newcastle
Eeufees Corner Bethal	Cnr Eeufees and Mark Street , Bethal
54 Scott Street Newcastle	54 Scott Street, Newcastle
Sales House	Cnr Fraser and Bree Street, Johannesburg
JR Mall	4 Kort Street, Kuruman
Foschini – Kimberley	9 – 11 Du Toitspan Street, Kimberley
ABSA Centre Krugersdorp	Cnr Burger and Monument Streets, Krugersdorp
Bruma 146 South	146 South Boulevard, Bruma
Midway Centre	6 Old Pretoria Road, Richards Drive, Halfway House
Mafikeng Centre	20 Shippard Street, Mafikeng
Blouberg Plaza	Cnr Dendron and Blouberg Road, Blouberg
Standard Bank Krugersdorp	39 Human Street, Krugersdorp

Region	Acquisition date	GLA (m ²)	Vacancy	Average gross Rent (R/m ²)	Valuation 2016 (R'000)
Gauteng	Jul 11	3 423	44.3%	123	36 300
Gauteng	Jul 11	3 667	32.0%	150	36 000
KwaZulu-Natal	Nov 13	3 686	21.3%	124	33 700
Gauteng	Jul 13	2 945	0.0%	153	32 000
Northern Cape	Aug 15	3 380	5.9%	85	32 000
Gauteng	May 07	3 844	0.0%	74	31 900
Gauteng	Jun 07	2 185	40.6%	189	29 300
Gauteng	May 07	1 500	0.0%	129	27 700
Free State	Jun 07	4 499	1.7%	55	27 700
Gauteng	Apr 08	6 884	0.0%	32	27 000
Eastern Cape	Apr 08	3 436	64.2%	217	26 800
Gauteng	Apr 08	3 443	1.9%	74	25 500
North West	Aug 15	2 329	0.0%	103	24 850
Gauteng	Jul 11	2 500	0.0%	84	24 200
Gauteng	Jul 11	2 472	0.0%	81	23 600
Gauteng	Jul 11	2 149	0.0%	91	23 400
Limpopo	Aug 15	2 141	0.0%	99	23 000
Gauteng	Jun 07	2 576	0.0%	82	22 300
Limpopo	Aug 15	2 052	0.0%	100	22 000
Limpopo	Aug 15	2 248	10.4%	117	22 000
North West	Apr 08	2 600	21.9%	95	21 600
Western Cape	Jun 07	2 335	0.0%	79	19 400
Northern Cape	Aug 15	1 646	0.0%	101	19 400
KwaZulu-Natal	Apr 08	2 303	0.0%	48	19 200
Mpumalanga	Apr 08	2 424	0.0%	100	19 000
KwaZulu-Natal	Apr 08	2 125	11.1%	79	18 000
Gauteng	Jun 07	2 071	0.0%	82	17 800
Northern Cape	Aug 15	2 296	0.0%	73	17 700
Northern Cape	Aug 15	1 763	0.0%	98	17 500
Gauteng	Apr 08	3 397	43.2%	113	17 000
Gauteng	Jul 11	1 847	0.0%	95	16 300
Gauteng	Nov 08	5 016	0.0%	34	15 705
North West	Apr 08	1 764	0.0%	92	15 500
Limpopo	May 12	971	2.1%	130	15 200
Gauteng	Apr 08	3 128	12.1%	57	15 100

OUR PORTFOLIO IN DETAIL (CONTINUED)

Property	Location
PROPERTY PORTFOLIO – RETAIL	
Theo's Building	40A Murray Street, Ext 36, Madibeng
Nedbank East London	63 – 71 Oxford Street, East London
Amandla BLVD Bramfischerville	Cnr Freedom Drive and Amanda Blvd
Tropsch Plane Secunda	Tropsch Plein, Secunda
Norwood Centre	74 Grant Avenue, Norwood
24A Bok Street Welkom	24A Bok Street, Welkom
Excelsior 13	13 Excelsior Street, CBD, Polokwane
Boxer Giyani	Stand BA 43, 44 and 46 Giyani, Giyani
Palm Street Mall	24 Palm Street, Phalaborwa, Limpopo
Duiwelskloof	Cnr Charles Maberley and Gordon Street, Duiwelskloof
Alvaro Centre	82 President Kruger Street, Vanderbijlpark, Gauteng
Absa Silverton	177 De Boulevard Street, Silverton, Pretoria
Dulux Polokwane	53 General Joubert Street, CBD, Polokwane
FNB Florida	12 Goldman Road, Florida
Geen & Richard Witbank	Cnr Escombe Street and President Avenue, Witbank
Absa Malvern	585 Jules Street, Malvern
West Place Kempton Park	6 West Street, Kempton Park, Gauteng
Standard Bank Vanderbijlpark	10 Van Rign Street, Vanderbijlpark
Standard Bank Brakpan	622 Voortrekker Road, Brakpan
Beacon Centre Vereeniging	14 Beaconsfield Avenue, Vereeniging
Kruger Corner Vanderbijlpark	13 President Kruger Street, Vanderbijlpark
41 and 43 Pretoria Road	41/43 Pretoria Road, Gauteng
31 and 33 Third Street Springs	31 and 33 Third Street, Springs
De Villiers Street Barberton	100 De Villiers Street, Barberton
Absa Hercules	569 Van Der Hoff Street, Hercules, Pretoria
Merriman Arcade Vereeniging	12 Merriman Avenue, Vereeniging
Kotze Place Hillbrow	62 Kotze Street, Hillbrow
Absa Derdepoort	62 Baviaanspoort Road, East Lynne, Pretoria
Citizen Springs	4th Avenue, Springs
Pep Nigel	28 Hendrick Verwoerd Street, Nigel
Ellerines – Northam	Stand 21 Botha Street, Northam
Bears Centre	9 Bears Street, Kuruman
Jet – Potchefstroom	144 Walter Sisulu Avenue, Potchefstroom
Express Centre Kempton Park	23 Pretoria Road, Kempton Park
Wescen Corner Kempton Park	Cnr West and Central Streets, Kempton Park
Amethyst	4 Amethyst Street, Carltonville
Jubilee Street Kempton Park	6 – 8 Jubilee Street, Kempton Park

Region	Acquisition date	GLA (m ²)	Vacancy	Average gross Rent (R/m ²)	Valuation 2016 (R'000)
North West	Aug 15	2 122	13.8%	77	15 100
Eastern Cape	Apr 08	1 607	55.6%	235	14 500
Gauteng	May 07	1 500	0.0%	82	14 200
Mpumalanga	Apr 08	2 359	100.0%	–	14 200
Gauteng	Jul 11	1 102	3.9%	84	13 300
Free State	Apr 08	1 997	0.0%	61	12 722
Limpopo	Aug 15	1 661	0.0%	81	12 500
Limpopo	Mar 08	1 982	0.0%	49	12 000
Limpopo	Apr 08	2 681	5.1%	50	12 000
Limpopo	Aug 15	1 757	5.7%	57	12 000
Gauteng	Apr 08	3 858	60.5%	61	11 750
Gauteng	Apr 08	2 024	6.5%	56	11 600
Limpopo	Aug 15	2 103	26.2%	53	11 600
Gauteng	Apr 08	1 087	0.0%	64	11 300
Mpumalanga	Aug 15	1 448	3.0%	75	11 000
Gauteng	Apr 08	774	22.5%	189	10 772
Gauteng	Apr 08	1 063	28.8%	99	10 228
Gauteng	Apr 08	2 867	34.4%	49	10 200
Gauteng	Apr 08	1 355	0.0%	67	9 846
Gauteng	Apr 08	1 595	0.0%	60	9 789
Gauteng	Apr 08	1 773	0.0%	49	9 662
Gauteng	Apr 08	1 532	0.0%	65	9 500
Gauteng	Apr 08	2 748	7.3%	32	9 378
Mpumalanga	Apr 08	894	0.0%	30	9 264
Gauteng	Apr 08	1 375	0.0%	67	9 184
Gauteng	Apr 08	1 744	34.8%	86	9 155
Gauteng	Apr 08	740	0.0%	123	9 086
Gauteng	Apr 08	870	0.0%	110	8 718
Gauteng	Apr 08	1 155	34.6%	82	8 614
Gauteng	Apr 08	1 027	0.0%	76	8 296
Limpopo	Aug 15	877	0.0%	84	8 200
Northern Cape	Apr 08	2 020	50.4%	71	8 098
North West	Aug 15	1 636	0.0%	35	7 900
Gauteng	Apr 08	850	0.0%	80	7 127
Gauteng	Apr 08	866	0.0%	73	6 851
Gauteng	May 08	800	0.0%	88	6 633
Gauteng	Apr 08	1 493	100.0%	–	6 500

OUR PORTFOLIO IN DETAIL (CONTINUED)

Property	Location
PROPERTY PORTFOLIO – RETAIL	
33 Pretoria Street Kempton Park	33 Pretoria Road, Kempton Park
Heritage House Mafikeng	Cnr Main and Robinson Street, Mafikeng
Standard Bank Sasolburg	Kirchoffer Boulevard, Sasolburg
1 President Street Germiston	1 President Street, Germiston
Fastfood Corner Springs	Cnr 9th Avenue 7 2nd Street, Selection Park, Springs
Standard Bank Meyerton	4A Loch Street, Meyerton
Standard Bank Humansdorp	612 Main Street, Humansdorp
51 Joubert Street	51 General Joubert Street, Polokwane
Hobhouse Centre – Klerksdorp	19 Emily Hobhouse, Kerkisdorp
Beaconsfield Vereeniging	15 Beaconsfield Avenue, Vereeniging
Bloem Corner Boksburg	310 Commissioner Street, Boksburg
Agatha Street Tzaneen	Joubert and Agatha Street, Tzaneen
Main Reef 69 Randfontein	29 Main Reef Road, Randfontein
Standard Bank Boksburg	262 Commissioner Street, Boksburg
8 Beare Street Kuruman	8 Beare Street, Kuruman
Allied – Klerksdorp	66 Kerk Street, Newton, Klerksdorp
Church Street West Pretoria	472 Church Street, Pretoria
22 Palm Street Phalaborwa	6 West Street, Kempton Park, Gauteng
Seventh Avenue Alberton	56 – 7th Avenue, Alberton
Danie Joubert Street Tzaneen	Cnr Danie Joubert and Agatha Street, Tzaneen
Voortrekker Brakpan	572 Voortrekker Street, Brakpan
John Orr – Klerksdorp	53 Kerk Street, Klerksdorp
Main Road Modjadiskloof	Main Road and Botha Street, Modjadiskloof
TOTAL RETAIL	
PROPERTY PORTFOLIO – OFFICE	
SAPS VIP	Corner Park and Troye Streets, Sunnyside, Pretoria
SAPS IJS	Cnr Swartkop and Prieska Roads, Pretoria
Steve Biko Corner	27 Beatrix Street, Arcadia, Pretoria
Boardwalk Place Midrand	10 Boardwalk, Midrand, Halfway House
50 Hamilton Street	50 Hamilton Street, Arcadia, Pretoria
Nemisa Office Building	21 Girton Road, Parktown
Finance House	25 Ernest Oppenheimer Drive, Bruma
Sanburn Building Benoni	68 Woburn Avenue, Benoni
Byron Place	320 Sophie De Bruyn, Pretoria
Bruma Boulevard	20 Zulberg Close, Bruma, Johannesburg
Montrose Place	Waterfall Park, Bekker Road, Vorna Valley, Midrand

Region	Acquisition date	GLA (m ²)	Vacancy	Average gross Rent (R/m ²)	Valuation 2016 (R'000)
Gauteng	Apr 08	846	0.0%	71	6 491
North West	Apr 08	1 071	83.5%	91	6 300
Free State	Apr 08	892	0.0%	67	6 300
Gauteng	Apr 08	2 558	44.0%	29	5 700
Gauteng	Apr 08	452	0.0%	117	5 638
Gauteng	Apr 08	690	0.0%	72	5 526
Eastern Cape	Apr 08	548	0.0%	96	5 500
Limpopo	Aug 15	843	0.0%	84	5 400
North West	Apr 08	832	30.6%	90	5 380
Gauteng	Apr 08	880	100.0%	-	5 300
Gauteng	Apr 08	1 681	0.0%	80	5 187
Limpopo	Apr 08	913	32.9%	58	5 055
Gauteng	Apr 08	1 010	0.0%	44	4 761
Gauteng	Apr 08	1 396	19.6%	75	4 170
Northern Cape	Apr 08	667	0.0%	49	4 104
North West	Aug 15	610	24.3%	101	4 000
Gauteng	Apr 08	866	0.0%	2	3 370
Limpopo	Apr 08	810	0.0%	40	3 281
Gauteng	Apr 08	850	100.0%	-	2 700
Limpopo	Apr 08	653	100.0%	-	2 519
Gauteng	Apr 08	450	100.0%	-	2 314
North West	Aug 15	272	0.0%	95	2 250
Limpopo	Apr 08	1 072	0.0%	23	2 200
		480 605	8.7%		4 757 074

Gauteng	Dec 12	21 478	0.0%	112	290 000
Gauteng	Dec 12	7 874	0.0%	137	124 700
Gauteng	Dec 12	5 048	100.0%	-	91 300
Gauteng	Feb 07	6 455	0.0%	120	78 600
Gauteng	Nov 13	4 500	0.0%	132	59 200
Gauteng	Dec 06	3 600	0.0%	-	52 100
Gauteng	Jul 11	8 451	36.6%	90	48 400
Gauteng	Jul 11	6 757	0.0%	68	37 800
Gauteng	Apr 13	3 272	0.4%	126	36 200
Gauteng	Jul 11	4 623	14.8%	76	36 000
Gauteng	Jun 07	3 942	1.4%	54	35 000

OUR PORTFOLIO IN DETAIL (CONTINUED)

Property	Location
PROPERTY PORTFOLIO – OFFICE	
Markem Office Building	21 Margaret Avenue, Kempton Park
Horwood Centre Secunda	Horwood Street, Secunda
295 Kent Avenue	295 Kent Avenue, Randburg
ABSA Horizon Park	161 Ondekkers Road, Horizon Park, Roodepoort
Howick Mews	1342 Howick Close, Waterfall Park, Midrand
Hyde West	Buidling 7, Albury Park, Dunkled West
College House	26 Peter Place, Lyme Park, Bryanston
Sandhaven Office Park	Cnr Pongola and Katherine Streets, Eastgate, Sandton
New Road Offices	30 New Road Midrand, Randjiespark
Sloan Park	Cnr Main Road and Sloane Street, Bryanston
SARS Welkom	Graaf Street, Welkom
Johnson Wax	192 Smit Street, Fairlands
Horison Office Park	No 4/6 Kingfisher Street, Horizon Park, Roodepoort
Waterview Corner	2 Ernst Oppenheimer Drive, Bruma Johannesburg
Fairland Office Park	200 Smit Street, Fairlands
Witbank Hoskins House	6 Neven Street X60, Witbank
Mellis Park	334 Rivonia Road, Rivonia
Mellis Park 2	334 Rivonia Road, Rivonia
Enel	Somerset Office Park, 5 Liberts Road, Bryanston
26 and 28 Siddle Street	26 and 28 Siddle Street, Klerksdorp
TOTAL OFFICE	

PROPERTY PORTFOLIO – INDUSTRIAL	
Corporate Park II Polokwane	Daniella Close, Marmer Street, Polokwane
New Brighton Port Elizabeth	8 Struan way, Struandale
Sterkolite Building	Cnr Swartkop and Prieska Roads, Pretoria
Renaissance Park	49 Crownwood Road, Johannesburg
Range Road Blackheath	5 Range Way, Blackheath, Kuils River
Tedstone Park Wadeville	Tedstone Road, Wadeville
Vana Road Germiston	Cnr Vana Drive and Pero, Jupiter Ext 3, Germiston
SIFON Park	238 Sifon Street, Robertville Ext 10
Bernie Street	Cnr Bernie Street and Hilston Road, Kya Sands, Randburg
14 Mandy Road	14 Mandy Road, Reuven, Johannesburg
Jasco Eastgate Ext Sandton	12 Delphi Street, Eastgate Ext 18, Sandton
Anderbolt McCarthy	246 Francis Road, Dormehl, Anderbolt, Boksburg
Alert Engine Parts	26 Western Boulevard, City West, Johannesburg
Seatings	14 Bunsen Street, Industria, Johannesburg

Region	Acquisition date	GLA (m ²)	Vacancy	Average gross Rent (R/m ²)	Valuation 2016 (R'000)
Gauteng	Dec 06	4 626	10.0%	72	31 700
Mpumalanga	Feb 08	3 630	23.7%	89	25 200
Gauteng	May 07	3 145	4.8%	76	24 200
Gauteng	Jul 11	2 427	0.0%	106	23 900
Gauteng	Apr 07	3 663	0.0%	68	23 100
Gauteng	Aug 15	1 132	0.0%	170	22 300
Gauteng	Jul 11	1 850	8.1%	81	22 200
Gauteng	Jan 07	1 901	41.7%	123	22 000
Gauteng	Jun 07	1 798	0.0%	88	21 000
Gauteng	May 07	1 304	100.0%	–	16 500
Free State	Apr 08	2 687	0.0%	62	16 000
Gauteng	Jul 11	1 716	0.0%	85	15 800
Gauteng	Jul 11	3 008	31.6%	52	13 763
Gauteng	Jul 11	2 460	8.5%	49	13 599
Gauteng	Oct 13	1 774	0.0%	74	12 600
Mpumalanga	Apr 08	614	0.0%	124	6 553
Gauteng	Nov 13	634	0.0%	59	3 921
Gauteng	Jan 07	634	0.0%	56	3 852
Gauteng	Jul 11	273	0.0%	102	3 094
North West	Apr 08	1 317	100.0%	–	2 100
		116 593	13.4%		1 212 682

Limpopo	Jun 15	28 068	3.6%	48	169 500
Eastern Cape	Mar 15	23 099	0.0%	50	151 300
Gauteng	Apr 13	12 782	0.0%	85	81 500
Gauteng	Nov 07	10 680	0.0%	26	78 500
Western Cape	Jun 07	10 980	0.0%	39	52 600
Gauteng	Aug 15	6 940	0.0%	48	40 000
Gauteng	Jun 07	8 195	0.0%	48	36 000
Gauteng	Jun 07	9 300	26.9%	48	34 000
Gauteng	Feb 07	6 343	21.7%	69	30 800
Gauteng	Jul 11	7 115	0.0%	30	25 800
Gauteng	Jul 11	5 014	0.0%	58	25 300
Gauteng	Jul 11	3 026	0.0%	69	21 700
Gauteng	Jul 11	4 351	0.0%	49	21 300
Gauteng	Jul 11	5 332	0.0%	34	20 200

OUR PORTFOLIO IN DETAIL (CONTINUED)

Property	Location
PROPERTY PORTFOLIO – INDUSTRIAL	
381/382 Robertville	1037 – 1041 Anvil Road, Robertville, Roodepoort
Fifth and Sixth Streets Wynberg	139 Sixth Street, Wynberg
Wynberg 506	56 6th Street, Wynberg
Park Avenue Industrial	13 Park Avenue North, Rooihuiskraal Extension 31
Dawn Warehouse	17 – 21 20th Street, PBO03, Polowane
1 Killarney Avenue	No 1 Killarney Avenue, Milnerton
Bartel Industrial Bloemfontein	16 Leon Bartel Street, Bloemfontein
Dauphin Seatings	12 Bunsen Street, Industria, Johannesburg
Saint Gobain	49 Silicon Street, PBO17, Polokwane
Wynpol 679	Cnr Thora Crescent and 4th Street, Wynberg
Eastgate Mini	11 and 13 Delphi Street, Eastgate, Sandton
Humcor	9 Borax Street, Alrode Ext 7, Alberton
Border Place Malvern	7 Geldenhuis Road, Malvern East, Germiston
Wynberg Corner	326 5th Avenue, Wynberg
Leeuwenhoek Industrial	5/7 Leeuwenhoek Road, Vereeniging
289 Granville Road	289 Granville Avenue, Robertville, Roodepoort
TOTAL INDUSTRIAL	
PROPERTY PORTFOLIO – HELD-FOR-SALE	
9 Grenville Avenue Epping	9 Grenville Avenue , Epping
360 Pretoria Avenue	360 Pretoria Avenue, Randburg
Concor	2 Beril Street, PBO12, Polokwane
Standard Bank Grahamstown	Church Square, Grahamstown
Selbourne House Bloemfontein	Cnr First and Selbourne Streets, Bloemfontein
Buffalo Corner East London	38 – 40 Buffalo Street, East London
Aliwal North Edgars	20 Somerset Str, Aliwal North
39 Oxford Street East London	39 Oxford Street, East London
49 Lake Avenue Benoni	49 Lake Avenue, Benoni
Virgin Active Horizon View	38 Van Santen Drive, Horizon View, Roodepoort
Kramonteer Corner Isando	Cnr Kram and Monteer Roads, Isando
TOTAL HELD FOR SALE	
PROPERTY PORTFOLIO – LAND	
Lephallale Conference Centre	Ptn 9 of erf2631, Ellisras
GRAND TOTAL	

Region	Acquisition date	GLA (m ²)	Vacancy	Average gross Rent (R/m ²)	Valuation 2016 (R'000)
Gauteng	Jul 11	4 701	0.0%	39	19 500
Gauteng	Jun 07	4 570	0.0%	43	19 000
Gauteng	Apr 08	4 451	0.0%	35	16 000
Gauteng	Apr 08	2 218	0.0%	55	15 100
Limpopo	Aug 15	4 500	59.9%	72	14 000
Western Cape	Apr 08	3 073	0.0%	38	13 500
Free State	Feb 07	2 867	0.0%	34	12 343
Gauteng	Jul 11	3 476	0.0%	28	12 300
Limpopo	Aug 15	1 810	0.0%	68	11 700
Gauteng	Apr 08	3 532	15.3%	32	10 427
Gauteng	Jun 07	2 600	0.0%	17	10 301
Gauteng	Apr 08	2 658	0.0%	26	10 000
Gauteng	Apr 08	3 678	16.8%	25	9 269
Gauteng	Apr 08	2 100	0.0%	40	8 266
Gauteng	Apr 08	2 522	61.9%	13	6 334
Gauteng	Jul 11	1 070	0.0%	39	3 969
		191 050	5.4%		980 509
Western Cape	Jun 07	7 022	0.0%	35	23 000
Gauteng	Jul 11	4 185	0.0%	34	18 000
Limpopo	Aug 15	828	0.0%	125	11 700
Eastern Cape	Apr 08	865	0.0%	109	9 500
Free State	Apr 08	1 188	0.0%	68	8 500
Eastern Cape	Apr 08	1 083	0.0%	54	7 500
Eastern Cape	Apr 08	772	0.0%	60	5 500
Eastern Cape	Apr 08	490	0.0%	74	5 000
Gauteng	Apr 08	595	100.0%	–	2 500
Gauteng	Jul 11				1 400
Gauteng	Apr 08	1 824	100.0%	–	1 250
		18 852	3.5%	559	93 850
Limpopo	May 14				12 750
		807 100	8.5%		7 056 865



06

ANNUAL FINANCIAL STATEMENTS

Game Groblersdal

Sector: Retail

GLA: 7 856 m²

Location: Groblersdal



6 ANNUAL FINANCIAL STATEMENTS

Directors' responsibility and approval	75
Certificate of the company secretary	75
Audit and risk committee report	76
Independent auditor's report	78
Directors' report	80
Statements of financial position	83
Statements of comprehensive income	84
Statements of changes in equity	85
Statements of cash flows	87
Notes to the annual financial statements	88

Preparer of the financial statements

The consolidated and company annual financial statements of Dipula Income Fund as approved by the board of directors on 14 December 2016 were prepared by Mr I Moosa CA(SA) and Mr R Asmal (Financial Director). These financial statements were audited in compliance with section 30 of the Companies Act 2008.



DIRECTORS' RESPONSIBILITY AND APPROVAL

for the year ended 31 August 2016

The directors are responsible for the preparation and fair presentation of the company and consolidated financial statements of Dipula Income Fund Limited, comprising the statements of financial position at 31 August 2016 and statements of comprehensive income, changes in equity and cash flows for the year then ended. To achieve the highest standards of financial reporting, these financial statements have been drawn up to comply with International Financial Reporting Standards and the requirements of the Companies Act, 2008 of South Africa.

The directors' responsibility includes the design, implementation and maintenance of internal controls that will ensure the preparation, integrity and fair presentation of the financial statements and other financial information included in this report, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have reviewed the appropriateness of the accounting policies and conclude that estimates and judgements are reasonable. They are of the opinion that the annual financial statements fairly present the financial position of the group and company at 31 August 2016 and its financial performance and cash flows for the year to 31 August 2016. The external auditors, who have unrestricted access to all records and information, as well as to the audit and risk committee, concur with this statement.

The directors believe that all representations made to the independent auditors during their audit are valid and appropriate. The unqualified audit report of Deloitte & Touche is presented on pages 78 to 79.

In addition, the directors have also reviewed the cash flow forecast for the year to 31 August 2017 and believe that the company and the group have adequate resources to continue in operation for the foreseeable future. Accordingly, the annual financial statements have been prepared on a going-concern basis. These financial statements support the viability of the company and of the group.

The annual financial statements were approved by the board of directors on 14 December 2016 and are signed on its behalf by:



Izak Petersen
Chief Executive

14 December 2016



Ridwaan Asmal
Financial Director

CERTIFICATE OF THE COMPANY SECRETARY

In terms of section 88(2)(e) of the Companies Act 2008, as amended ("the Act") we declare that to the best of our knowledge, for the year ended 31 August 2016, Dipula Income Fund Limited has lodged with the Companies and Intellectual Property Commission (CIPC) all such returns as are required of a public company, and all such returns are true, correct and up to date.



N Toerien
CIS Company Secretaries Proprietary Limited
Company secretary

Johannesburg
14 December 2016

AUDIT AND RISK COMMITTEE REPORT

The audit and risk committee has pleasure in submitting this report, as required by section 94 (7) of the Companies Act (the Act) and incorporating the recommendations of the King Code of Corporate Governance (King III).

The committee has an independent role with accountability to shareholders in respect of its statutory duties, and to the board in respect of duties assigned to it by the board as detailed in its terms of reference. The terms of reference is reviewed and updated on a regular basis. The committee has performed its duties during the past financial year in accordance with the terms of reference.

The committee is chaired by independent non-executive director Y Waja and further comprises independent non-executive directors BH Azizollahoff and Professor E Links. The board of directors is satisfied that these directors act independently for the purposes of the committee. Members of the committee are all financially literate with the requisite levels of financial expertise. The Chief Executive, the Financial Director, the executive director, the internal auditor and the external auditor attend meetings of the committee by invitation. The external auditor and internal auditor meet with the committee without any of the executives on an annual basis and have unrestricted access to the committee. The committee meets at least four times a year and special meetings are convened when necessary. Details of attendance by members at meetings for the year under review are set out on page 49.

RESPONSIBILITIES

The committee has performed the duties assigned to it by the Act and as governed by other legislative requirements including the statutory audit committee functions required for subsidiary companies. The committee performed the following activities, amongst others, during the year review:

- reviewed and recommended to the board the interim financial results and annual financial statements;
- assisted the board in overseeing the quality and integrity of the group's Integrated Annual Report process;
- considered accounting treatments, significant financial transactions and other financial information;
- ensured compliance with the JSE Listings Requirements and other applicable legislations and amendments thereto; in particular considered the JSE's report on "proactive monitoring of financial statements for compliance with IFRS" issued on 15 February 2016 and ensured the relevant findings were taken into consideration in the annual financial statements.
- in compliance with the JSE Listings Requirements 3.84(h), reviewed the performance, appropriateness and expertise of the Financial Director, R Asmal and is satisfied therewith;
- recommended to the annual general meeting the appointment of Deloitte & Touche as auditors for the 2017 financial year, by following the procedures prescribed by the Companies Act;
- considered the independence and objectivity of the external auditors and ensured that the scope of additional services provided did not impair their independence;
- reviewed the external audit plan and approved the external auditors' fee proposal for the 2016 financial year; and
- considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment.

After assessing the requirements set out in section 94(7)(a – e) of the Companies Act, the committee is satisfied with the independence and objectivity of the external auditors, and recommends the reappointment of the external auditors Deloitte & Touche at the next annual general meeting.

AUDIT AND RISK COMMITTEE REPORT CONTINUED

INTERNAL FINANCIAL CONTROLS AND THE FINANCE FUNCTION

The internal audit function is outsourced to an independent service provider and is an integral part of the enterprise-wide risk management framework. Internal audit reports directly to the audit and risk committee and operates in terms of the internal audit plan approved by the audit and risk committee. Based on enquiries made, the assurance obtained from management and the reports obtained from the internal and external auditors, the committee has satisfied itself that no significant breakdown in current controls, procedures and systems have occurred during the year that could have a material impact on financial reporting.

GOING CONCERN

The committee, through its review of the 2017 budget and cash flows and discussions with management, reported to the board that it supported management's view that the group will be a going concern for the foreseeable future.

ANNUAL FINANCIAL STATEMENTS

Following a review by the committee and based on processes and assurances obtained, the committee recommended the annual financial statements of Dipula Income Fund Limited for the year ended 31 August 2016 to the board for approval.

RISK MANAGEMENT

The committee has adopted and implemented an appropriate risk management policy which is in accordance with industry practice. During the year, the group has, in all material respects, complied with the policy.

The committee reviews the analysis of the critical risks facing the group on a quarterly basis. The risk analysis and management's response to these risks is detailed on pages 21 to 23 of this integrated annual report. The committee is satisfied, to the extent possible given the wide range of known and unknown risks facing the group and all businesses in general, that the compensating controls in place to mitigate the identified key risks are adequate.

SUBSIDIARY COMPANIES

The function of the committee are also performed for the subsidiary companies and business entities of Dipula on the basis that the management of the group is centralised in Dipula Asset Management Trust (DAMT) who reports to this committee and the board on a group basis.



Y Waja
Chairman

14 December 2016

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF DIPULA INCOME FUND LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the consolidated and separate financial statements of Dipula Income Fund Limited set out on pages 83 to 136, which comprise the statements of financial position as at 31 August 2016, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 statements.

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

OPINION

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of Dipula Income Fund Limited as at 31 August 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

National Executive: LL Bam* Chief Executive Officer TMM Jordan* Deputy Chief Executive Officer MJ Jarvis* Chief Operating Officer GM Pinnock* Audit N Sing* Risk Advisory NB Kader* Tax TP Pillay Consulting TJ Brown* Chairman of the Board.

* Partner and Registered Auditor

B-BBEE rating: Level 2 contributor in terms of the Chartered Accountancy Profession Sector Code

Associate of Deloitte Africa, a member of Deloitte Touche Tohmatsu Limited

OTHER REPORTS REQUIRED BY THE COMPANIES ACT

As part of our audit of the consolidated and separate financial statements for the year ended 31 August 2016. We have read the directors' report, the audit and risk committee report and the certificate of the company secretary for the purpose of identifying whether there are material inconsistencies between these reports and the audited consolidated and separate financial statements.

These reports are the responsibility of the respective preparers. Based on reading these reports we have not identified material inconsistencies between these reports and the audited consolidated and separate financial statements. However, we have not audited these reports and accordingly do not express an opinion on these reports.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In terms of the Independent Regulatory Board for Auditors (IRBA) Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of Dipula Income Fund Limited for two years.



Deloitte & Touche
Registered Auditors
Per: **Patrick Kleb**
Partner
14 December 2016

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DIRECTORS' REPORT

The directors have pleasure in submitting their report for the year ended 31 August 2016.

NATURE OF BUSINESS

Dipula is a REIT and is listed on the JSE Limited under the Property: Real Estate Investment Trust sector.

Dipula was granted REIT status with effect from 1 September 2013. The company listed on the JSE on 17 August 2011 and its primary business is long-term investment in rental income generating properties. Given the nature of its business, Dipula uses distribution per share as its key performance measure instead of earnings or headline earnings per share.

Its subsidiaries own a diversified property portfolio of retail, industrial and office properties.

GROUP OF ENTITIES

The "Group" comprises the following entities:

Dipula Income Fund Limited
Asakhe Realty Investment Fund Proprietary Limited
Dipula Property Management Proprietary Limited
Emerald Fire Investments Proprietary Limited
Gillwell Taxi Retail Park Proprietary Limited
Jarrabilla Investments Proprietary Limited (80%)
Lizinex Proprietary Limited (80%)
Mergence Africa Property Fund Proprietary Limited
Mergence Africa Property Investment Trust
The Dipula Property Investment Trust

CAPITAL STRUCTURE

The Dipula A and B share structure offers investors two distinct risk/reward propositions. The distribution of the A share escalates at 5% per annum until August 2017 and thereafter at the lower of CPI and 5%. These units have preferential entitlements to income distributions. The remaining distributable income accrues to the B shares.

REVIEW OF OPERATIONS AND ACQUISITIONS

The results of the group and the company are set out in the attached financial statements and accompanying notes.

ACQUISITIONS

During the year under review, the group acquired and transferred 29 new properties for a total value of R1.2 billion. The Moolman acquisition was considered to be a business combination (refer to note 29). The purchase of Gillwell Taxi Retail Park Proprietary Limited was not considered to be a business combination (refer to note 29).

DISPOSALS

In line with the strategy to dispose of non-core assets to improve the quality of its portfolio, Dipula disposed of five properties at R61.7 million during the year. Agreements have been concluded for a further R92.5 million.

DISTRIBUTIONS

Distributions for the year amounted to 96.47414 cents (2015: 91.88014 cents) per A-share and 89.49361 cents (2015: 80.29606) per B-share.

DIRECTORS' REMUNERATION

Please refer to note 30 in the annual financial statements.

STATED CAPITAL

The authorised share capital of the company consists of 1 billion A ordinary shares of no par value and 1 billion B ordinary shares of no par value.

Further details on stated capital are set out in note 12.

PROPERTY VALUATIONS

The portfolio was valued at 31 August 2016 as per the Investment Property accounting policy (note 1.5) at R7.1 billion (2015: R5.6 billion) and the net asset value per share was R10.46 (2015: R9.34) at yearend.

BORROWINGS

As at 31 August 2016, the all-in blended rate of the group's debt was 8.93% (2015: 8.12%). The group has total debt facilities of R3.0 billion, with R2.9 billion utilised to date.

About 60.8% of the drawn-down debt has been hedged through a combination of interest rate swaps and fixed interest loans.

SUBSEQUENT EVENTS

The board is not aware of any matters or circumstances arising since the end of the financial year to the date of this report, not otherwise dealt with in the report that would significantly affect the operations, the results and the financial position of the group.

The directors of the company as at the date of this report were:

DIRECTORS

Independent non-executive

ZJ Matlala (Chairperson)

BH Azizollahoff#

SA Halliday

E Links

Y Waja

Executive

IS Petersen (Chief Executive)

R Asmal (Financial Director)

NS Gumede

British

Z J Matlala and BH Azizollahoff will retire at the forthcoming annual general meeting and both being eligible for re-election, will so offer themselves.

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS

The interest of the directors in the shares of Dipula Income Fund at 31 August 2016 was as follows:

Number of shares	2016			2015		
	Direct beneficial	Indirect beneficial	Total	Direct beneficial	Indirect beneficial	Total
A-SHARES						
NS Gumede	–	466 304	466 304	–	609 850	609 850
IS Petersen	1 000	1 065 612	1 066 612	1 000	1 065 612	1 066 612
Y Waja	20 000	–	20 000	20 000	–	20 000
	21 000	1 531 916	1 552 916	21 000	1 675 462	1 696 462
B-SHARES						
NS Gumede	–	11 709 711	11 709 711	–	11 255 521	11 255 521
IS Petersen	66 667	11 538 006	11 604 673	66 667	11 106 525	11 173 192
Y Waja	22 500	–	22 500	22 500	–	22 500
	89 167	23 247 717	23 336 884	89 167	22 362 046	22 451 213

There have been no changes to the interest of directors since 31 August 2016 to the date of approval of the annual financial statements.

DISTRIBUTION TO SHAREHOLDERS

Distributions to shareholders are disclosed in note 23 of the annual financial statements.

CORPORATE GOVERNANCE AND INTERNAL CONTROLS

The company's status with regard to corporate governance and internal controls is set out in a separate statement in the integrated annual report. (See pages 47 to 54).

AUDIT AND RISK COMMITTEE AND INDEPENDENCE OF AUDITOR

The audit and risk committee consists only of independent non-executive directors and has reviewed these annual financial statements prior to submission to the board for approval. The audit and risk committee has also assessed the independence of the external auditors and is satisfied with their independence. Further detail regarding the scope and mandate of the audit and risk committee is detailed on page 76 of this integrated annual report.

SUBSIDIARY COMPANIES

Information relating to the company's interest in its subsidiaries is detailed in note 8 of the annual financial statements.

GOING CONCERN

The directors are of the opinion that the group and company has adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going-concern basis in preparing the group's consolidated and separate annual financial statements. The directors have satisfied themselves that the group is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements.

COMPANY SECRETARY

The company secretary is CIS Company Secretaries Proprietary Limited.

BUSINESS ADDRESS

Block B, Dunkeld Park, 6 North Road, Dunkeld West, 2196

POSTAL ADDRESS

PO Box 875, Parklands, 2121

STATEMENTS OF FINANCIAL POSITION

as at 31 August 2016

	Notes	GROUP		COMPANY	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
ASSETS					
Non-current assets		7 017 087	5 562 466	6 007 478	5 080 337
Investment property		6 963 015	5 511 350	22 300	24 080
Fair value of property portfolio for accounting purposes	3	6 822 860	5 413 107	21 953	24 080
StraightLine rental income accrual	4	140 155	98 243	347	–
Goodwill	5	48 482	48 482	–	–
Property plant and equipment	6	1 374	1 231	73	–
Derivative financial assets	7	4 216	1 403	4 216	1 403
Interest in subsidiaries	8	–	–	5 980 889	5 054 854
Current assets		206 704	161 234	38 487	18 780
Trade and other receivables	9	147 972	98 188	1 795	112
Cash and cash equivalents	10	58 732	63 046	36 692	18 668
Non-current assets held-for-sale					
Investment property held for sale	11	93 850	49 366	–	–
Total assets		7 317 641	5 773 066	6 045 965	5 099 117
EQUITY AND LIABILITIES					
Equity		4 325 604	3 603 971	3 375 110	3 064 872
Stated capital	12	3 073 687	2 799 016	3 149 130	2 874 459
Fair value reserve	13	992 884	705 947	5 376	1 403
Non-controlling interest		131 190	–	–	–
Accumulated profit		127 843	99 008	220 604	189 010
Non-current liabilities					
Interest-bearing liabilities	14	2 631 664	1 752 422	2 402 727	1 741 322
Current liabilities		360 373	416 673	268 128	292 923
Interest-bearing liabilities	14	255 000	288 822	255 000	288 822
Trade and other payables	16	105 373	127 851	13 128	4 101
Total equity and liabilities		7 317 641	5 773 066	6 045 965	5 099 117

STATEMENTS OF COMPREHENSIVE INCOME

for the year ended 31 August 2016

			GROUP		COMPANY		
			2016	2015	2016	Restated*	
			R'000	R'000	R'000	2015	
Notes						R'000	
Revenue			1 065 387	729 109	23 361		–
Contractual rental income			797 557	578 550	2 614		–
Recoveries and other income			225 918	146 482	20 400		–
Straight-line rental income accrual			41 912	4 077	347		–
Property expenses			(349 646)	(250 216)	(868)		–
Net property income			715 741	478 893	22 493		–
Dividends received from group companies	33		–	–	574 529		453 507
Administration and corporate costs			(32 013)	(25 789)	(4 113)		(2 127)
Net operating profit	17		683 728	453 104	592 909		451 380
Net finance cost			(242 002)	(269 644)	(210 691)		(272 047)
Finance income	19		8 540	7 626	3 111		4 183
Finance cost	18		(250 542)	(149 456)	(213 802)		(148 416)
Debtenture interest	31		–	(127 814)	–		(127 814)
Net profit after finance cost			441 726	183 460	382 218		179 333
Transaction cost on business combinations			(3 032)	–	–		–
Fair value adjustments			245 025	207 391	3 626		1 403
Investment properties and held for sale			284 124	210 065	1 160		–
Straight-line rental income accrual			(41 912)	(4 077)	(347)		–
Interest rate swaps			2 813	1 403	2 813		1 403
Profit before taxation			683 719	390 851	385 844		180 736
Taxation	20		–	–	–		–
Profit for the year after taxation			683 719	390 851	385 844		180 736
Other comprehensive income			–	–	–		–
Total comprehensive income for the year			683 719	390 851	385 844		180 736
Total profit and comprehensive income for the year attributable to:							
Shareholders of the company			666 049	390 851	385 844		180 736
Non-controlling interests			17 670	–	–		–
			683 719	390 851	385 844		180 736
Basic and diluted earnings per A-share	(cents)	21	163.18	144.69	94.53		50.42
Basic and diluted earnings per B-share	(cents)	21	163.18	144.69	94.53		50.42

* see note 33

STATEMENTS OF CHANGES IN EQUITY

for the year ended 31 August 2016

	Stated capital R'000	Fair value reserve R'000	Retained income R'000	Non- controlling interest R'000	Total equity R'000
GROUP					
Balance at 31 August 2014	427 852	494 479	(80 375)	–	841 956
Total comprehensive income for the year	–	–	390 851	–	390 851
Capitalisation on cancellation of debentures	2 371 164	–	–	–	2 371 164
Transfer to fair value reserve – investment properties	–	210 065	(210 065)	–	–
Transfer to fair value reserve – interest rate swaps	–	1 403	(1 403)	–	–
Balance at 31 August 2015	2 799 016	705 947	99 008	–	3 603 971
Equity contributed by non-controlling shareholders	–	–	–	128 212	128 212
Total comprehensive increase for the year	–	–	666 049	17 670	683 719
Shares issued net of share issue expenses	274 671	–	–	–	274 671
Dividends declared	–	–	(350 277)	(14 692)	(364 969)
Transfer to fair value reserve – investment properties	–	284 124	(284 124)	–	–
Transfer to fair value reserve – interest rate swaps	–	2 813	(2 813)	–	–
Balance at 31 August 2016	3 073 687	992 884	127 843	131 190	4 325 604
COMPANY					
Balance at 31 August 2014	468 940	–	9 677	–	478 617
Total comprehensive income for the year	–	–	180 736	–	180 736
Capitalisation on cancellation of debentures	2 405 519	–	–	–	2 405 519
Transfer to fair value reserve – investment properties	–	–	–	–	–
Transfer to fair value reserve – interest rate swaps	–	1 403	(1 403)	–	–
Balance at 31 August 2015	2 874 459	1 403	189 010	–	3 064 872
Total comprehensive increase for the year	–	–	385 844	–	385 844
Shares issued net of share issue expenses	274 671	–	–	–	274 671
Dividends declared	–	–	(350 277)	–	(350 277)
Transfer to fair value reserve – investment properties	–	1 160	(1 160)	–	–
Transfer to fair value reserve – interest rate swaps	–	2 813	(2 813)	–	–
Balance at 31 August 2016	3 149 130	5 376	220 604	–	3 375 110

RECONCILIATION BETWEEN PROFIT, EARNINGS AND HEADLINE EARNINGS

	31 August 2016 R'000	31 August 2015 R'000
Profit attributable to shareholders of the company	666 049	390 851
Debt interest	–	127 814
Earnings	666 049	518 665
<i>Adjustments:</i>	<i>(242 212)</i>	<i>(205 988)</i>
Fair value – investment properties and held-for-sale	(284 124)	(210 065)
Fair value – straight-line rental income	41 912	4 077
Headline earnings	423 837	312 677
Weighted average number of A-shares in issue*	203 078 454	178 765 274
Weighted average number of B-shares in issue*	205 098 372	179 705 865
Basic earnings per A-share (cents)	163.18	144.69
Basic earnings per B-share (cents)	163.18	144.69
Headline earnings per A-share (cents)	103.84	87.23
Headline earnings per B-share (cents)	103.84	87.23
Distribution per A-share (cents)	96.47414	91.88014
Interim	48.23707	45.94007
Final	48.23707	45.94007
Distribution per B-share (cents)	89.49361	80.29606
Interim	38.78144	35.34590
Final	50.71217	44.95016
Combined share (cents)	185.96775	172.17620
Interim	87.01851	81.28597
Final	98.94924	90.89023
Number of A-shares in issue*	206 827 963	192 987 583
Number of B-shares in issue*	206 827 963	192 987 583
Net asset value per A-share (cents)	1045.70	933.73
Net asset value per B-share (cents)	1045.70	933.73
<i>* Net of treasury shares</i>		
Loan to Value (LTV) (%)	40.1	35.6

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.

STATEMENTS OF CASH FLOWS

for the year ended 31 August 2016

	Notes	GROUP		COMPANY	
		2016 R'000	2015 R'000	2016 R'000	Restated* 2015 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(utilised in) operations	22	577 007	460 952	25 392	(7 480)
Finance income		8 540	7 626	3 111	4 183
Finance cost		(250 542)	(149 456)	(213 802)	(148 416)
Dividends received from group companies		–	–	574 529	453 507
Distribution paid	23	(364 969)	(265 290)	(350 277)	(265 290)
Net cash (utilised in)/generated from operating activities		(29 964)	53 832	38 953	36 504
CASH FLOWS FROM INVESTING ACTIVITIES					
Acquisition of investment properties		(1 282 882)	(1 251 073)	2 940	(24 080)
Acquisition of property, plant and equipment		(474)	(1 324)	(88)	–
Contribution from non-controlling interest		128 212	–	–	–
Loans advanced to subsidiaries		–	–	(926 035)	(1 132 086)
Proceeds on disposal of investment properties		60 703	92 200	–	–
Net cash utilised in investing activities		(1 094 441)	(1 160 197)	(923 183)	(1 156 166)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of shares		274 671	692 669	274 671	692 669
Interest-bearing liabilities raised		845 420	444 724	627 583	444 724
Net cash generated from financing activities		1 120 091	1 137 393	902 254	1 137 393
Net (decrease)/increase in cash and cash equivalents		(4 314)	31 028	18 024	17 731
Cash and cash equivalents at the beginning of the year		63 046	32 018	18 668	937
Cash and cash equivalents at the end of the year	10	58 732	63 046	36 692	18 668

* see note 33

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 August 2016

REPORTING ENTITY

Dipula Income Fund Limited (“Dipula” or “the company” or “the group”) is a company domiciled in South Africa.

The consolidated financial statements of the company for the year ended 31 August 2016 comprise the company and its subsidiaries (together referred to as the “group”) and the accounting policies listed below apply to both the consolidated and separate financial statements. The financial statements were authorised for issue by the directors on 14 December 2016.

BASIS OF PREPARATION

Basis of measurement

The consolidated and separate financial statements (“financial statements”) are prepared on the historical cost basis except for investment properties and certain financial instruments which are measured at fair value. Fair value adjustments (where applicable) do not affect the calculation of distributable earnings but do affect the net asset value per share to the extent that adjustments are made to the carrying values of assets and liabilities.

Statement of compliance

The financial statements have been consistently prepared in accordance with the requirements of International Financial Reporting Standards (“IFRS”), the SAICA Financial Reporting Guides, as issued by the Accounting Practice Committee and the Companies Act, 2008.

The accounting policies are consistent with those applied in the prior period.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in South African Rand, which is also the functional currency of the group, rounded to its nearest thousand (R’000) unless otherwise indicated.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRS that have a significant effect on the financial statements, and estimates with a significant risk of material adjustment in the next year are set out in note 29.

1. ACCOUNTING POLICIES

The accounting policies set out below have been applied in preparing the financial statements for the year ended 31 August 2016 and the comparative information presented in these financial statements for the year ended 31 August 2015.

1.1 Basis of preparation

Except for the adoption of IFRS 3, the accounting policies applied by the group, and the preparation of these financial statements are consistent with the accounting policies applied in the preparation of the previous financial statements.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and entities controlled by the company (its subsidiaries).

Control is defined as when the company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. The company controls the subsidiary if and only if the company has all the following elements:

- Power over subsidiary.
- Exposure, or rights, to variable returns from its involvement with the subsidiary.
- The ability to use its power over the subsidiary to affect the amount of the company's returns.

Power is defined as existing rights that give the current ability to direct the relevant activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statements of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the group.

The consolidated financial statements combine like items of assets, liabilities, equity, income, expenses and cash flows of the company with those of its subsidiaries. The carrying amount of the company's investment in each subsidiary and the company's portion of equity of each subsidiary is offset and any related goodwill is recognised in accordance with IFRS 3: Business Combinations.

All intra-group assets, liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group, and the profits or losses resulting from intra-group transactions that are recognised in assets such as inventories and fixed assets are eliminated on consolidation.

The non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the group's equity therein. The non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling shareholders' share of changes in equity since the date of the combination.

When there is a change in the company's ownership interest in a subsidiary, but the company does not cease to have control, this is accounted for as an equity transaction.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

1. ACCOUNTING POLICIES CONTINUED

1.2 Basis of consolidation continued

1.2.1 Subsidiaries

Subsidiaries are those entities controlled by the group. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commenced until the date that control ceases.

In the case of the company, investments in subsidiaries are measured at cost less impairment losses.

The group has not changed its control conclusion in respect of its investments in subsidiaries.

1.3 Business combinations

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. Acquisition-related costs are expensed as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 Business Combinations are recognised at their fair values at the acquisition date, except for:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits, respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements in the group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- non-current assets (or disposal groups) that are classified as held-for-sale in accordance with IFRS 5 Non-current Assets Held-for-Sale and Discontinued Operations, which are recognised and measured at fair value less costs to sell.

For each business combination, the group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's net fair value of the identifiable net assets.

When the consideration transferred by the group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.

Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IAS 37 Provisions, Contingent Liabilities and Contingent Assets are measured at fair value with changes in fair value recognised either in profit or loss or as a charge to other comprehensive income. If the contingent consideration is not within this scope, it is measured in accordance with the appropriate IFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

When a business combination is achieved in stages, the group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the group reports provisional amounts for the item for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

1.4 Joint operations

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

When a group entity undertakes its activities under joint operations, the group as a joint operator recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue, including its share of revenue arising from the sale of the output arising from the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The group accounts for assets, liabilities, revenue and expenses relating to its interest in a joint operation in accordance with the IFRS applicable to the particular assets, liabilities, revenues and expenses.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a sale or contribution of assets), the group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a group entity transacts with a joint operation in which a group entity is a joint operator (such as a purchase of assets), the group does not recognise its share of the gains and losses until it resells those assets to a third party.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

1. ACCOUNTING POLICIES CONTINUED

1.5 Investment property

Investment properties are those held either to earn rental income or for capital appreciation or both but not for sale in the ordinary course of business or for administration purposes.

The cost of investment property comprises the purchase price and directly attributable expenditure.

Subsequent expenditure relating to investment property is capitalised when it is probable that there will be future economic benefits from the use of the asset. All other subsequent expenditure is recognised as an expense in the period in which it is incurred.

After initial recognition, investment properties are measured at fair value. These fair values are determined on an annual basis, however, if acquisitions occur within the last six months of the year, the properties are valued at their acquisition price, as this is considered to be the fair value. Unless there has been a material change in the condition of the property which would require a new assessment of the value of the property.

Investment properties above R12 million in value at the last valuation date are valued by external independent registered valuers with appropriate and recognised professional qualifications and recent experience in the location and category of property being valued.

One third of the properties below R12 million in value (at the last valuation date) are valued externally whilst the remaining two thirds are valued internally by directors.

Valuations are done on the open market value basis and the valuers use either the discounted cash flow method or the capitalisation of net income method or a combination of the methods. Gains or losses arising from changes in the fair values are included in profit or loss in the period in which they arise. Unrealised gains are transferred to a non-distributable fair value reserve in the statement of changes in equity. Unrealised losses are transferred to the fair value reserve to the extent that the decrease does not exceed the amount held in the fair value reserve.

Immediately prior to disposal of investment property the investment property is revalued to the net sales proceeds and such revaluation is recognised in profit or loss during the period in which it occurs.

Borrowing costs are capitalised to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset are in progress and expenditures and borrowing costs are being incurred. Capitalisation of borrowing costs may continue until the assets are substantially ready for their intended use.

In the event that the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. The capitalisation rate is arrived at by reference to the actual rate payable on borrowings for redevelopment purposes or, with regard to that part of redevelopment cost financed out of general funds, the weighted average cost of borrowings.

Tenant installation and lease commission costs are amortised over the period of the lease.

Investment property held-for-sale

Classification

Non-current assets held for sale, are those investment properties whose carrying amount will be recovered principally through sale rather than use. To classify the investment property as a non-current asset held for sale, it must be available for immediate sale in its present condition, subject only to terms that are usual for the sale of such assets, and the sale must be highly probable within a year. For the sale to be highly probable, management must be committed to a plan to dispose of the investment properties, actively market them, and expect that the properties will be sold within a year.

Measurement

Investment property classified as held for sale is carried at fair value in terms of IAS 40: Investment Properties.

1.6 Property, plant and equipment

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits associated with the item will flow to the group; and
- the cost of the item can be measured reliably.

Property, plant and equipment are initially measured at cost.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to or, replace part of it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised. Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

Property, plant and equipment are carried at cost less accumulated depreciation and any impairment losses. Leasehold improvements are depreciated over the shorter of the useful life of the asset or the lease term.

Item	Average useful life
Motor vehicles	five years
Computer equipment	three years
Furniture and fixtures	six years
Office equipment	five years

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimate. The depreciation charge for each period is recognised in profit or loss unless it is included in the carrying amount of another asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in profit or loss when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

1. ACCOUNTING POLICIES CONTINUED

1.7 Financial instruments

Financial instruments include cash and cash equivalents, trade and other receivables, loans to related parties, trade and other payables interest-bearing borrowings and debentures.

Recognition

Financial instruments are initially measured at fair value which, except for financial instruments measured at fair value through profit or loss, included directly attributable transaction costs.

Subsequent to initial recognition, financial instruments are measured as follows:

Cash and cash equivalents – Carried at amortised cost.

Loans – Stated at amortised cost using the effective interest rate method net of impairment losses.

Trade and other receivables – Stated at amortised cost using the effective interest rate method net of impairment losses.

Trade and other payables – Carried at amortised cost using the effective interest rate method.

Interest-bearing borrowings – Carried at amortised cost using the effective interest rate method.

Debentures – Considered to be held to maturity and is amortised using the effective interest rate method.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the contractual rights to receive cash flows from the asset have expired; and
- the group or company has transferred its rights to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is 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 and/or company 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.

1.8 Goodwill

All business combinations are accounted for by applying the purchase method. Goodwill represents amounts arising on acquisition of subsidiaries or businesses and comprises the difference between the cost of the acquisition and the fair value of the net identifiable assets, liabilities and contingent liabilities acquired.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Negative goodwill arising on acquisition is recognised directly in profit or loss.

Expenditure on internally generated goodwill and brands is recognised in profit or loss as incurred.

1.9 Impairment

Non-financial assets

The carrying amounts of the group's non-financial assets, other than investment property are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount is estimated at each reporting date for goodwill and intangible assets that have an indefinite useful life and intangible assets that are not yet available for use.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount and is recognised in profit or loss.

Impairment losses recognised are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a *pro rata* basis.

The recoverable amount of an asset or a cash-generating unit is the greater of their fair value less cost to sell and their value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using the original effective pre-tax discount rate. For any asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and there is an indication that the impairment loss no longer exists.

An impairment loss is reversed only to the extent that the carrying amount of the asset does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

1. ACCOUNTING POLICIES CONTINUED

1.9 Impairment continued

Financial assets continued

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis.

The remaining financial assets are assessed collectively in groups that share similar credit characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash balances, call deposits, and short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts that are repayable on demand and form an integral part of the group's cash management, are included as a component of cash and cash equivalents for the purpose of the cash flow statement.

1.11 Trade and other receivables

Trade and other receivables are subsequently measured at amortised cost using the effective interest rate method, less impairment losses. Receivables with a short duration are not discounted as the effects of discounting are immaterial.

1.12 Trade and other payables

Trade and other payables are measured at amortised cost, using the effective interest rate method.

1.13 Other financial liabilities

Interest-bearing borrowings and debentures are measured at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowing on an effective interest rate basis.

1.14 Derivative financial instruments

The group uses derivative financial instruments to economically hedge its exposure to interest rate risk arising from its financing activities. The group does not hold or issue derivative financial instruments for trading purposes. However, as the hedge relationship is not designated as a hedge for accounting purposes, the derivatives are accounted for as trading instruments.

Subsequent to initial recognition derivative financial instruments are measured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. Any gains or losses on these financial instruments arising from changes in fair value do not affect distributable earnings. These gains or losses are transferred from retained earnings to a fair value reserve as they are not available for distribution.

The only derivative instruments held by the group are interest rate swaps. The fair value of an interest rate swap is the estimated amount that the group would receive or pay to terminate the swap at the reporting date, taking account of current interest rates and the current creditworthiness of the swap counterparties.

1.15 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.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as treasury shares and presented as a deduction from total equity.

1.16 Debentures and debenture premium

Debentures are initially measured at fair value and are subsequently measured at amortised cost. The debenture premium is amortised over the period which the debentures will be repaid. The portion reported in profit or loss for the amortisation of the debentures is removed for distribution purposes. Debentures are designated as financial liabilities measured at amortised cost.

1.17 Revenue

Revenue comprises gross rental revenue and recoveries of rates, operating costs and municipal recoveries, excluding VAT. Rental revenue from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue over the lease period.

1.18 Expenses

Service costs for service contracts entered into and property operating and municipal costs are expensed as incurred.

1.19 Finance costs and finance income

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method.

Finance income comprises interest received on funds invested and is recognised in profit or loss as it accrues, taking into account the effective yield on the asset.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

1. ACCOUNTING POLICIES CONTINUED

1.20 Income tax

Income tax for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to business combinations or items recognised directly in equity or other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at reporting date, and any adjustments to tax payable in respect of previous years. Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not provided for the following temporary differences: initial recognition of assets and liabilities in a transaction that is not a business combination, where the initial recognition affects neither accounting nor taxable profit or loss and on differences relating to investments in subsidiaries, associates and joint ventures to the extent that the parent company is able to control the timing of the reversal of the temporary differences and they will probably not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable group, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Non-REIT assets and liabilities

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

REIT assets and liabilities

In respect of investment properties the measurement of deferred tax is based on a rebuttable presumption that the amount of the investment property will be recovered entirely through sale. Capital gains and losses for property sold by a REIT are disregarded and the rate relevant to recoupments is 28%. Investment properties are held as long-term income generating assets. Therefore, should any property no longer meet the company's investment criteria and be sold, any profits or losses will be capital in nature and will be taxed at rates applicable to capital gains (current nil). Allowances previously claimed will be recouped on sale.

Where an accumulated loss is available to shield this recoupment, a deferred tax asset is raised.

In respect of other assets and liabilities deferred tax is provided based on the expected manner of realisation or settlement taking into account the entities expectation that it will pay dividends and will receive a tax deduction making it in substance exempt.

1.21 Segmental reporting

A segment is a distinguishable component of the group that is engaged either in providing services (business segment), or in providing services within a particular economic environment (geographical segment), which is subject to risks and returns that are different from those of other segments. The group's primary segment is based on business segments. There are no secondary segments. The business segments are determined based on the group's management and internal reporting structure.

On a primary basis, the group operates in the following segments:

- Retail
- Industrial
- Offices
- Land

The group will from time to time invest in/divest from certain primary segments, in which case segmental reporting will be adjusted to reflect only the relevant operating segments.

Segment results include revenue and expenses directly attributable to a segment and the relevant portion of group revenue and expenses that can be allocated on a reasonable basis to a segment. Segmental assets comprise those assets that are directly attributable to the segment or can be allocated to the segment on a reasonable basis.

1.22 Related parties

Related parties in the case of the group include any shareholder who is able to exert a significant influence on the operating policies of the group. Directors, their close family members and any employee who is able to exert significant influence on the operating policies of the group are also considered to be related parties. In the case of the company, related parties would also include subsidiaries.

1.23 Earnings per share

The group presents basic and diluted earnings per share. It also presents headline and diluted headline earnings per share.

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders by the weighted average number of shares in issue during the year.

Headline earnings per share is calculated by dividing headline earnings by the weighted average number of shares in issue during the year.

1.24 Employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. Short-term employee benefits are measured on an undiscounted basis.

The accrual for employee entitlements to salaries and leave represent the amount which the group has a present obligation to pay as a result of the employees' services provided to the reporting date.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

2. NEW AND AMENDED IFRS STANDARDS NOT YET EFFECTIVE

There are a number of forthcoming new standards and amendments to currently effective standards, which have been issued by the IASB (International Accounting Standards Board) prior to the publication of these financial statements, but which are effective only in future accounting periods, unless early adoption is chosen. The following would be applicable to the group:

The Group plans to adopt all new standards/amendments on the required effective date.

The new standards and amendments are not expected to have any impact on the group.

Standard	Amendment	Effective date
IFRS 1: First time Adoption of International Financial Reporting Standards	Amendments resulting from 2012 to 2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IFRS 5: Non-current Assets Held-for-Sale and Discounted Operations	Amendments resulting from 2012 to 2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IFRS 7: Financial Instruments: Disclosures	Amendments resulting from 2012 to 2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IAS 19: Employee Benefits	Amendments resulting from 2012 to 2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IAS 34: Interim Financial Reporting	Amendments resulting from 2012 to 2014 Annual Improvements Cycle	Annual periods beginning on or after 1 January 2016
IFRS 9: Financial Instruments	Reissue of a complete standard with all the chapters incorporated	Annual periods beginning on or after 1 January 2018
IFRS 10: Consolidated Financial Statements	Amendments on sale or contribution of assets between an investor and its associate or joint venture	Annual periods beginning on or after 1 January 2016
IFRS 10: Consolidated Financial Statements	Amendments related to the application of the investment entities exception	Annual periods beginning on or after 1 January 2016
IFRS 11: Joint Arrangements	Amendments requiring the acquirer of an interest in a joint operation in which the activity constitutes a business, as defined in IFRS 3: Business Combinations, to apply all of the principles on business combinations accounting in IFRS 3	Annual periods beginning on or after 1 January 2016
IFRS 12: Disclosure of Interest in Other Entities	Amendments related to the application of the investment entities exception	Annual periods beginning on or after 1 January 2016
IFRS 14: Regulatory Deferral Accounts	Original issue	Annual periods beginning on or after 1 January 2016
IFRS 15: Revenue from Contracts with Customers	Original issue	Annual periods beginning on or after 1 January 2018

Standard	Amendment	Effective date
IAS 1: Presentation of Financial Statements	Amendments arising under the Disclosure Initiative	Annual periods beginning on or after 1 January 2016
IAS 16: Property, Plant and Equipment	Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 January 2016
IAS 16: Property, Plant and Equipment	Amendments to include "bearer plants" within the scope of IAS 16 rather than IAS 41	Annual periods beginning on or after 1 January 2016
IAS 27: Separate Financial Statements	Amendments relating to equity method in separate financial statements	Annual periods beginning on or after 1 January 2016
IAS 28: Investments in Associates and Joint Ventures	Amendments on sale or contribution of assets between an investor and its associate or joint venture	Annual periods beginning on or after 1 January 2016
IAS 28: Investments in Associates and Joint Ventures	Amendments related to the application of the investment entities exception	Annual periods beginning on or after 1 January 2016
IAS 38: Intangible Assets	Amendments resulting from clarification of acceptable methods of depreciation and amortisation (Amendments to IAS 16 and IAS 38)	Annual periods beginning on or after 1 January 2016
IAS 7: Statement of Cash Flows	Amendments arising under the Disclosure Initiative	Annual periods beginning on or after 1 January 2017
IAS 12: Income Taxes	Amendments to recognition of deferred tax assets for unrealised losses	Annual periods beginning on or after 1 January 2017
IFRS 2: Share-based Payments	Amendments related to the classification and measurement of share-based payments transactions	Annual periods beginning on or after 1 January 2018
IFRS 16: Leases	Original issue	Annual periods beginning on or after 1 January 2019

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
3. INVESTMENT PROPERTY				
3.1 Net carrying value				
Cost	6 067 898	4 900 357	21 140	24 080
Fair value surplus	895 117	610 993	1 160	–
	6 963 015	5 511 350	22 300	24 080
3.2 Movement for the year				
Investment properties at beginning of year	5 511 350	4 116 886	24 080	–
Acquisitions/additions	1 269 259	1 248 866	(2 940)	24 080
Property sold	–	(22 874)	–	–
Transferred to non-current assets held-for-sale (note 11)	(104 395)	(46 850)	–	–
Change in fair value	284 124	210 065	1 160	–
Less transaction costs on property disposals	(792)			
Depreciation	(136)	(132)		
Tenant installations	948	270	–	–
Lease commissions	2 657	1 042	–	–
Straightline rental income – per the statement of comprehensive income	–	4 077	–	–
Investment properties at end of year	6 963 015	5 511 350	22 300	24 080
Less: Straightline rental income accrual – per the statement of financial position	(140 155)	(98 243)	(347)	–
Net investment properties at yearend	6 822 860	5 413 107	21 953	24 080
3.3 Reconciliation to independent and directors' valuations				
Investment properties at valuation at end of year per 3.2 above	6 822 860	5 413 107	21 953	24 080
Straightline rental income accrual – per the statement of financial position	140 155	98 243	347	–
Independent and directors' valuations	6 963 015	5 511 350	22 300	24 080
Total valuations	6 963 015	5 511 350	22 300	24 080
Per independent valuations	6 645 350	4 648 756	22 300	–
Acquired in last six months at fair value	–	654 400	–	–
Per directors' valuations	317 665	208 194	–	–

A register of investment properties is available for inspection at the registered office of the company. Refer also to the Property portfolio section on page 60 of the integrated annual report.

In terms of the accounting policy, the portfolio is valued annually, with properties above R12 million being valued by independent registered valuers. One third of the properties below R12 million (at the last valuation date) are valued externally whilst the remaining two-thirds are valued internally by directors.

The properties valued by independent registered valuers on 31 August 2016 were performed by:

- Alternative Real Estate
- Asset Valuation Services CC
- Jones Lang LaSalle South Africa

These valuers are all registered valuers in terms of section 19 of the Property Valuers Professional Act, No 47 of 2000.

The properties were valued using either the discounted cash flow or capitalisation methods by the internal and external valuers. The valuations were 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 ranged between 7,75% and 12% (2015: between 8.5% and 12%). Investment properties held-for-sale were valued at the net sale price, which is considered to be the fair value.

Investment properties are encumbered as set out in note 14. The group has no restrictions on the realisability of its investment properties.

Refer to note 27 for the fair value hierarchy.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
4. STRAIGHT-LINE RENTAL INCOME ACCRUAL				
Balance at beginning of the year	98 243	94 319	–	–
Current year movement	41 912	4 077	347	–
Sold	–	(153)	–	–
Balance at end of the year	140 155	98 243	347	–
5. GOODWILL				
Reconciliation of goodwill				
Balance at the beginning of the year	48 482	48 482	–	–
Balance at the end of the year	48 482	48 482	–	–
Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units that are expected to benefit from that business combination. For the purpose of annual impairment testing goodwill is allocated to the following cash-generating units expected to benefit for the synergies of the business combination in which the goodwill arises.				
Mergence Africa Property Fund Proprietary Limited	35 155	35 155	–	–
Askahe Realty Investment Fund Proprietary Limited	13 327	13 327	–	–
	48 482	48 482	–	–

The group tests goodwill annually for impairment, or more frequently if there are any indications that goodwill might be impaired.

The recoverable amount of each cash-generating unit was based on its value in use. The carrying amount of each cash-generating unit was compared to the recoverable amount.

The value in use of each cash-generating unit was determined by using the discounted cash flow valuation methodology and based on the 2017 and 2018 forecast distributions.

Discounted cash flow valuations were based on cash flow forecasts in respect of the continuing use of the cash-generating unit.

For the year ended 31 August 2016 and 31 August 2015 the value in use calculations were based on the following key assumptions:

- discount rates of between 15% and 16.5%, which are based on the risk profiles and expected yields of the relevant property portfolios; and
- growth rates of between 5.75% and 7% which do not exceed forecast average long-term growth rates relative to the markets in which the cash-generating units operate.

No goodwill was impaired in either 2016 or 2015.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
6. PROPERTY, PLANT AND EQUIPMENT				
Motor vehicles	188	236	-	-
Cost	248	248	-	-
Accumulated depreciation	(60)	(12)	-	-
Computer equipment	537	534	73	-
Cost	747	582	88	-
Accumulated depreciation	(210)	(48)	(15)	-
Furniture and fittings	591	389	-	-
Cost	727	418	-	-
Accumulated depreciation	(136)	(29)	-	-
Office equipment	58	72	-	-
Cost	76	76	-	-
Accumulated depreciation	(18)	(4)	--	-
Property, plant and equipment	1 374	1 231	73	-
Movement for the year				
Balance at the beginning of the year	1 231	-	-	-
Additions	474	1 324	88	-
Motor vehicles	-	248	-	-
Computer equipment	165	582	88	-
Furniture and fittings	309	418	-	-
Office equipment	-	76	-	-
Depreciation	(331)	(93)	(15)	-
Motor vehicles	(48)	(12)	-	-
Computer equipment	(162)	(48)	(15)	-
Furniture and fittings	(107)	(29)	-	-
Office equipment	(14)	(4)	-	-
Balance at the end of the year	1 374	1 231	73	-

Encumbrances

There are no encumbrances over property, plant and equipment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 August 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
7. DERIVATIVE FINANCIAL ASSET				
At the reporting date, the following interest rate swap agreements were in place:				
	Nominal rate	Commen- cement date	Maturity	Nominal value R'000
Standard Bank	6.95%	27/10/14	27/10/17	70 000
Standard Bank	7.10%	07/11/14	01/12/17	506 667
Standard Bank	6.47%	16/01/15	16/01/18	85 000
Standard Bank	6.78%	16/01/15	16/01/20	21 250
Standard Bank	8.27%	04/02/16	04/02/20	100 000
Standard Bank	7.85%	04/07/16	04/07/20	360 000
Nedbank	8.05%	29/08/16	29/08/19	200 000
				1 342 917
				4 216
				1 403
				4 216
				1 403

Negative value denotes that swap is in the bank's favour.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
8. INTEREST IN SUBSIDIARIES				
Shares at cost	–	–	204 751	204 751
Loans to subsidiaries	–	–	5 776 138	4 850 103
	–	–	5 980 889	5 054 854

8.1 Shares at cost

The company has interests in the following subsidiaries:

	Effective interest		Investment	
	2016 %	2015 %	2016 R'000	2015 R'000
<i>(All incorporated in South Africa)</i>				
The Dipula Property Investment Trust	100	100	#	#
Mergence Africa Property Fund Proprietary Limited	100	100	41 856	41 856
Asakhe Realty Investment Fund Proprietary Limited	100	100	162 895	162 895
Mergence Africa Property Investment Trust	100	100	#	#
Emerald Fire Investments Proprietary Limited	100	100	**	**
Dipula Property Management Proprietary Limited	100	100	#	#
Jarrabilla Investments Proprietary Limited	80	–	**	–
Lizinex Proprietary Limited	80	–	**	–
Gillwell Retail Taxi Park Proprietary Limited	100	–	#	–
			204 751	204 751

* Held through 100% interest in Asakhe Realty Investment Fund Proprietary Limited.

** Held through 100% interest in Mergence Africa Property Fund Proprietary Limited.

Less than R1 000.

All of the above entities principal activity is property investment, with the exception of Dipula Property Management Proprietary Limited which is a property management enterprise.

	COMPANY	
	2016 R'000	2015 R'000
8.2 Loans to subsidiaries		
Mergence Africa Property Investment Trust	3 929 601	3 930 539
The Dipula Property Investment Trust	799 623	749 136
Mergence Africa Property Fund Proprietary Limited	541 857	–
Emerald Fire Investments Proprietary Limited	116 814	109 984
Asakhe Realty Investment Fund Proprietary Limited	60 086	60 086
Dipula Property Management Proprietary Limited	1 713	358
Gillwell Retail Taxi Park Proprietary Limited	326 444	–
Jarrabilla Investments Proprietary Limited	–	–
Lizinex Proprietary Limited	–	–
The above loans are all unsecured and bear interest at market related rates.		
With the exception of Dipula Property Management Proprietary Limited (DPM), no fixed terms of repayment have been determined. The DPM loan will be repaid within nine years of the commencement date. For all the above loans, repayment is not expected within the next 12 months		
	5 776 138	4 850 103

The carrying amounts of the loans approximate their fair value.

8.3 Business combinations and acquisition of non-controlling interests

Acquisition of interest in Jarrabilla Investments Proprietary Limited and Lizinex Proprietary Limited referred to as the "Moolman transaction"

The effective date of the acquisition of the 80% interest in the Moolman transaction, both unlisted companies based in South Africa, was 1 August 2015.

The group acquired an interest in the above entities which owns 28 properties because it significantly enlarges Dipula's portfolio with quality assets. The group has obtained control as a result of holding a majority of the voting rights including its right to variable returns from its involvement with the acquiree and the ability to effect those returns through its power over the acquiree.

This transaction is accounted for as a single business combination as the acquisitions were linked to each other.

Assets acquired and liabilities assumed

The fair values of the identifiable assets and liabilities of Jarrabilla Investments Proprietary Limited and Lizinex Investments Proprietary Limited as at the date of the acquisition were:

	R'000
Assets	
Investment property (at fair value)	858 349
Liabilities	–
Total identifiable net assets at fair value	858 349
Non-controlling interest (20% of net assets)	(171 670)
Goodwill	–
Purchase consideration transferred	686 679

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

8. INTEREST IN SUBSIDIARIES CONTINUED

8.3 Business combinations and acquisition of non-controlling interests continued

Transaction costs of R3.0 million were incurred on the acquisition and have been reflected in the statement of comprehensive income.

The purchase consideration was settled in cash and funded from a combination of equity raised (R209 million), new debt facilities (R436 million) and the balance from existing cash resources.

The fair values of the investment properties and the non-controlling interest has been calculated using the capitalisation rate method.

From the date of acquisition, the Moolman transaction contributed R99.6 million to contractual rent and R26.7 million to net property income of the group.

Purchase consideration	R'000
Shares issued, at fair value	208 789
Cash paid	477 890
Total consideration	686 679

The group issued 9 166 454 A ordinary shares and 10 338 956 B ordinary shares as consideration for the 80% interest in both Jarrabilla investments Proprietary Limited and Lizinex Proprietary Limited.

The fair value of the shares is calculated with reference to the quoted price of the shares of the Company at the date of acquisition, which was R11.16 per class A ordinary share and R10.3 per class B ordinary share. The fair value of the consideration given was therefore R208 788 873.

8.4 Joint operations

The group has a 50% interest in Fairways on Main and a 30% interest in Eyethu Orange Farm, a joint operation involved in the letting of Investment Properties.

The group has determined that the above constitutes a joint operation as a result of the contractually agreed sharing of control between the parties due to decisions about the relevant activities requiring the unanimous consent of the parties sharing control.

In addition, the group has a 50% (Fairways on Main) and 30% (Eyethu Orange Farm) undivided interest in the properties upon which the joint operations are situated.

Name of joint operation	Country of incorporation	Proportion of ownership
Fairways on Main	South Africa	50%
Eyethu Orange Farm	South Africa	30%

	Notes	GROUP		COMPANY	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
9. TRADE AND OTHER RECEIVABLES					
Trade receivables		55 792	39 088	–	–
Less: Impairment	27.1	(7 866)	(7 556)	–	–
Net trade receivables		47 926	31 532	–	–
Deposits		16 497	13 421	–	–
Prepayments		3 852	2 083	19	–
VAT receivable		–	1 991	–	–
Fees receivable from Eris Property Group Proprietary Limited and Isibonelo Property Services Proprietary Limited		–	4 000	–	–
Loan receivable from Stretford Land Developments Proprietary Limited*		4 100	4 100	–	–
Other receivables		34 304	14 575	1 691	112
Municipal recoveries		41 293	26 486	85	–
		147 972	98 188	1 795	112

* The loan receivable from Stretford Land Developments is receivable for Orange Farm Phase 1.

Management assessed that the fair values of trade and other receivables approximate their carrying amount due to the short-term maturities of these instruments.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
10. CASH AND CASH EQUIVALENTS				
For the purpose of the cash flow statement, cash and cash equivalent comprise:				
Bank balances held at Standard Bank	57 791	62 156	35 751	17 778
Nedbank call account	941	890	941	890
	58 732	63 046	36 692	18 668

Management assessed that the fair values of cash and cash equivalents approximate their carrying amount due to the short-term maturities of these instruments.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
11. INVESTMENT PROPERTY				
HELD-FOR-SALE				
At beginning of the year	49 366	74 800	–	–
Transferred from investment property (note 3)	104 395	46 850	–	–
Disposals	(59 911)	(69 900)	–	–
Additions	–	75	–	–
Revaluation of properties held for sale	–	(2 459)	–	–
At end of the year	93 850	49 366	–	–

The above investment properties have been identified for disposal and have therefore been classified as non-current assets held-for-sale.

The above assets are available for immediate sale in their present condition, management is committed to the disposal plan and actively searching for a buyer at the above fair value price. The properties are all profitable, but considered non-core to the group and as such has been placed on the disposal list. See page 70 for further details.

12. STATED CAPITAL

The company converted its "A" linked unit capital structure and its "B" linked unit capital structure into an ordinary share capital structure with two new classes of "A" and "B" ordinary shares in terms of arrangement framework provided for in terms of section 114 of the Companies Act of South Africa. The scheme was effective from 20 July 2015. The unissued shares are not under the control of the directors.

	GROUP		COMPANY	
	2016 R'000		2016 R'000	
Authorised				
A ordinary share: 1 000 000 000 ordinary shares of no par value				
B ordinary share: 1 000 000 000 ordinary shares of no par value				
Issued	A ordinary share	B ordinary share	A ordinary share	B ordinary share
Number of ordinary shares in issue	206 852 463	206 852 463	206 852 463	206 852 463
Number of treasury ordinary shares	(24 500)	(24 500)	–	–
	206 827 963	206 827 963	206 852 463	206 852 463
Stated capital	3 073 687		3 149 130	

	GROUP		COMPANY	
	2015 R'000		2015 R'000	
Authorised				
A ordinary share: 1 000 000 000 ordinary shares of no par value				
B ordinary share: 1 000 000 000 ordinary shares of no par value				
Issued	A ordinary share	B ordinary share	A ordinary share	B ordinary share
Number of ordinary shares in issue	193 012 083	193 012 083	193 012 083	193 012 083
Number of treasury ordinary shares	(24 500)	(24 500)		
	192 987 583	192 987 583	193 012 083	193 012 083
Stated capital	2 799 016		2 874 459	

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Stated capital				
Reconciliation of movement in issued shares (A and B shares)				
Balance at beginning of year	2 799 016	427 852	2 874 459	468 940
Antecedent dividend	(11 350)	(22 894)	(11 350)	(22 894)
Capital conversion of linked units to shares	–	2 394 058	–	2 428 413
Shares issued net of share issue expense	286 021	–	286 021	–
Balance at end of year	3 073 687	2 799 016	3 149 130	2 874 459
13. FAIR VALUE RESERVE				
Fair value of investment properties	988 668	704 544	1 160	–
Fair value of interest rate swaps	4 216	1 403	4 216	1 403
	992 884	705 947	5 376	1 403

The fair value reserve encompasses all adjustments to the fair values of investment properties and financial instruments.

14. INTEREST-BEARING LIABILITIES

The group has entered into the following loan agreements, which together with the equity capital is used to fund its investment activities.

Interest-bearing loans and borrowings are measured at amortised cost. The group's exposure to interest rate and liquidity risk are discussed in note 27.3.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

14. INTEREST-BEARING LIABILITIES CONTINUED

14.1 Bank loans

14.1.1 The Standard Bank of South Africa Limited ("Standard Bank")

The company has secured a facility totalling R1.7 billion from Standard Bank.

The facility is secured by mortgage bonds over investment property, with a carrying value of R5.0 billion

Nominal interest rate	Maturity	GROUP		COMPANY	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
Fixed	17 Aug 16	–	100 000	–	100 000
Fixed – 9.16%	31 Jul 18	46 400	46 400	46 400	46 400
Fixed	31 Jul 18	–	89 506	–	89 506
Fixed – 9.06%	31 Jul 18	89 506	89 506	89 506	89 506
Total fixed		135 906	325 412	135 906	325 412
3-month JIBAR plus 2.2%	17 Aug 16	–	57 872	–	57 872
Prime less 1.5%	31 Dec 16	130 000	–	130 000	–
Prime less 0.95%	17 Aug 16	–	23 604	–	23 604
3-month JIBAR plus 1.65%	30 Nov 17	506 667	506 667	506 667	506 667
3-month JIBAR plus 1.76%	31 Jul 18	22 305	22 304	22 305	22 304
3-month JIBAR plus 2.0%	31 Jul 18	9 280	9 280	9 280	9 280
3-month JIBAR plus 1.7%	31 Jul 16	–	17 840	–	17 840
3-month JIBAR plus 1.9%	31 Jul 18	17 840	16 001	17 840	16 001
Prime less 1.3%	31 May 19	22 185	–	22 185	–
3-month JIBAR plus 1.85%	31 Oct 19	18 000	18 000	18 000	18 000
3-month JIBAR plus 1.6%	30 Nov 16	–	96 130	–	96 130
3-month JIBAR plus 1.75%	30 Jun 20	47 201	41 355	47 201	41 355
3-month JIBAR plus 1.65%	30 Nov 17	74 727	68 083	74 727	68 083
3-month JIBAR plus 1.85%	30 Nov 19	85 000	82 122	85 000	82 122
3-month JIBAR plus 1.95%	31 Oct 20	6 800	–	6 800	–
3-month JIBAR plus 1.75%	11 Oct 18	67 987	–	67 987	–
3-month JIBAR plus 1.95%	11 Oct 20	42 240	–	42 240	–
3-month JIBAR plus 1.92%	31 May 19	380 865	–	380 865	–
3-month JIBAR plus 1.8%	24 Nov 18	93 000	–	–	–
3-month JIBAR plus 2.0%	24 Nov 20	62 039	–	–	–
3-month JIBAR plus 1.8%	24 Nov 18	37 800	–	–	–
3-month JIBAR plus 2.0%	24 Nov 20	25 210	–	–	–
Total floating		1 649 146	959 258	1 431 097	959 258
Unamortised debt raising fees		(4 520)	(3 773)	(4 520)	(3 773)
Total Standard Bank		1 780 532	1 280 897	1 562 483	1 280 897

14.1.2 Nedbank Limited ("Nedbank")

The company has a utilised facility totalling R1.0 billion.

The utilised facility is secured by mortgage bonds over investment property with a carrying value of R2.0 billion.

	Maturity	GROUP		COMPANY	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
Nominal interest rate					
Fixed – 8.95%	1 Jul 17	125 000	125 000	125 000	125 000
Fixed – 9.31%	1 Jul 18	108 550	108 540	108 550	108 540
Total fixed		233 550	233 540	233 550	233 540
Prime less 1.45%	1 Jul 18	108 549	108 550	108 549	108 550
Prime less 1.45%	1 Jul 18	24 027	24 037	24 027	24 037
Prime less 1.45%	2 Jan 19	91 886	91 886	91 886	91 886
Prime less 1.45%	31 Oct 18	22 888	22 890	22 888	22 890
Prime less 1.45%	3 Dec 18	31 710	31 710	31 710	31 710
Prime less 1.45%	31 Oct 19	27 308	27 307	27 308	27 307
Prime less 1.45%	1 Jun 20	213 340	211 933	213 340	211 933
1-month JIBAR plus 1.90%	1 Sep 17	150 000	–	150 000	–
Prime less 1.55%	7 Dec 20	195 176	–	195 176	–
Total floating		864 884	518 313	864 884	518 313
Unamortised debt raising fees		(3 190)	(2 606)	(3 190)	(2 606)
Total Nedbank		1 095 244	749 247	1 095 244	749 247
Total bank loans		2 875 776	2 030 144	2 657 727	2 030 144

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

14. INTEREST-BEARING LIABILITIES CONTINUED

14.2 Non-bank loans

14.2.1 Cashbuild South Africa Proprietary Limited

			GROUP		COMPANY	
			2016 R'000	2015 R'000	2016 R'000	2015 R'000
On acquisition of Orange farm Phase 1, the lender ceded its rights and obligations in respect of the Cashbuild loan to the group.			10 888	11 100	-	-
Type	Nominal interest rate	Maturity				
R11.1 million	Fixed – 6.05%	30 Sep 27	10 888	11 100	-	-
Total non-bank loans			10 888	11 100	-	-
Total interest-bearing loans			2 886 664	2 041 244	2 657 727	2 030 144
Less: Current portion			(255 000)	(288 822)	(255 000)	(288 822)
Non-current interest-bearing liabilities			2 631 664	1 752 422	2 402 727	1 741 322

15. DEFERRED TAXATION

The Fund's application to the JSE Limited for REIT status was approved on 24 June 2013. The conversion to a REIT is effective from 1 September 2013. As such, the group is not liable for capital gains tax in terms of section 25BB of the Income Tax Act.

Deferred tax on investment properties and the related straightline rental adjustment has been reduced to nil as capital gains tax will no longer apply. Consequently, no deferred tax was raised on deferred capital gains of investment property.

		GROUP		COMPANY	
		2016 R'000	2015 R'000	2016 R'000	2015 R'000
16. TRADE AND OTHER PAYABLES					
Trade payables		3 830	8 467	177	43
Accrued expenses		19 547	25 858	30	-
Tenant deposits		37 189	30 261	-	-
Tenant receipts paid in advance		13 400	14 055	-	-
Interest due on interest-bearing liabilities		12 412	4 058	12 412	4 058
Payable to vendors		5 065	34 000	65	-
VAT payable		2 544	4 377	52	-
Other payables		11 386	6 775	392	-
		105 373	127 851	13 128	4 101

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Management assessed that the fair values of trade and other payables approximate their carrying amount due to the short-term maturities of these instruments.				
17. NET OPERATING PROFIT				
Net operating profit includes the following charges:				
Auditor's remuneration	1 146	886	325	146
Asset management fees	21 083	17 131	72	-
Directors' fees	1 710	1 398	1 710	1 398
Property management fees	24 196	13 187	-	-
Repairs and maintenance	10 568	7 585	-	-
Trustees' remuneration	100	100	-	-
18. FINANCE COST				
Interest paid on interest-bearing liabilities	247 381	147 269	210 641	146 229
Amortisation of debt raising fees	3 161	2 187	3 161	2 187
	250 542	149 456	213 802	148 416
19. FINANCE INCOME				
Interest received from financial institutions	6 710	5 872	2 924	4 075
Interest received from related parties	-	-	187	108
Interest on overdue accounts	1 830	1 754	-	-
	8 540	7 626	3 111	4 183

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
20. TAXATION				
Normal taxation				
Current	-	-	-	-
- Current year	-	-	-	-
- Adjustment to prior year	-	-	-	-
Deferred	-	-	-	-
- Current year	-	-	-	-
- Adjustment to prior year	-	-	-	-
Reconciliation between applicable taxation rate and effective taxation rate				
South African normal taxation rate applied to income before taxation (%)	28.0	28.0	28.0	28.0
Taxation effect of:				
- Fair value adjustments and straight-lining of leases (%)	(11.8)	(15.2)	(0.3)	(0.2)
- Permanent differences (%)	-	-	-	-
- Permanent difference				
- REIT distribution deduction (%)	(16.2)	(12.6)	(27.7)	(27.2)
- Deferred tax asset (recognised)/not recognised in respect of tax losses (%)	-	-	-	-
- Other non-deductible expenditure (%)	-	-	-	(0.6)
Effective taxation (%)	-	-	-	-
Reconciliation between applicable taxation and effective taxation				
South African normal taxation rate applied to income before taxation	191 441	109 438	108 036	50 606
Taxation effect of:				
- Fair value adjustments and straight-lining of leases	(80 342)	(59 211)	(1 112)	(393)
- Permanent differences	-	91	-	-
- Permanent difference				
- REIT distribution deduction	(111 099)	(49 114)	(106 924)	(49 114)
- Deferred tax asset (recognised)/not recognised in respect of tax losses	-	(229)	-	14
- Other non-deductible expenditure	-	(975)	-	(1 113)
Effective taxation	-	-	-	-

21. EARNINGS AND HEADLINE EARNINGS

Earnings per share for the group is calculated on the weighted average number of 203 078 453 A-shares (2015: 178 765 274 A-shares) and 205 098 372 B-shares (2015: 179 705 865 B-shares) and net earnings after taxation and interest distribution of R666.049 million (2015: R390.851 million).

Earnings per share for the company is calculated on the weighted average number of 203 078 453 A-shares (2015: 178 765 274 A-shares) and 205 098 372 B-shares (2015: 179 705 865 B-shares) and net earnings after taxation and interest distribution of R385.843 million (2015: R180.736 million).

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
Reconciliation between earnings and headline earnings				
Total profit and comprehensive income for the year	666 049	390 851	385 844	180 736
Debt interest	–	127 814	–	127 814
Earnings	666 049	518 665	385 844	308 550
Adjustments:	(242 212)	(205 988)	(813)	–
Fair value – investment properties revaluation	(284 124)	(210 065)	(1 160)	–
Fair value – straightline rental income	41 912	4 077	347	–
Headline earnings	423 837	312 677	385 031	308 550
Total number of shares in issue*	413 655 926	385 975 166	413 655 926	385 975 166
Number of A-shares in issue	206 827 963	192 987 583	206 827 963	192 987 583
Number of B-shares in issue	206 827 963	192 987 583	206 827 963	192 987 583
Weighted average number of A-shares in issue*	203 078 453	178 765 274	203 078 453	178 765 274
Weighted average number of B-shares in issue*	205 098 372	179 705 865	205 098 372	179 705 865
Basic and diluted earnings per A-share (cents)	163.18	144.69	94.53	50.42
Basic and diluted earnings per B-share (cents)	163.18	144.69	94.53	50.42
Headline earnings per A-share (cents)	103.84	87.23	94.33	50.42
Headline earnings per B-share (cents)	103.84	87.23	94.33	50.42

* Net of treasury linked units.

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.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
22. CASH GENERATED FROM/ (UTILISED IN) OPERATIONS				
Profit before taxation	683 719	390 851	385 844	180 736
Adjusted for:				
Dividends received from group companies	–	–	(574 529)	(453 507)
Finance costs	250 542	149 456	213 802	148 416
Finance income	(8 540)	(7 626)	(3 111)	(4 183)
Debenture interest	–	127 814	–	127 814
Fair value adjustment	(245 025)	(207 391)	(3 626)	(1 403)
Straight-lining income accrual	(41 912)	(4 077)	(347)	–
Depreciation	467	–	15	–
Amortisation of tenant installations	4 600	–	–	–
Amortisation of leasing commissions	5 418	–	–	–
Operating income/(loss) before working capital changes	649 269	449 027	18 048	(2 127)
Working capital changes	(72 262)	11 925	7 344	(5 353)
Increase in trade and other receivables (Decrease)/increase in trade and other payables	(49 784) (22 478)	(27 613) 39 538	(1 683) 9 027	(1 112) (5 241)
Net cash generated from/ (utilised in) operations	577 007	460 952	25 392	(7 480)
23. DISTRIBUTIONS PAID				
Distributions payable at the beginning of the year	–	(131 313)	–	(131 313)
Distributions declared	(364 969)	(133 977)	(350 277)	(133 977)
Distributions payable at the end of the year	–	–	–	–
	(364 969)	(265 290)	(350 277)	(265 290)

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
24. COMMITMENTS				
24.1 Capital commitments				
Property acquisitions	–	1 014 000		
Capital improvements on investment properties	116 700	29 600	–	–
– approved and committed	48 950	29 600		
– approved not yet committed	67 750	–		
	116 700	1 043 600	–	–
The Dipula group has the following commitments:				
Moolman portfolio (80% share) per SENS announcement 18 August 2015	–	688 000		
Score Ivory Park	–	12 500		
Renaissance Park	250	15 100		
Atlas Road redevelopment	–	2 000		
Gillwell Taxi Retail Park Proprietary Limited	–	326 000		
Umgeni	1 700	–		
Gezina	18 000	–		
Palm Court	6 000	–		
Alberton Crossing	1 000	–		
Pimville Square	12 000	–		
Hammanskraal	13 000	–		
Vosloorus	4 000	–		
Nemisa	42 000	–		
Meadowpoint	18 750	–		
	116 700	1 043 600		

The commitments will be funded using a combination of bank funding and capital.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 August 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
25. MINIMUM LEASE PAYMENTS RECEIVABLE				
Future minimum lease payments comprise contractual rental income, excluding the straightline lease adjustment, and operating expense recoveries due in terms of signed lease agreements on investment properties:				
– Receivable within one year	601 350	449 067	2 584	–
– Receivable within two to five years	1 318 116	951 637	6 144	–
– Receivable beyond five years	264 358	186 911	–	–
	2 183 824	1 587 615	8 728	–

The group has entered into operating leases on its investment property portfolio consisting of certain office, retail and industrial buildings. These leases have terms of between 12 months and five years.

26. CONTINGENT LIABILITIES AND GUARANTEES

Guarantees totalling R2.1 million (2015: R2.1 million) have been issued on the group's behalf by the Standard Bank of South Africa Limited to various municipal councils *in lieu* of deposits for services.

Acquisition of Eyethu Orange Farm Mall

In terms of an addendum to agreement of sale dated 19 February 2013 between Streford Land Developments Proprietary Limited and the Trustees for the time being of Mergence Africa Property Investment Trust, an additional amount of R12 million may be payable on this property subject to certain conditions being met.

27. FINANCIAL RISK MANAGEMENT

The group's financial instruments consist mainly of deposits with banks, long-term liabilities, amounts due from subsidiaries, and third parties, trade and other receivables, trade and other payables. In respect of the aforementioned financial instruments, carrying value approximates fair value. Exposure to market, credit and liquidity risk arises in the normal course of business.

The group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The board of directors has overall responsibility for the establishment and oversight of the group's risk management framework.

The board has delegated the responsibility for developing and monitoring the group's risk management policies to the audit and risk committee.

The committee reports to the board of directors on its activities. The group audit and risk committee oversees how management monitors compliance with the group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the group.

The group's risk management policies are established to ensure:

- improved risk management and control;
- the efficient allocation of funds to maximise returns;
- the maintenance of acceptable levels of risk within the group as a whole; and
- efficient liquidity management and control of funding costs.

27.1 Credit risk management

Credit risk

Credit risk is the risk of financial loss to the group if a tenant or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the group's receivables from tenants, cash and cash equivalents and other non-current loans.

Trade and other receivables

The group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant.

The group's widespread customer base reduces credit risk.

The majority of rental revenue is derived from properties situated in Gauteng, and thus most of the credit risk is concentrated within this province. Management has established a credit policy under which each new customer is analysed individually for credit worthiness before the group's standard payment terms and conditions are offered. When available, the group's review includes external ratings.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

27. FINANCIAL RISK MANAGEMENT CONTINUED

27.1 Credit risk management continued

Trade and other receivables continued

Trade and other receivables relate mainly to the group's tenants and deposits with municipalities. In monitoring customer credit risk, customers are grouped according to their credit characteristics, including whether they are an individual or legal entity, industry, size of business and existence of previous financial difficulties.

All specific doubtful debts have been impaired and at year-end, management did not consider there to be any material credit risk exposure that was not already covered by an impairment adjustment.

The quality of the remaining trade receivables is considered by management to be good and likely to be recovered.

A large portion of trade receivables are in 90+ days but management have performed detailed risk assessments on each of the tenants comprising this balance. Tenants that have payment plans in place are abiding by these terms.

The impairment adjustment at 31 August 2016 was R7.9 million (2015: R7.6 million) net of tenant deposits or guarantees held as security. The company held tenant cash deposits and guarantees with a fair value of R37 million at 31 August 2016 (2015: R30 million).

An individual account by account assessment was done based on past credit history, any prior knowledge of the debtor, insolvency or any other risks.

The specifically impaired receivables relate to tenants who have either been summonsed for non-payment, vacated the premises or who have a history of payment default.

It is expected that a portion of the specifically impaired receivables will be recovered.

	GROUP	
	2016	2015
	R'000	R'000
Ageing of impaired trade receivables		
Not more than 30 days	1 850	104
More than 30 days but not more than 60 days	1 518	178
More than 60 days but not more than 90 days	667	198
More than 90 days but not more than 120 days	442	217
More than 120 days	3 389	6 859
Total	7 866	7 556

Movements on the allowance for the impairment of trade receivables are as follows:

	GROUP	
	2016 R'000	2015 R'000
Opening balance		
Impairment losses recognised on receivables	7 556	6 897
Impairment losses reversed on receivables	4 714	5 255
Provision utilised during the year	(4 404)	(4 596)
Closing balance	7 866	7 556

The allowance for impaired receivables and receivables written off are included in property expenses.

Amounts charged to the allowance will be written off when all avenues for recovery have been exhausted and there is no expectation that any further cash will be received.

At reporting date no geographic area, rental sector or size of tenant had been identified as a specific credit risk.

	GROUP	
	2016 R'000	2015 R'000
Receivables past due but not impaired		
Receivables are considered to be "past due" when they are uncollected one day or more beyond their contractual due date.		
Total trade receivables (note 9) net of impairments	47 926	31 532
Trade receivables neither past due nor impaired	-	-
Trade receivables past due but not impaired	47 926	31 532
As at 31 August 2016, trade receivables of R47.9 million (2015: R32 million) were considered past due but not impaired. These include varied customers with no recent history of payment default.		
The ageing of these trade receivables is as follows:		
Ageing of trade receivables past due but not impaired		
Not more than 30 days	11 271	13 211
More than 30 days but not more than 60 days	9 251	3 429
More than 60 days but not more than 90 days	4 065	2 497
More than 90 days	23 339	12 395
	47 926	31 532
The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:		
Maximum exposure to credit losses from receivables, after impairment	47 926	31 532
Less: VAT	(5 886)	(3 872)
Credit risk exposure	42 040	27 660
Credit risk exposure mitigated through:		
Deposits and guarantees held	(14 844)	(14 038)
Residual exposure	27 196	13 622

The group holds deposits over certain trade and other receivables in the form of cash tenant deposits and bank guarantees as indicated above.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

27. FINANCIAL RISK MANAGEMENT CONTINUED

27.1 Credit risk management continued

Trade and other receivables continued

The directors are of the opinion that the financial assets have a low credit risk.

Cash and cash equivalents

The group's exposure to credit risk is limited through the use of financial institutions of good standing for investment and cash-handling purposes.

Sureties

The group's policy is to provide sureties with regards to subsidiaries to the extent required in the normal course of business.

Such sureties are provided to enable the subsidiaries to obtain the funding necessary to enable them to acquire investment property or investments.

Certain sureties have been given relating to the development of Orange Farm Phase 2.

The sureties are backed by second bonds on the property.

Loan to related party

Loans are only made to entities known to the directors where their recoverability is assured beyond any reasonable doubt.

27.2 Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations relating to linked unit interest, interest-bearing liabilities and trade and other payables as they fall due. The group ensures that it always has adequate funds available and seeks to borrow for as long as possible at the lowest possible cost. Liquidity requirements are managed by monitoring forecasted cash flows and the maturity profile of financial liabilities.

The group receives rental on a monthly basis and deposits this into the access facilities of the bank loans until the cash is required to pay distributions. Typically the group ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

A maturity analysis of financial assets and liabilities is set out in the table overleaf.

	Less than one year R'000	One to five years R'000	More than five years R'000	Total R'000
GROUP				
Year ended 31 August 2016				
Financial assets				
Trade and other receivables	144 120	–	–	144 120
Other non-current receivables	–	–	–	–
Cash and cash equivalents	58 732	–	–	58 732
Total financial assets	202 852	–	–	202 852
Financial liabilities				
Interest-bearing liabilities	255 000	2 631 664	–	2 886 664
Trade and other payables	102 829	–	–	102 829
Total financial liabilities	357 829	2 631 664	–	2 989 493
Year ended 31 August 2015				
Financial assets				
Trade and other receivables	94 114	–	–	94 114
Cash and cash equivalents	63 046	–	–	63 046
Total financial assets	157 160	–	–	157 160
Financial liabilities				
Interest-bearing liabilities	288 822	1 752 422	–	2 041 244
Trade and other payables	123 474	–	–	123 474
Total financial liabilities	412 296	1 752 422	–	2 164 718
COMPANY				
Year ended 31 August 2016				
Financial assets				
Trade and other receivables	1 776	–	–	1 776
Loans to subsidiaries	–	–	5 776 138	5 776 138
Cash and cash equivalents	36 692	–	–	36 692
Total financial assets	38 468	–	5 776 138	5 814 606
Financial liabilities				
Interest-bearing liabilities	255 000	2 402 727	–	2 657 727
Trade and other payables	13 076	–	–	13 076
Linked unitholders for distribution	–	–	–	–
Total financial liabilities	268 076	2 402 727	–	2 670 803
Year ended 31 August 2015				
Financial assets				
Trade and other receivables	112	–	–	112
Loans to subsidiaries	–	–	4 850 103	4 850 103
Cash and cash equivalents	18 668	–	–	18 668
Total financial assets	18 780	–	4 850 103	4 868 883
Financial liabilities				
Interest-bearing liabilities	288 822	1 741 322	–	2 030 144
Trade and other payables	4 101	–	–	4 101
Total financial liabilities	292 923	1 741 322	–	2 034 245

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

27. FINANCIAL RISK MANAGEMENT CONTINUED

27.3 Market risk

Interest rate risk

Market risk is the risk that changes in interest rate will affect the group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The group's debt carries both fixed and floating interest rates.

The group reduced its exposure to changes in interest rates at year-end by fixing interest rates and entering into swap agreements in respect of 67% of its borrowings.

The interest rate swaps are not designated as cash flow hedges for accounting purposes and thus any changes to the interest rate at the date of reporting would affect profit or loss but, as these gains or losses are not available for distribution, they would be transferred to a fair value reserve.

The group is exposed to interest rate risk through its variable rate cash balances and long-term balances.

A change in interest rates at the reporting date would have increased/(decreased) profit or loss and equity by the amounts shown below.

	GROUP	
	2016 R'000	2015 R'000
Sensitivity analysis		
Fair value sensitivity (Mark-to-market on interest rate swaps)		
- 0.50% increase in interest rate	11 275	7 943
- 1.00% increase in interest rate	27 940	15 886
- 1.50% increase in interest rate	44 606	23 829
Cash flow sensitivity (interest-bearing borrowings)		
- 0.50% increase in interest rate	(11 515)	(8 677)
- 1.00% increase in interest rate	(23 029)	(17 354)
- 1.50% increase in interest rate	(34 544)	(26 031)

The sensitivity analysis is based on the contractual terms of the derivatives and the estimated movement in JIBAR rates.

Currency risk

The group has no exposure to currency risk.

Equity price risk

The group is not exposed to equity price risk.

27.4 Fair values

A number of the group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the methods below. When applicable further information about the assumption made in determining fair values is disclosed in the notes specific to that asset or liability.

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 Level 2 respectively. There has been no material change between levels during the year.

For derivative financial instruments, the fair value of interest rate swaps is based on broker quotes.

These 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 similar instruments at the reporting date.

The group's audit committee determines the policies and procedures for recurring fair value measurement.

In terms of the accounting policy, the portfolio is valued annually, with properties above R12 million being valued by independent registered valuers. One third of the properties below R12 million (at the last valuation date) are valued externally whilst the remaining two-thirds are valued internally by directors (refer to note 3).

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be remeasured or reassessed as per the group's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to market conditions and other relevant documents.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

27. FINANCIAL RISK MANAGEMENT CONTINUED

27.4 Fair values continued

Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
<p>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.</p> <p>Capitalisation model – establishes the market-related rental income for the property and applies an appropriate capitalisation rate.</p>	<ul style="list-style-type: none"> – Expected rental growth varies between 6% to 8% per annum; – Risk-adjusted discount rates varies between 14% and 16%. – Capitalisation rates vary between 7.75% to 12%. 	<p>The estimated fair value would increase/(decrease) if:</p> <ul style="list-style-type: none"> – expected rentals were higher/(lower); – risk-adjusted discount rates and capitalisation rates were lower/(higher).

27.5

Carrying amounts and fair values of financial and non-financial instruments	Financial assets/loans and receivables R'000	Financial liabilities R'000	Non-financial assets/liabilities R'000	Total R'000
GROUP				
Year ended 31 August 2016				
Financial assets				
Trade and other receivables	144 120	–	3 852	147 972
Cash and cash equivalents	58 732	–	–	58 732
Total financial assets	202 852	–	3 852	206 704
Financial liabilities				
Interest-bearing liabilities	–	2 886 664	–	2 886 664
Trade and other payables	–	102 829	2 544	105 373
Total financial liabilities	–	2 989 493	2 544	2 992 037
Year ended 31 August 2015				
Financial assets				
Trade and other receivables	94 114	–	4 074	98 188
Cash and cash equivalents	63 046	–	–	63 046
Total financial assets	157 160	–	4 074	161 234
Financial liabilities				
Interest-bearing liabilities	–	2 041 244	–	2 041 244
Trade and other payables	–	123 474	4 377	127 851
Total financial liabilities	–	2 164 718	4 377	2 169 095

	Financial assets/loans and receivables R'000	Financial liabilities R'000	Non-financial assets/liabilities R'000	Total R'000
COMPANY				
Year ended 31 August 2016				
Financial assets				
Trade and other receivables	1 776	–	–	1 776
Interest in subsidiaries	5 776 132	–	204 751	5 980 889
Cash and cash equivalents	36 692	–	–	36 692
Total financial assets	5 814 606	–	204 751	6 019 357
Financial liabilities				
Interest-bearing liabilities	–	2 657 727	–	2 657 727
Trade and other payables	–	13 076	–	13 076
Total financial liabilities	–	2 670 803	–	2 670 803
Year ended 31 August 2015				
Financial assets				
Trade and other receivables	112	–	–	112
Interest in subsidiaries	4 850 103	–	204 751	5 054 854
Cash and cash equivalents	18 668	–	–	18 668
Total financial assets	4 868 883	–	204 751	5 073 634
Financial liabilities				
Interest-bearing liabilities	–	2 030 144	–	2 030 144
Trade and other payables	–	4 101	–	4 101
Total financial liabilities	–	2 034 245	–	2 034 245

28. CAPITAL MANAGEMENT

The group considers its shareholder equity as the permanent capital of the group.

The board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The board of directors also monitors the level of distribution to shareholders. The board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. There were no changes in the group's approach to capital management during the year.

The current LTV covenants are 45% and the unutilised borrowings are reflected below:

	GROUP	
	2016 R'000	2015 R'000
Value of the property portfolio	7 056 865	5 560 716
45% thereof	3 175 589	2 502 322
Borrowings utilised	(2 886 664)	(2 041 244)
Unutilised borrowings capacity	288 925	461 078

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

29. ACCOUNTING ESTIMATES AND JUDGEMENTS

Management discusses with the Audit and Risk Committee the development, selection and disclosure of the group's critical accounting policies and estimates and the application of these policies and estimates.

Investment property

The revaluation of investment property requires judgement in the determination of future cash flows from leases and an appropriate capitalisation rate which vary between 7.75% and 12.0% (2015: 8.5% and 12.0%). Changes in the capitalisation rate attributable to changes in market conditions can have a significant impact on property valuations.

The directors have assessed the properties acquired and have concluded that in their view these acquisitions are property acquisition in terms of IAS 40 and are therefore accounted for in terms of that standard.

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 within these properties to warrant classification as businesses.

Impairment of assets

The group tests whether assets have suffered any impairment in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units and intangible assets have been determined based on future cash flows discounted to their present value using appropriate rates. Estimates are based on interpretation of generally accepted industry based market forecasts. (Refer to note 4).

Trade and other receivables

Management identifies impairment of trade and other receivables on an ongoing basis. Impairment adjustments are raised against trade receivables when the collectability is considered to be doubtful. Management believes that the impairment write-off is conservative and there are no significant trade and other receivables that are doubtful and have not been written off. In determining whether a particular receivable could be doubtful, the following factors are taken into consideration:

- Age.
- Customer current financial status.
- Security held.

Business combinations

The group considers the definition of a business combination per IFRS 3 when determining whether an acquisition is a business combination. A business consists of inputs and processes applied to inputs that have the ability to create outputs.

In considering the above, the group considered the acquisition of the Moolman portfolio to constitute a business as this was an acquisition of a well established property portfolio which included processes currently in place to generate economic returns.

Asset acquisition

The acquisition of Gillwell Taxi Retail Park Proprietary Limited was not considered to be business combination due to no processes in place upon acquisition (the group only received the right to receive cash through its acquisition), the entity has no staff and the acquisition related to a single property. Bearing this in mind, it was considered that the acquisition did not meet the definition of a business combination and hence was accounted for as an asset acquisition in accordance with IAS 40.

Control and joint control

The company controls the subsidiary if and only if the company has all the following

- Power over subsidiary.
- Exposure, or rights, to variable returns from its involvement with the subsidiary.
- The ability to use its power over the subsidiary to affect the amount of the company's returns.

Power is defined as existing rights that give the current ability to direct the relevant activities.

The group concluded that control of the Moolman portfolio was achieved as a result of its holding of a majority of the voting rights including its right to variable returns from its involvement with the acquiree and the ability to affect those returns through its power over the acquiree.

This transaction was accounted for as a single business combination as the acquisitions were linked to each other.

A joint operation is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The group has concluded that its investment in Fairways on Main and Eyethu Orange Farm constitutes a joint operation as a result of the contractually agreed sharing of control between the parties due to decisions about the relevant activities requiring the unanimous consent of the parties sharing control.

In addition, the group has a 50% (Fairways on Main) and 30% (Eyethu Orange Farm) undivided interest in the properties upon which the joint operations are situated.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
30. RELATED PARTY TRANSACTIONS				
30.1 Related parties				
Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions.				
Related parties with whom Dipula transacted during the year were:				
Dipula Asset Management Trust				
– Asset management fee paid	21 083	17 131	72	–
– Leasing salary recharge	1 302	1 109	–	–
– Development fees capitalised to investment property	497	869	–	–
– Lease commissions	2 996	1 121	–	–
– Trade and other payables	1 749	2 308	6	–
Relationship: Asset manager, board representation				
Dipula Property Investment Trust				
– Rental income	–	–	71 342	67 193
– Loan receivable from related party	–	–	799 623	749 136
Relationship: Subsidiary				
Mergence Africa Property Investment Trust				
– Rental income	–	–	384 293	346 538
– Loan receivable from related party	–	–	3 929 601	3 930 539
Relationship: Subsidiary				
Asakhe Realty Investment Fund Proprietary Limited				
– Rental income	–	–	43 741	39 776
– Loan payable to related party	–	–	60 086	60 086
Relationship: Subsidiary				
Emerald Fire Investments Proprietary Limited				
– Rental income	–	–	–	–
– Loan receivable from related party	–	–	116 814	109 984
Relationship: Subsidiary				
Mergence Africa Property Fund Proprietary Limited				
– Rental income	–	–	68 303	–
– Loan receivable from related party	–	–	541 857	–
Relationship: Subsidiary				
Dipula Property Management Proprietary Limited				
– Interest received	–	–	187	108
– Loan receivable from related party	–	–	1 713	358
Relationship: Subsidiary				
Gillwell Taxi Retail Park Proprietary Limited				
– Rental income	–	–	6 850	–
– Loan receivable from related party	–	–	326 444	–
Relationship: Subsidiary				

30.2 Directors' remuneration

Fees earned for services as non-executive directors of the company were as follows:

	2016 R'000	2015 R'000
BH Azizollahoff	370	349
SA Halliday	310	237
E Links	319	301
ZJ Matlala (Chairperson)	341	265
Y Waja	370	301
	1 710	1 453

Fees earned for services as trustee for various trusts within the group were as follows:

	2016 R'000	2015 R'000
BH Azizollahoff	100	100

The executive directors are remunerated from the management fee payable to the asset management company.

- No remuneration was paid to either IS Petersen or NS Gumede by Dipula Asset Management Trust, the asset management company, during the year as they are paid out of the management fees paid by the asset management company to the companies they hold a shareholding in, namely Mergence Africa Properties Proprietary Limited and Dijalo Property Services Proprietary Limited.
- The remuneration of the Financial Director, Mr R Asmal, paid by the asset management company amounted to R1 900 000 (2015: Rnil) for the year.

	GROUP		COMPANY	
	2016 R'000	2015 R'000	2016 R'000	2015 R'000
31. DEBENTURE INTEREST				
Debenture interest payable to linked unitholders	–	156 872	–	156 872
Less: Amortisation of debenture premium	–	(6 163)	–	(6 163)
Less: Antecedent interest	–	(22 895)	–	(22 895)
	–	127 814	–	127 814

32. SEGMENTAL INFORMATION

The entity has four reportable segments based on the sectoral nature – these are the entity's strategic business segments. For each strategic business segments, the entity's executive directors review internal management reports on a monthly basis. All segments are located in South Africa. There are no single major customers.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

All segments generate rental income from the letting of investment properties.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

32. SEGMENTAL INFORMATION CONTINUED

The segmental information is limited:

- on the statement of comprehensive income to:
 - contractual rental income;
 - property expenses; and
- on the statement of financial position to:
 - investment properties excluding developments;
 - non-current assets held for sale; and
 - additions and disposals.

All debt is negotiated at a group level and none of the subsidiaries carry any long-term debt, other than inter-company loans.

All other line items are allocated to corporate as they are not split between the subsectors above for management purposes.

	Retail R' 000	Offices R' 000	Industrial R' 000	Land R' 000	Total R' 000
2016					
Extracts from the statement of comprehensive income					
Contractual rental income and recoveries (excluding straight-line)	716 200	168 707	138 568	–	1 023 475
Property expenses	(246 010)	(62 455)	(41 167)	(14)	(349 646)
Net property income	470 190	106 252	97 401	(14)	673 829
Extracts from the statement of financial position					
Investment property at year-end	4 762 274	1 212 682	975 309	12 750	6 963 015
Non-current assets held-for-sale	31 250	26 500	34 700	1 400	93 850
Total	4 793 524	1 239 182	1 010 009	14 150	7 056 865
2015					
Extracts from the statement of comprehensive income					
Contractual rental income and recoveries (excluding straight-line)	443 486	194 581	86 965	–	725 032
Property expenses	(167 183)	(54 440)	(28 580)	(13)	(250 216)
Net property income	276 303	140 141	58 385	(13)	474 816
Extracts from the statement of financial position					
Investment property at year-end	3 411 227	1 190 703	896 670	12 750	5 511 350
Non-current assets held-for-sale	22 766	25 200	–	1 400	49 366
Total	3 433 993	1 193 223	896 670	14 150	5 560 716

Reconciliations of reportable segment revenues and profit.

	R'000
2016	
Revenues	
Total revenue for reportable segments	1 023 475
Straight-line rental income accrual	41 912
Consolidated revenue	1 065 387
Profit	
Total profit for reportable segments	673 829
Straight-line rental income accrual	41 912
Administration and corporate costs	(32 013)
Net finance cost	(242 002)
Transaction cost on business combination	(3 032)
Fair value adjustments	245 025
Profit before taxation	683 719
2015	
Revenues	
Total revenue for reportable segments	725 032
Straight-line rental income accrual	4 077
Consolidated revenue	729 109
Profit	
Total profit for reportable segments	474 816
Straight-line rental income accrual	4 077
Administration and corporate costs	(25 789)
Net finance cost	(269 644)
Transaction cost on business combination	-
Fair value adjustments	207 391
Profit before taxation	390 851
Reconciliations of reportable segment assets.	
2016	
Assets	
Total assets for reportable segments	7 056 865
Goodwill	48 482
Property, plant and equipment	1 374
Derivative financial assets	4 216
Trade and other receivables	147 972
Cash and cash equivalents	58 732
Total assets	7 317 641
2015	
Assets	
Total assets for reportable segments	5 560 716
Goodwill	48 482
Property, plant and equipment	1 231
Derivative financial assets	1 403
Trade and other receivables	98 188
Cash and cash equivalents	63 046
Total assets	5 773 066

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 August 2016

32. SEGMENTAL INFORMATION CONTINUED

	GROUP	
	2016 R'000	2015 R'000
Reconciliation of profit to distribution		
Total profit and comprehensive income for the year	666 049	390 851
Debt interest	–	127 814
Fair value – investment properties revaluation	(284 124)	(210 065)
Fair value – straight-line rental income	41 912	4 077
Fair value – interest rate swaps	(2 813)	(1 403)
Business combinations	3 032	–
Amortisation of debt raising fee	–	2 187
Antecedent dividend	2 492	22 895
Straight-line rental income	(41 912)	(4 077)
Distributable earnings attributable to shareholders	384 636	332 279

33. RECLASSIFICATIONS IN THE COMPARATIVE STATEMENTS OF COMPREHENSIVE INCOME AND STATEMENTS OF CASH FLOWS

- 33.1 In the prior year, the company classified distributions received from its subsidiaries as part of finance income as a result of the company holding debenture units. Following the conversion of the company to a REIT in 2015 it is appropriate to classify these distributions as a dividend received and not finance income.

Extract of statements of comprehensive income

	Restated comparative 2015 R'000	Published 2015 R'000	Difference 2015 R'000
COMPANY			
Dividends received from group companies	453 507	–	453 507
Finance income	4 183	457 690	(453 507)

33.2 Extract of statements of cash flows

	Restated comparative 2015 R'000	Published 2015 R'000	Difference 2015 R'000
COMPANY			
Cash flows from operating activities			
Finance income	4 183	457 690	(453 507)
Dividends received from group companies	453 507	–	453 507

34. SUBSEQUENT EVENTS

The board is not aware of any matter or circumstances arising since the end of the financial year to the date of this report, not otherwise dealt with in this report that would significantly affect the operations, the results and the financial position of the group.





07

SHAREHOLDERS INFORMATION



Gezina Galleries

Sector: Retail

GLA: 16 669m²

Location: Pretoria



SHAREHOLDER ANALYSIS

for the year ended 31 August 2016

Company:

Dipula Income Fund Limited – A shares

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	31	12.11	8 305	–
1 001 – 10 000 shares	23	8.98	126 517	0.06
10 001 – 100 000 shares	63	24.61	3 142 806	1.52
100 001 – 1 000 000 shares	105	41.02	36 749 570	17.77
1 000 001 shares and over	34	13.28	166 825 265	80.65
Total	256	100.00	206 852 463	100.00

Distribution of shareholders	Number of shareholdings	%	Number of shares	%
Bank	1	0.39	194 687	0.09
Empowerment	2	0.78	13 523	0.01
Endowment funds	13	5.08	1 764 009	0.85
Government	1	0.39	37 327	0.02
Individuals	37	14.45	154 075	0.07
Insurance companies	13	5.08	13 177 140	6.37
Investment companies	6	2.34	869 040	0.42
Medical schemes	12	4.69	3 087 956	1.49
Mutual funds	64	25.00	114 229 977	55.22
Other corporation	1	0.39	10 300	–
Private companies	12	4.69	4 239 119	2.05
Retirement funds	90	35.16	68 417 504	33.08
Own holdings	1	0.39	24 500	0.01
Trusts	3	1.17	633 306	0.31
Total	256	100.00	206 852 463	100.00

Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public unitholders	7	2.73	4 015 504	1.94
Directors and associates	3	1.17	3 871 792	1.87
Strategic holdings	3	1.17	114 212	0.06
Treasury units	1	0.39	24 500	0.01
Public unitholders	249	97.27	202 836 959	98.06
Total	256	100.00	206 852 463	100.00

Beneficial shareholders holding 5% or more	Number of shares	%
Coronation Fund Managers	62 015 171	29.98
Government Employees Pension Fund	34 545 455	16.70
Old Mutual	20 415 822	9.87
Investment Solutions	18 045 241	8.72
Total	135 021 689	65.27

SHAREHOLDER ANALYSIS

for the year ended 31 August 2016

Company: Dipula Income Fund – B shares

Shareholder spread	Number of shareholdings	%	Number of shares	%
1 – 1 000 shares	34	17.80	6 819	–
1 001 – 10 000 shares	69	36.13	256 842	0.12
10 001 – 100 000 shares	38	19.90	1 320 482	0.64
100 001 – 1 000 000 shares	32	16.75	10 863 775	5.25
1 000 001 shares and over	18	9.42	194 404 545	93.98
Total	191	100.00	206 852 463	100.00

Distribution of shareholders	Number of shareholdings	%	Number of shares	%
Brokers	2	1.05	253 692	0.12
Close corporation	2	1.05	9 171	–
Empowerment	3	1.57	55 129 910	26.65
Endowment fund	1	0.52	47 369	0.02
Individuals	93	48.69	1 021 323	0.49
Insurance companies	5	2.62	410 435	0.20
Investment company	1	0.52	266 681	0.13
Mutual funds	26	13.61	41 112 451	19.88
Own holdings	1	0.52	24 501	0.01
Private company	11	5.76	4 639 136	2.24
Public company	1	0.52	47 365 754	22.90
Retirement fund	32	16.75	56 128 830	27.13
Trusts	13	6.81	443 210	0.21
Total	191	100.00	206 852 463	100.00

Public/non-public shareholders	Number of shareholdings	%	Number of shares	%
Non-public shareholders	9	4.71	107 116 874	51.82
Directors and associates	3	1.57	59 637 452	28.83
Strategic holdings	5	2.62	47 454 922	22.94
Treasury units	1	0.52	24 500	0.01
Public shareholders	182	95.29	99 735 589	48.22
Total	191	100.00	206 852 463	100.00

Beneficial shareholders holding 5% or more	Number of shares	%
Dipula Trust	55 129 910	26.65
Government Employees Pension Fund	48 292 620	23.35
Arrowhead Properties Limited	47 365 754	22.90
Nedbank Group	18 441 551	8.92
STANLIB	10 066 233	4.87
Total	179 296 068	86.69

JSE STATISTICS

12 months ended 31 August 2016

	A-share	B-share	Combined
Traded price (cents)			
Close	1142	900	2042
High	1199	1500	2699
Low	400	605	1005
Weighted average	1015	903	1918
Market capitalisation (R'000)	2 362 255	1 861 672	4 223 927
Value of shares traded (R'000)	170 667	153 340	324 007
Value traded as % of market capitalisation	7%	8%	8%
Volume of shares traded ('000s)	16 815	16 988	33 803
Volume traded as % of shares in issue	8%	8%	8%
Number of shares in issue	206 852 463	206 852 463	413 704 926

SHAREHOLDERS' DIARY

Financial year-end	August
Provisional annual results announcement	9 November 2016
Annual report posted	December 2016
Annual general meeting	16 February 2017
Interim results announcement	May 2017

DEFINITIONS

"ABASA"	Association for the Advancement of Black Accountants
"ABSIP"	Association of Black Securities and Investment Professionals
"AFS"	Annual financial statements
"the board"	The board of directors of Dipula Income Fund Limited
"CEO"	Chief Executive Officer
"the Companies Act"	South African Companies Act, No 71 of 2008, as amended
"Dipula" or "the company" or "the Fund"	Dipula Income Fund Limited, listed on Main Board JSE in the 'Property: Real Estate' sector
"DAMT" or "the Asset Manager"	Dipula Asset Management Trust, the asset manager of Dipula Income Fund Limited
"DMTNP"	Domestic Medium-Term Note Programme
"DPW"	Department of Public Works
"EBITDA"	Earnings before interest, taxation, depreciation and amortisation
"ESG"	Economic, social and governance
"EXCO"	Executive committee of Dipula Income Fund Limited
"FD"	Financial Director
"HEPS"	Headline earnings per share
"GLA"	Gross lettable area, measured in square metres
"the group"	Dipula Income Fund Limited and its subsidiaries
"IFC"	Inside Front Cover
"IFRS"	International Financial Reporting Standards
"JSE"	JSE Limited incorporating the Johannesburg Securities Exchange, the main bourse in South Africa
"King III Report"	King Report on Corporate Governance for South Africa, 2009
"LTV"	Loan to value ratio
"Moolman acquisition"	Dipula acquired 80% stake in retail portfolio comprising 28 properties from the Moolman Group, effective 1 August 2015
"NAV"	Net asset value
"REIT"	Real Estate Investment Trust, a JSE property investment vehicle which owns and operates income-producing property
"SACSC"	South African Council of Shopping Centres
"SAIBPP"	South African Institute of Black Property Professionals
"the previous year"	The year ended 31 August 2015
"the year" or "the year under review"	The year ended 31 August 2016
"US"	United States of America

NOTICE OF ANNUAL GENERAL MEETING

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 group")

Notice is hereby given that the annual general meeting of shareholders ("shareholders") of Dipula will be held at the offices of Dipula at Block B Dunkeld Park, 6 North Road, Dunkeld West on Thursday, 16 February 2017 at 12:00 ("the annual general meeting") for the purposes of:

- receiving and adopting the audited consolidated annual financial statements of the company and the group for the year ended 31 August 2016 and incorporating the directors' report, the audit and risk committee report and social and ethics committee report. A copy of the complete consolidated annual financial statements of the company for the preceding financial year may be obtained from the company's registered office at Block B, Dunkeld Park, 6 North Road, Dunkeld West, 2196;
- transacting any other business as may be transacted at an annual general meeting of shareholders of a company including the reappointment of the auditors and the re-election of retiring directors; and
- considering and, if deemed fit, adopting, with or without modification, the special and ordinary resolutions set out below:

IMPORTANT DATES

Record date for purposes of receiving this notice	Friday, 23 December 2016
Last day to trade in order to be eligible to participate in and vote at the annual general meeting	Tuesday, 7 February 2017
Record date for purposes of voting at the meeting ("voting record date")	Friday, 10 February 2017
Last day to lodge forms of proxy by 12:00 on	Tuesday, 14 February 2017
Annual general meeting held at 12:00 on	Thursday, 16 February 2017
Results of annual general meeting released on SENS on	Thursday, 16 February 2017

Kindly note that in terms of section 62(3)(e) of the Companies Act, 71 of 2008 ("the Act"):

- a shareholder entitled to attend and vote at the annual general meeting is entitled to appoint a proxy to attend, participate in and vote at the meeting in the place of the shareholder;
- a proxy need not also be a shareholder of the company;
- meeting participants (including proxies) are required to provide reasonably satisfactory identification before being entitled to attend or participate in the annual general meeting; and
- the Chairperson must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder or as a proxy for a shareholder) has been reasonably verified.

Forms of identification include valid identity documents, driver's licences and passports.

1. SPECIAL RESOLUTION NUMBER 1: FINANCIAL ASSISTANCE TO RELATED OR INTER-RELATED PARTIES

"Resolved as a special resolution that, to the extent required by section 45 of the Companies Act, 71 of 2008 ("Companies Act"), the board of directors of the company may, subject to compliance with the requirements of the company's Memorandum of Incorporation, the Companies Act and the JSE Listings Requirements, each as presently constituted and as amended from time to time, authorise the company to provide direct or indirect financial assistance in terms of section 45 of the Companies Act by way of loans, guarantees, the provision of security or otherwise, to any of its present or future subsidiaries and/or any other company or corporation that is or becomes related or inter-related (as defined in the Companies Act) to the company for any purpose or in connection with any matter, such authority to endure until the next annual general meeting of the company."

Reason for and effect of special resolution number 1

The company would like the ability to provide financial assistance, if necessary, in accordance with section 45 of the Companies Act. This authority is necessary for the company to provide financial assistance in appropriate circumstances. Under the Companies Act, the company will, however, require the special resolution referred to above to be adopted, provided that the board of directors of the company is satisfied that the terms under which the financial assistance is proposed to be given are fair and reasonable to the company and, immediately after providing the financial assistance, the company would satisfy the solvency and liquidity test contemplated in the Companies Act. In the circumstances and in order to ensure, *inter alia*, that the company's subsidiaries and other related and inter-related companies and corporations have access to financing and/or financial backing from the company (as opposed to banks), it is necessary to obtain the approval of shareholders, as set out in special resolution number 1. Therefore, the reason for, and effect of, special resolution number 1 is to permit the company to provide direct or indirect financial assistance (within the meaning attributed to that term in section 45 of the Companies Act) to the entities referred to in special resolution number 1 above.

In order for special resolution number 1 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution.

2. SPECIAL RESOLUTION NUMBER 2: SHARE REPURCHASES

"Resolved as a special resolution that the company or any of its subsidiaries be and are hereby authorised by way of a general authority to acquire shares issued by the company, in terms of sections 46 and 48 of the Companies Act, 71 of 2008 as amended (the "Companies Act") and in terms of the JSE Listings Requirements being that:

- (a) any acquisition of shares shall be implemented through the order book of the JSE and without prior arrangement between the company and the counterparty;
- (b) this general authority shall be valid until the company's next annual general meeting, provided that it shall not extend beyond 15 months from the date of passing this special resolution;
- (c) the company (or any subsidiary) is duly authorised by its Memorandum of Incorporation to do so;
- (d) acquisitions of shares in the aggregate in any one financial year may not exceed 20% (or 10% where the acquisitions are effected by a subsidiary) of the company's issued ordinary share capital as at the date of passing this special resolution;

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

2. SPECIAL RESOLUTION NUMBER 2: SHARE REPURCHASES CONTINUED

- (e) in determining the price at which shares issued by the company are acquired by it or any of its subsidiaries in terms of this general authority, the maximum premium at which such shares may be acquired will be 10% of the weighted average of the market value on the JSE over the five business days immediately preceding the repurchase of such shares;
- (f) at any point in time the company (or any subsidiary) may appoint only one agent to effect repurchases on its behalf;
- (g) repurchases may not take place during a prohibited period (as defined in paragraph 3.67 of the JSE Listings Requirements) unless a repurchase programme is in place (where the dates and quantities of shares to be repurchased during the prohibited period are fixed) and has been submitted in writing to the JSE prior to the commencement of the prohibited period;
- (h) an announcement will be published as soon as the company or any of its subsidiaries have acquired shares constituting on a cumulative basis, 3% of the number of shares in issue prior to the acquisition pursuant to which the aforesaid threshold is reached and for each 3% in aggregate acquired thereafter, containing full details of such acquisitions; and
- (i) the board of directors of the company must resolve that the repurchase is authorised, the company and its subsidiaries have passed the solvency and liquidity test, as set out in section 4 of the Companies Act, and since that test was performed, there have been no material changes to the financial position of the group."

In 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 may require expeditious and immediate action. The directors undertake that, after considering the maximum number of shares that may be repurchased and the price at which the repurchases may take place pursuant to the share repurchase general authority, for a period of 12 months after the date of notice of this annual general meeting:

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

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

- Major beneficial shareholders – pages 140 and 141.
- Capital structure of the company – page 110 (note 12).

Directors' responsibility statement

The directors whose names appear on pages 45 and 46 of the integrated annual report of which this notice forms part, collectively and individually accept full responsibility for the accuracy of the information pertaining to this special resolution and certify that, to the best of their knowledge and belief, there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the special resolution contains all information required by the Companies Act and the JSE Listings Requirements.

2. SPECIAL RESOLUTION NUMBER 2: SHARE REPURCHASES CONTINUED

Material changes

Other than the facts and developments reported on in the integrated annual report there have been no material changes in the affairs or financial position of the company and its subsidiaries since the date of signature of the audit report for the financial year ended 31 August 2016 and up to the date of this notice.

Reason for and effect of special resolution 2

The reason for and effect of special resolution 2 is to afford the directors of the company (or a subsidiary of the company) general authority to effect a repurchase of the company's shares on the JSE.

In order for special resolution number 2 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution.

3. SPECIAL RESOLUTION 3: APPROVAL OF FEES PAYABLE TO NON-EXECUTIVE DIRECTORS FOR THE PERIOD 1 SEPTEMBER 2017 TO 31 AUGUST 2018

At the annual general meeting held on 12 February 2016, shareholders approved a maximum increase of 8% to the remuneration of non-executive directors of the company for the period 1 September 2016 to 31 August 2017, subject to board approval. The board, on recommendation of the remuneration committee, approved an increase of 7% for the period 1 September 2016 to 31 August 2017 as follows:

	Chairperson Rand (per annum)	Member Rand (per annum)
Board	300 721	214 364
Audit and risk committee	73 496	53 897
Investment committee	73 496	53 897
Social and ethics committee	73 496	53 897
Remuneration and nomination committee	63 697	53 897

Approval is now sought for the non-executive directors' fees for the period 1 September 2017 to 31 August 2018, therefore:

"Resolved, as a special resolution, that the fees payable by the company to non-executive directors for their services as directors (in terms of section 66 of the Companies Act) be and are hereby approved for the period 1 September 2017 to 31 August 2018, equal to the non-executive directors' remuneration for the period 1 September 2016 to 31 August 2017 (detailed above) escalated as approved by the board by up to a maximum increase of 8%".

In order for special resolution number 3 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution.

Reason for and effect of special resolutions 3

The reason and effect of special resolutions 3 is to obtain shareholder approval in accordance with section 66(9) of the Companies Act for the payment by the company of remuneration to the non-executive directors of the company for their services as directors.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

4. SPECIAL RESOLUTION 4: AMENDMENT TO THE MEMORANDUM OF INCORPORATION

"Resolved that clause 8.8.7 of the Memorandum of Incorporation ("MOI") of the company be amended by the deletion of the existing clause 8.8.7 of the MOI in its entirety and its substitution with the following new clause 8.8.7 to read as follows:

8.8.7 is otherwise undertaken in accordance with an authority approved by shareholders in general meeting, provided that if any entitlement to a fraction of a share will arise pursuant to such an offer, such entitlement to a fraction will be administered in accordance with the provisions of the JSE Listings Requirements.

In order for special resolution 4 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

Reason for special resolution 4

Previously, the JSE Listings Requirements provided that all allocations of shares will be rounded up or down based on standard rounding convention (i.e. allocations will be rounded down to the nearest whole number if they are less than 0.5 and will be rounded up to the nearest whole number if they are equal to or greater than 0.5) resulting in allocations of whole securities and no fractional entitlements.

The proposed amendment to the MOI of the company is required to comply with the amendments to the JSE Listings Requirements, effective 18 January 2016. In terms of the amendment to the JSE Listings Requirements, allocations of shares must now be rounded down to the nearest whole number and shareholders must receive a cash payment for the fractions of shares to which they would otherwise have become entitled, subject to the provisions of the MOI. The CSDP and/or brokers will then sell the shares constituted by the aggregation of the fractions in the open market.

5. SPECIAL RESOLUTION 5: 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, in terms of any private placement, offer, book-build 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."

Reason for and effect of special resolution number 5

Is to authorise the issue of shares in terms of capital raisings if and to the extent that such shares are issued to directors of the company and related persons.

In order for special resolution 5 to be adopted, the support of at least 75% of the total number of votes exercisable by shareholders, present in person or by proxy, is required to pass this resolution.

6. ORDINARY RESOLUTION NUMBER 1: RE-ELECTION OF ZJ MATLALA AS DIRECTOR

"Resolved that ZJ Matlala, an independent non-executive director, who retires by rotation as a director in terms of the company's Memorandum of Incorporation and who, being eligible, offers herself for re-election, be re-elected as a director of the company."

An abridged curriculum vitae is included in the integrated annual report.

The board has considered ZJ Matlala's past performance and contribution to the company and recommends that she be re-elected as a director of the company.

In order for ordinary resolution number 1 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution

7. ORDINARY RESOLUTION NUMBER 2: RE-ELECTION OF BH AZIZOLLAHOFF AS DIRECTOR

"Resolved that BH Azizollahoff, an independent non-executive director who retires by rotation as a director in terms of the company's Memorandum of Incorporation and who, being eligible, offers himself for re-election, be re-elected as a director of the company."

An abridged curriculum vitae is included in the integrated annual report.

The board has considered BH Azizollahoff's past performance and contribution to the company and recommends that he be re-elected as a director of the company.

In order for ordinary resolution number 2 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution.

8. ORDINARY RESOLUTION NUMBERS 3.1 TO 3.3: REAPPOINTMENT OF MEMBERS OF THE AUDIT AND RISK COMMITTEE

8.1 Ordinary resolution number 3.1: Reappointment of Y Waja as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act, 71 of 2008, Y Waja, an independent non-executive director, be reappointed as a member and chairman of the audit and risk committee."

8.2 Ordinary resolution number 3.2: Reappointment of BH Azizollahoff as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act, 71 of 2008, BH Azizollahoff, an independent non-executive director, be reappointed as a member of the audit and risk committee."

8.3 Ordinary resolution number 3.3: Reappointment of Prof E Links as a member of the audit and risk committee

"Resolved that in terms of section 94(2) of the Companies Act, 71 of 2008, Prof E Links, an independent non-executive director, be reappointed as a member of the audit and risk committee."

In order for ordinary resolution numbers 3.1 to 3.3 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass these resolutions.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

9. ORDINARY RESOLUTION NUMBER 4: REAPPOINTMENT OF AUDITORS

"Resolved that Deloitte & Touche, together with Patrick Michael Kleb be appointed as the auditors of the company."

The audit and risk committee has nominated for appointment as auditors of the company under section 90 of the Companies Act, 71 of 2008, Deloitte & Touche.

In order for ordinary resolution number 4 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution.

10. ORDINARY RESOLUTION NUMBER 5: AUTHORITY TO PLACE UNISSUED SHARES UNDER THE CONTROL OF THE DIRECTORS

"Resolved that up to a maximum of 10% of the issued shares of the company be and are placed under the control of the directors of the company which directors are hereby authorised and empowered to allot, issue and otherwise dispose of such shares 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 subject to the provisions of the Companies Act, 71 of 2008, the Memorandum of Incorporation of the company and the JSE Listings Requirements, provided that the maximum discount at which shares may be issued is 5% of the weighted average price on the JSE of those shares over 30 days prior to the date that the price of the issue is agreed between the company and the party subscribing for the shares, adjusted for a dividend where the ex date in respect of the dividend occurs during the 30-day period in question."

In order for ordinary resolution number 5 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution.

11. ORDINARY RESOLUTION NUMBER 6: SPECIFIC AUTHORITY TO ISSUE SHARES PURSUANT TO A REINVESTMENT OPTION

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

In order for ordinary resolution number 6 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution.

12. ORDINARY RESOLUTION NUMBER 7: SIGNATURE OF DOCUMENTATION

"Resolved that a director of the company or the company secretary 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 ordinary resolutions numbers 1, 2, 3, 4, 5 and 6 and special resolutions number 1, 2, 3, 4 and 5 which are passed by the shareholders with and subject to the terms thereof."

In order for ordinary resolution number 7 to be adopted, the support of more than 50% of the total number of votes exercisable by shareholders present in person or by proxy is required to pass this resolution.

VOTING AND PROXIES

Any person attending or participating in the annual general meeting must present reasonably satisfactory identification and the person presiding at the annual general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as a shareholder/as a proxy for a shareholder) has been reasonably verified.

A shareholder of the company entitled to attend, speak and vote at the annual general meeting is entitled to appoint a proxy or proxies to attend, speak and to vote in his stead. The proxy need not be a shareholder of the company.

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

A form of proxy is enclosed for the convenience of certificated and own-name dematerialised shareholders holding shares in the company who cannot attend the annual general meeting but wish to be represented thereat.

Such shareholders must complete and return the attached form of proxy and lodge it with the transfer secretaries of the company, Link Market Services South Africa Proprietary Limited at 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg 2000) to be received by no later than 12:00 on Tuesday, 14 February 2017. Alternatively, the form of proxy may be handed to the chairperson of the annual general meeting, at the annual general meeting prior to the commencement of the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

Dematerialised shareholders who have not elected own-name registration in the sub-register of the company through a Central Securities Depository Participant ("CSDP") and who wish to attend the annual general meeting, must instruct the CSDP or broker to provide them with the necessary authority to attend.

Dematerialised shareholders who have not elected "own-name" registration in the sub-register of the company through a CSDP and who are unable to attend, but wish to vote at the annual general meeting, must timeously provide their CSDP or broker with their voting instructions in terms of the custody agreement entered into between that shareholder and the CSDP or broker. Such shareholders are advised that they must provide their CSDP or broker with separate voting instructions in respect of their shares.

ELECTRONIC PARTICIPATION

The company has made provision for shareholders or their proxies to participate electronically in the annual general meeting by way of telephone conferencing. Should you wish to participate in the annual general meeting by telephone conference call as aforesaid, you, or your proxy, will be required to advise the company thereof by no later than 12:00 on 14 February 2017 by submitting by email to the company secretary at nazli.reid@computershare.co.za or by fax to be faxed to +27 11 688 5279, for the attention of Neville Toerien, relevant contact details, including:

- an email address;
- cellular number and landline; and
- full details of the shareholder's title to securities issued by the company and proof of identity;
 - for certificated ordinary shares – copies of identity documents and share certificates; and
 - for dematerialised ordinary shares – written confirmation from the shareholder's CSDP confirming the shareholder's title to the dematerialised ordinary shares.

NOTICE OF ANNUAL GENERAL MEETING (CONTINUED)

Upon receipt of the required information the shareholder concerned will be provided with a secure code and instructions to access the electronic communication during the annual general meeting. Shareholders must note that access to the electronic communication will be at the expense of the shareholders who wish to utilise the facility. Shareholders and their appointed proxies attending by conference call will not be able to cast their votes at the annual general meeting through this medium.

Forms of proxy may also be obtained on request from the company's registered office. The completed forms of proxy must be deposited at, or posted or faxed to the transfer secretaries Link Market Services South Africa Proprietary Limited, to be received at least 48 hours prior to the annual general meeting. Alternatively, the form of proxy may be handed to the chairperson of the annual general meeting, at the annual general meeting prior to the commencement of the annual general meeting. Any shareholder who completes and lodges a form of proxy will nevertheless be entitled to attend and vote in person at the annual general meeting should the shareholder subsequently decide to do so.

By order of the board

CIS Company Secretaries Proprietary Limited

Company secretary
Rosebank Towers
15 Biermann Avenue, Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)

Registered office and business address

Block B, Dunkeld Park
6 North Road, Dunkeld West, 2196
(PO Box 875, Parklands, 2121)

Transfer Secretaries

Link Market Services South Africa Proprietary Limited
13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

FORM OF PROXY

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 group")

This form of proxy is for use by the holders of the company's certificated shares ("certificated shareholders") and/or dematerialised shares held through a Central Securities Depository Participant ("CSDP") or broker who have selected own-name registration and who cannot attend but wish to be represented at the annual general meeting of the company at the offices of Dipula at Block B Dunkeld Park, 6 North Road, Dunkeld West on Thursday, 16 February 2017 at 12:00 or any adjournment, if required. Additional forms of proxy are available at the company's registered office.

Not for use by holders of the company's dematerialised shares who have not selected own-name registration. Such shareholders must contact their CSDP or broker timeously if they wish to attend and vote at the annual general meeting and request that they be issued with the necessary authorisation to do so, or provide the CSDP or broker timeously with their voting instructions should they not wish to attend the annual general meeting but wish to be represented thereat, in order for the CSDP or broker to vote in accordance with their instructions.

I/We (Name in block letters)

of (Address)

being the registered holder/s of ordinary A-shares and/or ordinary B-shares, hereby appoint: of or failing him,

the Chairman of the annual general meeting, as my/our proxy to vote for me/us on my/our behalf at the annual general meeting of the company to and at any adjournment thereof.

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

		In favour of	Against	Abstain
1.	Special resolution number 1: Financial assistance to related or inter-related companies			
2.	Special resolution number 2: Shares repurchase			
3.	Special resolution number 3: Approval of fees payable to non-executive directors			
4.	Special resolution number 4: Amendment to the Memorandum of Incorporation – Fractional entitlements			
5.	Special resolution number 5: Approval to issue shares in terms of section 41(1) of the Companies Act			
6.	Ordinary resolution number 1: To re-elect ZJ Matlala as a director company			
7.	Ordinary resolution number 2: To re-elect BH Azizollahoff as a director company			
8.	Reappointment of members of the audit and risk committee:			
8.1	Ordinary resolution number 3.1: To reappoint Y Wjaja as a member of the audit and risk committee			
8.2	Ordinary resolution number 3.2: To reappoint BH Azizollahoff as a member of the audit and risk committee			
8.3	Ordinary resolution number 3.3: To reappoint Prof E Links as a member of the audit and risk committee			
9.	Ordinary resolution number 4: To reappoint Deloitte & Touche as auditors of the company			
10.	Ordinary resolution number 5: Authority to place unissued shares under the control of the directors			
11.	Ordinary resolution number 6: Specific authority to issue shares pursuant to a reinvestment option			
12.	Ordinary resolution number 7: To authorise the signature of documentation			

Signed this day of 2016/2017

Signature Assisted by (if applicable)

Please read the notes on the reverse.

NOTES TO THE FORM OF PROXY

1. Certificated and own-name dematerialised shareholders are therefore advised that they must complete a form of proxy for certificated and own-name dematerialised shareholders in order for their vote/s to be valid.
2. This form of proxy is to be completed only by those members who are holding shares in certificated form or recorded in the sub-register in electronic form in their "own-name".
3. Each shareholder is entitled to appoint one or more proxies (none of whom need to be a shareholder of the company) to attend, speak and vote in place of that shareholder at the annual general meeting.
4. Shareholders who are certificated or own-name dematerialised shareholders may insert the name of a proxy or the names of two alternate proxies of the shareholder's choice in the space/s provided, with or without deleting "the Chairman of the annual general meeting", but any such deletion must be initialled by the shareholders. The person whose name stands first on this form of proxy and who is present at the annual general meeting will be entitled to act as proxy to the exclusion of those whose names follow. If no proxy is named on a lodged form of proxy, the Chairman shall be deemed to be appointed as the proxy.
5. A shareholder's instructions to the proxy must be indicated by the insertion of the relevant number of votes exercisable by the shareholder in the appropriate box provided. Failure to comply with the above will be deemed to authorise the proxy, in the case of any proxy other than the Chairman, to vote or abstain from voting as deemed fit and in the case of the Chairman to vote in favour of any resolution.
6. A shareholder or his proxy is not obliged to use all the votes exercisable by the shareholder, but the total of the votes cast or abstained from may not exceed the total of the votes exercisable in respect of the shares held by the shareholder.
7. Forms of proxy must be lodged at, or posted to the transfer secretaries, Link Market Services South Africa Proprietary Limited, 13th Floor, Rennie House, 19 Ameshoff Street, Braamfontein, 2001 (PO Box 4844, Johannesburg, 2000) to be received at least 48 hours prior to the annual general meeting on Thursday, 16 February 2017. Alternatively, the form of proxy may be handed to the chairperson of the annual general meeting, at the annual general meeting prior to the commencement of the annual general meeting.
8. The completion and lodging of this form of proxy will not preclude the relevant shareholder from attending the annual general meeting and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such shareholder wish to do so. Where there are joint holders of shares, the vote of the first joint holder who tenders a vote as determined by the order in which the names stand in the register of shareholders, will be accepted. In addition to the foregoing, a shareholder may revoke the proxy appointment by: (i) cancelling it in writing, or making a later inconsistent appointment of a proxy and (ii) delivering a copy of the revocation instrument to the proxy, and to the company. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholder as at the later of the date stated in the revocation instrument, if any; or the date on which the revocation instrument was delivered in the required manner.
9. Where there are joint holders of any shares, only that holder whose name appears first in the register in respect of such shares needs to sign this form of proxy.
10. The Chairman of the annual general meeting may reject or accept any form of proxy which is completed and/or received, otherwise than in accordance with these notes, provided that, in respect of acceptances, the Chairman is satisfied as to the manner in which the shareholder concerned wishes to vote.
11. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity must be attached to this form of proxy unless previously recorded by the company or Link Market Services South Africa Proprietary Limited or waived by the Chairman of the annual general meeting.
12. Any alteration or correction made to this form of proxy must be initialled by the signatory/ies.
13. A minor must be assisted by his/her parent/guardian unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries.
14. The foregoing notes contain a summary of the relevant provisions of section 58 of the Companies Act, No 71 of 2008, as amended.

CORPORATE INFORMATION

Dipula Income Fund Limited

Registration number 2005/013963/06
Incorporated on 10 May 2005 in the
Republic of South Africa

Registered office and business address

Block B, Dunkeld Park
6 North Road, Dunkeld West
Johannesburg, 2196
(PO Box 875, Parklands, 2121)

Independent auditors

Deloitte & Touche
Practice number: 902276
Registered Auditors
Deloitte Place, The Woodlands
20 Woodlands Drive
Woodmead, Sandton
(Private Bag X6, Gallo Manor, 2052)

Transfer secretaries

Link Market Services South Africa Proprietary Limited
(Registration number 2000/007239/07)
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein, 2001
(PO Box 4844, Johannesburg, 2000)

Bankers

The Standard Bank of South Africa Limited
(Registration number 1962/000738/06)
3rd Floor, East Wing, 30 Baker Street
Rosebank, 2196
(PO Box 8786, Johannesburg, 2000)

Corporate advisor and sponsor

Java Capital
6A Sandown Valley Crescent
Sandton, 2196
(PO Box 2087, Parklands, 2121)

Company secretary

CIS Company Secretaries Proprietary Limited
(Registration number 2006/024994/07)
Rosebank Towers
15 Biermann Avenue
Rosebank
Johannesburg, 2196
(PO Box 61051, Marshalltown, 2107)

Investor relations

Singular Systems IR
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Birnarn, 2196
(PO Box 785261, Sandton, 2146)



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