

SUSTAINABLE
PROPERTY
RETURNS

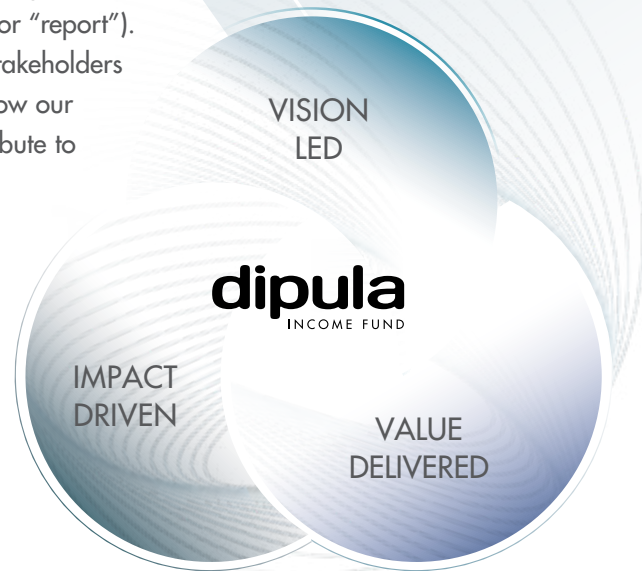


Welcome to our 2023 Integrated Report

dipula
INCOME FUND

Welcome to Dipula Income Fund Limited's ("Dipula", "Group", "Fund" or "company") Integrated Report for 2023 ("IR" or "report"). This IR is one of our primary communications with our stakeholders and provides a transparent and integrated account of how our performance, governance and economic activities contribute to our ability to deliver sustainable returns.

Dipula is committed to making a real difference. Every effort is made to ensure that our business activities are directed towards creating meaningful value for our stakeholders and leaving a lasting impact.



Our vision of delivering sustainable returns is clear and meaningful. It's the driving force that guides all our business activities. Our 2023 performance demonstrates how our vision is being realised. Our dedicated team helps us realise our vision and propels us towards our goal of becoming a leading, diversified South Africa focused Real Estate Investment Trust.

The foundation of our success is firmly grounded in our value-creating strategy, our defensive portfolio and our nimble management approach. We maintain a resolute focus on our core business activities, which include acquiring quality assets, value adding redevelopments, non-core asset disposals, running efficient operations, a strong team and our tenant-centric approach.

Our reporting suite for 2023

Our reporting suite provides us with an opportunity to share our achievements for the year ended 31 August 2023. This suite is supplemented by various online publications, stakeholder communications and additional information available on our website www.dipula.co.za.

Integrated Report

IR



Our IR is targeted to providers of financial capital and explains how Dipula creates, preserves or erodes value over time. This report includes our Annual Financial Statements and a detailed performance review.

Sustainability Report

SR



Our SR is targeted to all our stakeholders and provides details on material economic, social and environmental performance.

Notice of AGM

AGM



Our Notice to shareholders includes our notice and proxy.

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Download our
Sustainability Report



INTRODUCTION

About this report


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Navigating our report

7





Our people drive our vision to be a prominent, diversified, South Africa focused REIT that delivers sustainable value for our stakeholders.

About this report



EYETHU ORANGE FARM MALL

Objective, boundary and scope

The objective of this IR is to provide current and prospective providers of financial capital and other stakeholders with the information they need to assess our performance and ability to create and preserve sustainable value in the short, medium and long term.

Information presented in this report holistically deals with our material matters, strategy, the environment in which we operate, our business model, our risks and opportunities, our performance and our environmental, social and governance initiatives. The report demonstrates our commitments to ethical leadership, corporate citizenship and integrated strategic thinking and shows how our legitimate stakeholder interactions are unpacked to provide a broad view of our strategy and performance.

Events after the reporting period and up to the date of approval of this report have been considered and included in this report. Unless indicated otherwise, information in this report refers to that of the Group.

Time frames

We use the following general classifications when making time-frame references in this report (excluding AFS):

Short term:	The next 24 months.
Medium term:	24 months to seven years.
Long term:	Anything beyond seven years.

Our reporting boundary covers the risks, opportunities and outcomes arising from:

<p>Our material matters</p> <p>20 to 27 →</p>	<p>Our business strategy</p> <p>38 to 41 →</p>	<p>Our business model</p> <p>42 to 43 →</p>	<p>Our stakeholder engagement</p> <p>44 to 54 →</p>
<p>Our corporate governance</p> <p>94 to 107 →</p>	<p>Our remuneration report</p> <p>110 to 119 →</p>	<p>Our financial reporting boundary</p> <p>120 to 215 →</p>	

Basis of preparation and reporting frameworks

We have applied the guiding principles and content elements of the International Integrated Reporting Council's <IR> framework, and considered the following guidelines below in preparing this report:


- International Financial Reporting Standards ("IFRS").
- Johannesburg Stock Exchange Limited ("JSE") Listings Requirements.
- King IV Report on Corporate Governance for South Africa 2016 ("King IV™").
- South African Companies Act, 71 of 2008 ("Companies Act").
- The voluntary JSE Sustainability and Climate Change Disclosure Guidance ("JSE Sustainability Disclosure Guidance").

In compiling this report, we were informed by the broad principles outlined in the voluntary JSE Sustainability Disclosure Guidance and continue to work on aligning our non-financial reporting to these principles. The financial information in this report has been extracted from the Annual Financial Statements for the year ended 31 August 2023, prepared in accordance with IFRS.

Combined assurance

We use a combined assurance model to ensure the information we provide, and our underlying processes, support the integrity of information used for internal decision-making and the credibility and integrity of our reporting. The Audit and Risk Committee is responsible for assessing Dipula's internal control environment. It monitors the execution of our combined assurance plan and reports to the Board quarterly and to shareholders annually in our AFS.

The combined assurance model of Dipula, in its current format, is set out below:

Business process	Annual Financial Statements	Property valuations
Nature of assurance	Unqualified audit	Valuation reports
Status	Assured	Assured
Assurance provider	Mazars	Various independent valuers  page 160


Forward-looking statements

This report contains forward-looking statements that, unless otherwise indicated, reflect Dipula's expectations as at 31 August 2023. While these statements represent our judgements and future expectations when preparing this report, several risks, uncertainties and other important factors could cause actual results to differ materially from our expectations.

Materiality

This report endeavours to identify and explain the most material financial and non-financial matters that could substantively impact Dipula's ability to create value over the short, medium and long term.

We recognise that value created, preserved or eroded by Dipula not only impacts financial returns to our providers of financial capital, but impacts the value created and sustained for all our other stakeholders (our people, tenants, shoppers, society, industry organisations, suppliers, government and regulators). Accordingly, Dipula considers the risks, opportunities and outcomes attributable to, or associated with, entities beyond our financial reporting boundary.

Dipula has a comprehensive materiality determination process ( pages 20 to 27), which is an integral part of our ongoing efforts to apply integrated thinking principles. This year, the concept of double materiality was embraced in this determination process. This determination process combined risk identification and assessment with strategic objectives, stakeholder feedback, market conditions and our own performance to prioritise matters that are integral to our long-term sustainability.

Dipula cannot guarantee that any forward-looking statement will materialise and accordingly, readers are cautioned not to place undue reliance on these forward-looking statements. By their nature, such forward-looking statements and forecasts involve risk and uncertainty as they relate to events and depend on circumstances that occur in the future.

Dipula is not obliged to update or revise its forward-looking statements, save as required to do so by legislation and/or regulation.

About our report (continued)

Responsibility statement and review

Dipula's Board collectively acknowledges responsibility for ensuring the integrity of this report. The Board has applied its collective mind, and in its opinion, this report addresses all material matters, offers a balanced view of Dipula's strategy, and fairly presents Dipula's performance and future prospects.

The Board is satisfied that the assurance in place confirms that there is an adequate and effective control environment, which supports the integrity of information used for internal decision-making by the Board and its committees.

The Board confirms that all reliable information has been disclosed and that there are no legal prohibitions to disclosing material information. The Board approved this report on 8 December 2023.

Feedback and corporate information

Your feedback on the contents and presentation of this report is welcome and will assist us in improving the quality and relevance of future reports. We invite all users of this report to visit www.dipula.co.za for more information on Dipula. Feedback or further requests for information can be directed to:

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IS Petersen
Chief Executive Officer



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Independent
non-executive director



Z Adams
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non-executive director



N Khoele
Independent
non-executive director



K Teeroovengadum
Independent
non-executive director

Registered office

The registered office of the Company is on the 12th Floor Firestation Rosebank, 16 Baker Street, Rosebank, 2196, Johannesburg, South Africa.

Dipula's Integrated Report is available in hard copy on request and is also available on our website.

www.dipula.co.za 

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Navigating our report

Navigation icons

The capitals


- FC** Financial capital
- MC** Manufactured capital
- IC** Intellectual capital
- HC** Human capital
- SRC** Social and relationship capital
- NC** Natural capital



Page reference



Website reference

For clarification of all abbreviations used in this report, refer to the definitions and abbreviations on  page 236.

Our strategic objectives

- S1** Deliver sustainable income and capital returns
- S2** Improve the liquidity and tradability of our share
- S3** Optimise our portfolio
- S4** Operate sustainably
- S5** Employee and Board wellbeing, retention, development and succession
- S6** Respond to challenging economic environment
- S7** Tactical capital allocation

Material themes

- M1** Challenging macroeconomic environment
- M2** Essential infrastructure deterioration and poor service delivery
- M3** Uncertain socio-political environment
- M4** Business sustainability and resilience
- M5** Competitive operating environment
- M6** Attract and retain key management skills
- M7** ESG stewardship

ABOUT DIPULA

Mission, vision,
purpose and values

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Group structure

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Group
organogram

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Key milestones

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South Africa focused,
predominantly retail REIT



Retail



Office



Industrial



Residential



PALM SPRINGS

Mission, vision, purpose and values

OUR MISSION

To provide relevant space to our tenant partners, make an impact and think beyond the obvious.

OUR VISION

To be a prominent, diversified, South Africa focused REIT that delivers sustainable returns.

OUR PURPOSE

To deliver sustainable returns for our stakeholders.

We shape a better world for our stakeholders.

We take ownership for our collective success.



We strive for excellence.

We do the right thing.

Who we are

Dipula owns a portfolio of well-located, relevant assets that are responsive to tenant requirements.

Dipula is a South Africa focused REIT that owns a portfolio consisting of:



Retail

Defensive urban, township and rural community retail centres



Office

Office properties in urban areas



Industrial

Industrial and logistics mid-sized properties in urban areas



Residential

Affordable residential rental assets in economically active locations

South Africa focused

Internally managed

Our strategy is to own a defensive portfolio with a bias towards convenience, rural and township retail centres. The portfolio has yielded solid performance since listing. We focus on specific market segments and continuously make every effort to reposition the portfolio to adapt to changing market dynamics.

POSITIONING STATEMENT

- ▶ We invest in retail properties that have a positive impact on communities and provide suitable trading spaces to our tenants while being conveniently located for shoppers.
- ▶ Our office and industrial properties are well located within SA's urban areas.
- ▶ Our residential properties provide much-needed accommodation at good value for money.
- ▶ We create sustainable returns for our investors.

Investment case

HOW WE CREATE VALUE

Dipula is continuously growing, improving and de-risking the portfolio through employing a range of value-add strategies including leasing, conversions, extensions and redevelopments.

Our value proposition

We are an internally managed, entrepreneurial, innovative, diversified REIT that creates sustainable value through resourcefulness and consistency for the provision of suitable spaces and excellent service to our tenants.

We consider each tenant a partner and form lasting relationships with all our stakeholders.

Our business activities

We maximise value creation and preservation for our stakeholders by investing through the property life cycle by **acquiring**, **redeveloping**, **letting** and **recycling** our properties.



Acquire

We acquire high-quality assets with strong property fundamentals.



Redevelop

We redevelop our properties to maintain and enhance their value.



Tenant service

We let well-maintained buildings and endeavour to provide brilliant levels of tenant service.



Recycle

We recycle capital through the disposal of non-core assets.

Read our business model on pages 42 to 43



Our tools

- ▶ Competent and skilled team
- ▶ Good capital allocation
- ▶ Research and analysis
- ▶ Focused investment strategy
- ▶ Good balance sheet management
- ▶ Mutual value creation partner
- ▶ Meeting the needs of the communities in which we operate

WHAT DIFFERENTIATES US

Our goal is to provide our shareholders with sustainable total returns, while delivering an exceptional tenant and shopper experience.

We are entrepreneurial

Our strategy

Page 38



We own a defensive, retail-biased portfolio

Our manufactured capital

Page 42



Stable management team

Our human capital

Page 42



Internally managed

Our strategy

Page 38



SA-focused

Our strategy

Page 38



We have a long track record of performance and prudent, skilful capital allocation

Our financial capital

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CAPITAL ALLOCATION AND PORTFOLIO CONSTRUCTION

Our assets do not exist in isolation but are there to serve the needs of society and more specifically, the requirements of our tenants in the context of South Africa's continually changing operating environment. To ensure long-term profitability, we focus on managing our portfolio well by:

- ▶ Allocating sufficient resources to building maintenance
- ▶ Attracting capital at competitive rates
- ▶ Buying or developing the right assets
- ▶ Continuous rebalancing of our portfolio to get to the optimal portfolio
- ▶ Having the right risk management processes in place
- ▶ Ongoing proactive improvement of our assets
- ▶ Provision of excellent tenant service
- ▶ Running efficient operations

Investment case (continued)

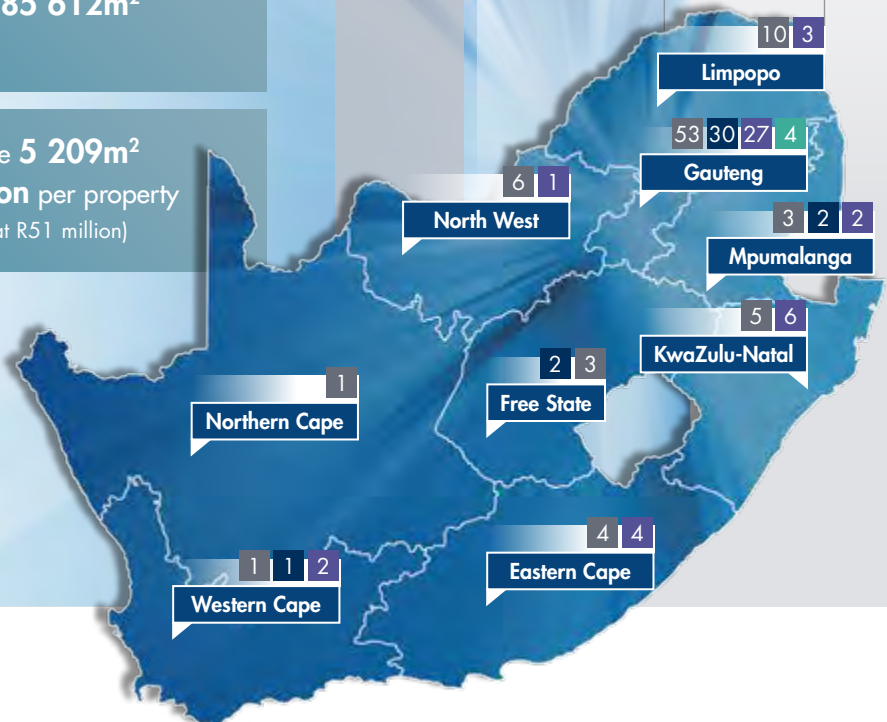
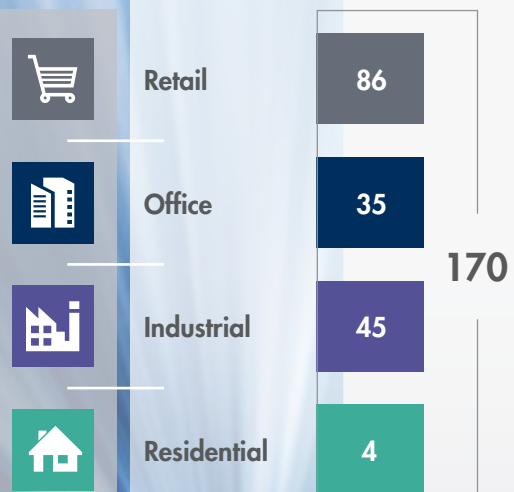
OUR DIVERSIFIED PORTFOLIO

Our diversified portfolio offers shareholders direct access to investments that deliver long-term income and capital growth.

At year-end, Dipula’s property portfolio consisted of 170 properties (2022: 182 properties) valued at R9.8 billion, including NCI (2022: R9.6 billion, including NCI) with a total GLA of 885 612m² (2022: 917 925m²).

- ▶ **R9.8 billion** including NCI
(2022: R9.6 billion including NCI)
- ▶ **170 properties**
(2022: 182 properties)
- ▶ Across South Africa’s **nine provinces** – Gauteng bias
- ▶ Gross lettable area **885 612m²**
(2022: 917 925m²)
- ▶ Average property size **5 209m²**
valued at **R55 million** per property
(2022: 5 044m² valued at R51 million)

Provincial split by sector



- ▲ Increased
- ▼ Decreased
- ▶ No change

OUR YEAR IN REVIEW

Significant events during the year

Portfolio value increased by **1.7%**



NAV increased by **2.1%**



LTV of **35.7%**



ESG Framework implemented

2023 performance salient features



Financial capital

- ▲ NAV **R6.1 billion** (2022: R5.9 billion)
- ▼ Gearing **35.7%** (2022: 35.9%)
- ▲ Debt **R3.6 billion** (2022: R3.5 billion)
- ▼ Interest rate hedge level **65%** (2022: 75%)
- ▲ Average interest rate **9.2%** (2022: 8.4%)
- ▶ GCR credit rating: BBB+ (ZA) long-term, A2 (ZA) short-term outlook: **stable**



Manufactured capital

- ▲ Portfolio worth **R9.8 billion** including NCI and held-for-sale (2022: R9.6 billion)
- ▼ **170** properties (2022: 182 properties)
- ▶ Across South Africa's **nine provinces** – Gauteng bias
- ▲ Average property size of **5 209m²** and average property value of **R55 million** (2022: 5 044m² valued at R51 million)
- ▼ Gross lettable area **885 612m²** (2022: 917 925m²)



Intellectual capital

- ▲ **188 new leases** concluded across the portfolio (2022: 203 new leases)
- ▲ Portfolio retention rate of **84%** (2022: 72%)
- ▲ **ESG Framework** completed



Human capital

- ▲ **129 years** of property experience among the Exco (2022: 113 years)
- ▲ **93%** people retention
- ▶ Utilisation of **SMME contractors**
- ▶ Stable workforce of **85 employees** (2022: 83 employees)



Social and relationship capital

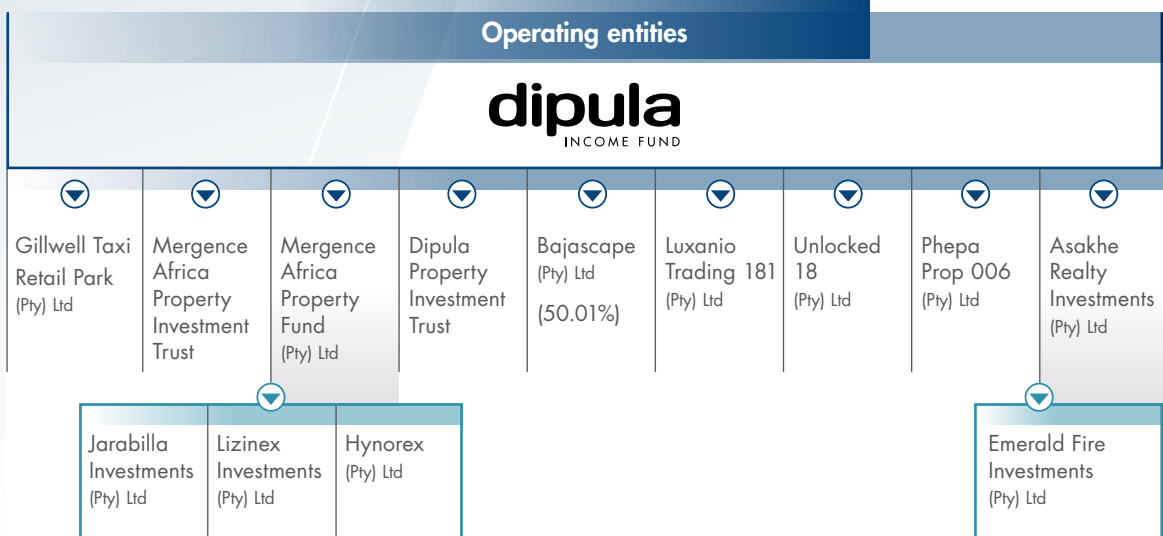
- ▶ Ongoing CSI initiatives
- ▶ Utilisation of **SMME contractors**



Natural capital

- ▼ Avoided CO₂ emissions **2.182 tCO₂e** (2022: 2.301 tCO₂e)
- ▶ Solar installation at **four properties** (2022: four properties)
- ▶ Pilot projects undertaken for **refuse recycling**
- ▼ Reduced water consumption by **2.3%** in 2023

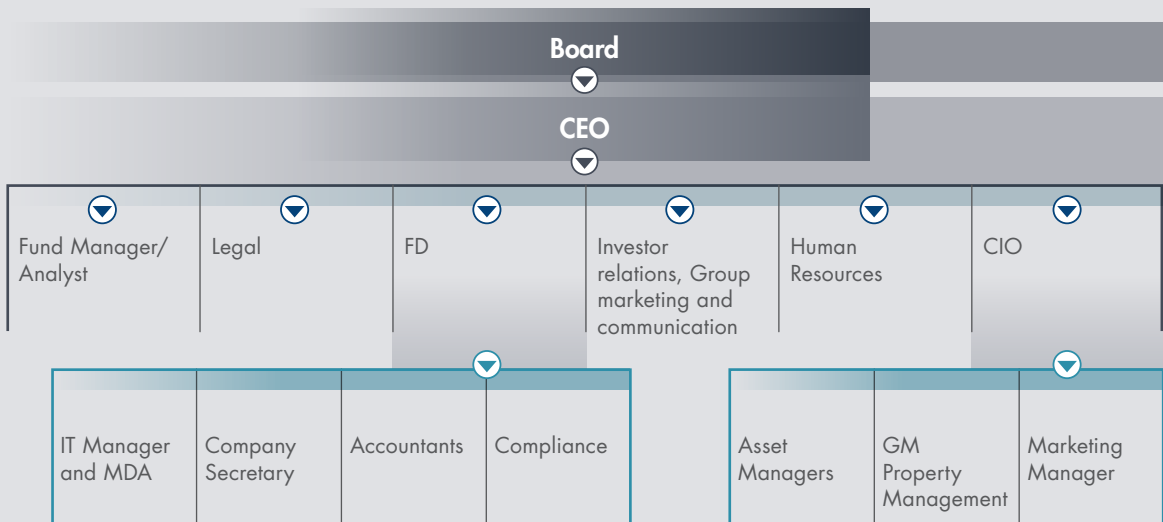
Group structure



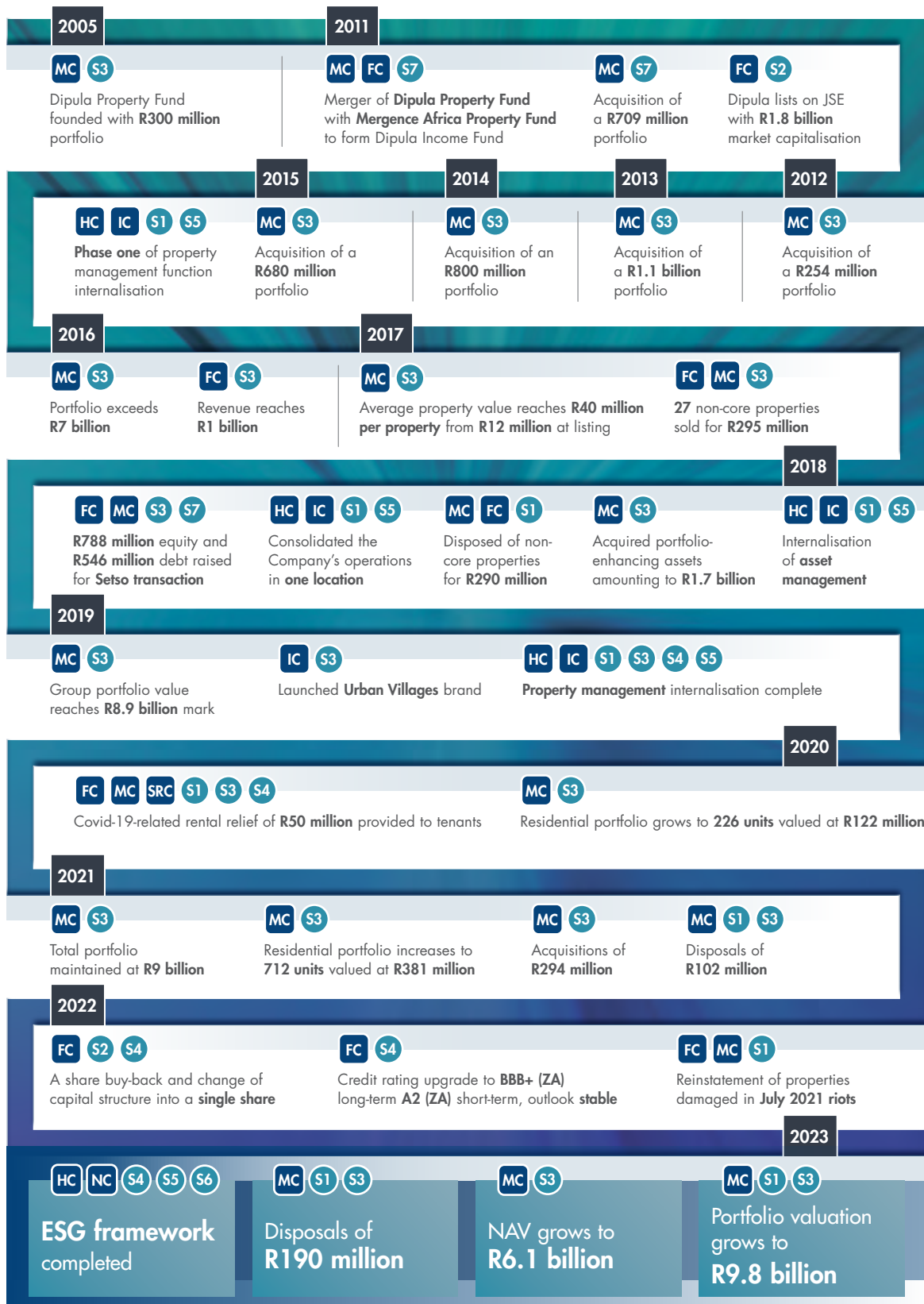
Group organogram

Management team

Our internalised management team has proven expertise in our chosen markets. This, combined with diligent portfolio management, has been the cornerstone of our consistent performance. Dipula’s management team is entrepreneurial, with the CEO being a founding member, which has resulted in continuity and loyalty.



Key milestones



OUR BUSINESS CONTEXT

Material themes
and matters

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Our operating
environment

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Joint leadership
report

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Dipula's value creation strategy involves optimising its property portfolio, fostering operational efficiency and committing to sustainable business practices to maximise returns for stakeholders. Our approach includes cultivating positive tenant relationships, embracing innovation and aligning with broader economic and environmental considerations.

Material themes and matters

Dipula evaluates the importance of a material matter based on its potential to significantly impact the Group’s ability to create and preserve value over time (short, medium and long term).

Dipula’s materiality determination process

The concept of double materiality was embraced in this determination process by prioritising matters based on their impact on Dipula’s enterprise value (*inward-focused financial materiality*), as well as their impact on society, communities and the environment (*outward-focused impact materiality*).

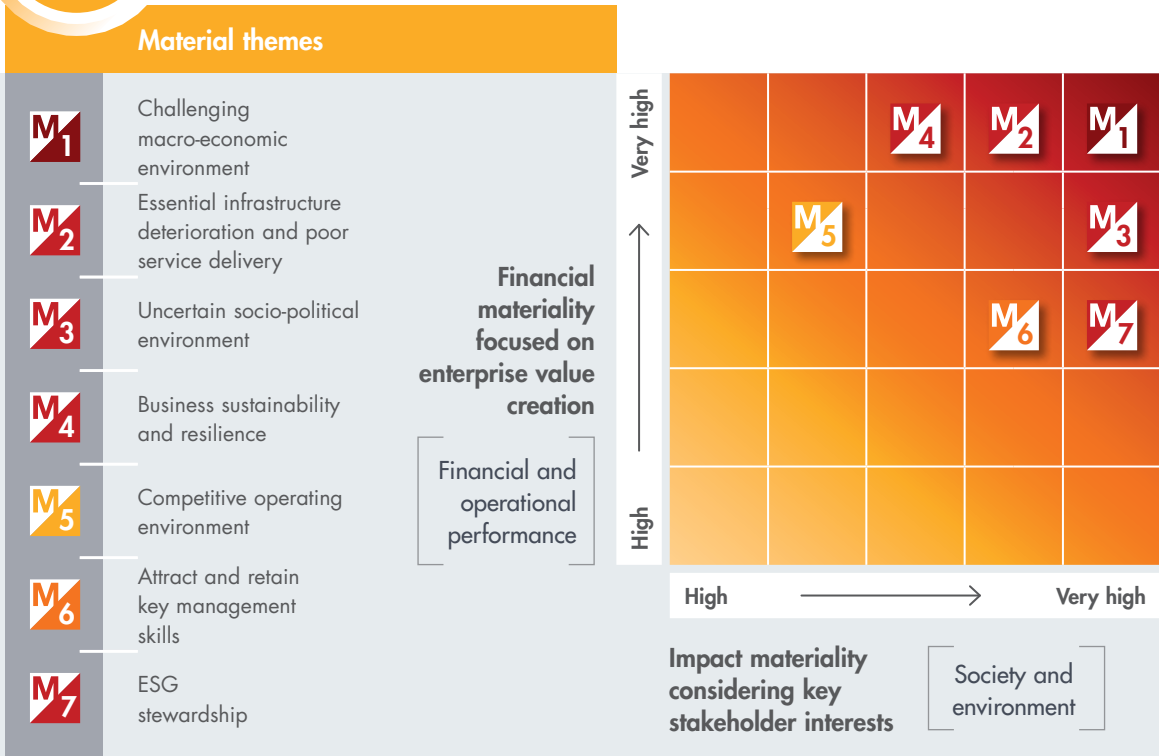
The determination process followed a phased approach, which included the following:



Management conducted a comprehensive review encompassing both external and internal environments. This entailed an assessment of the socio-economic consequences of Dipula’s operating environment, an examination of stakeholder concerns, and an examination of emerging property trends. Additionally, we reviewed internal risk reports, strategy documents and Board materials to evaluate material matters.

The identified matters and themes underwent a prioritisation process that considered both their impact on Dipula’s enterprise value and their impact on society, communities and the environment.

We grouped Dipula’s 82 material matters under seven material themes. These themes are integrated into Dipula’s strategic thinking and will help guide disclosures for the IR.





Dobsonpoint

Materiality review

Keys



Strategic objectives

- S1 Deliver sustainable income and capital returns
 - S2 Improve the liquidity and tradability of our share
 - S3 Optimise our portfolio
 - S4 Operate sustainably
- S5 Employee and board wellbeing, retention, development and succession
 - S6 Respond to challenging economic environment
 - S7 Tactical capital allocation

M1

Challenging macro-economic environment

Y-O-Y change



Strategic objectives



Capitals impacted



Context

South Africa's GDP growth is expected to grow at 1% in 2024. The current economic landscape has been negatively impacted by increased inflation and interest rates, resulting in dampened consumer confidence, supply chain interruptions, increased cost of capital and an uptick in operational expenditure.

Material matters

1. Depressed macro-economic environment
2. Low economic growth
3. Dampened business and consumer confidence
4. High inflationary environment
5. Increased cost of capital due to the high-interest rate environment
6. High energy prices
7. High crime rate

Key focus areas

- Maintain conservative gearing
- Invest in defensive assets
- Maintain balance sheet strength
- Focus on income diversification and generation
- Strengthen shareholder and debt provider relationships
- Improve operational efficiencies
- Disposal of non-core or underperforming assets
- Treasury management to optimise capital costs

Stakeholders with an interest in this matter

Shareholders	Debt providers	Tenants	Employees
Industry organisations	Shoppers	Society	Suppliers
Government, municipalities and regulators			

Associated risks











- Impact of low economic growth
- Rapidly increasing interest rates

Time frames
Short to medium

Outlook for this material matter

Despite the challenges of high inflation, rising interest rates, escalating municipal rates and ongoing government non-delivery, we are confident in the resilience of Dipula's portfolio.

Material themes and matters (continued)

 Essential infrastructure deterioration and poor municipal service delivery	Y-O-Y change 		Strategic objectives  	Capitals impacted     
	<p>Context Unreliable electricity supply by Eskom, infrastructure failures, and sub-par municipal service delivery are disruptive to business and will slow down economic activity. The deteriorating municipal infrastructure and rising administration costs are lowering property valuations and increasing tenant's cost of occupancy.</p>			

Material matters	Key focus areas		
<ul style="list-style-type: none"> 8. Impact of loadshedding 9. Municipal services risk 10. Increasing property rates and taxes 11. Increasing administrative costs 12. Increased cost of occupancy 13. High compliance burden and inefficient statutory bodies 14. Regulatory burden in the operating environment 15. Poverty resulting in tenant sustainability risks 	<ul style="list-style-type: none"> ■ Proactive asset management ■ Strengthen internal utilities department ■ Improve operational efficiencies ■ Maintain our defensive portfolio ■ Address tenant, employee and community requirements ■ Ensure an appropriate tenant mix 		
Stakeholders with an interest in this matter			
Shareholders	Debt providers	Tenants	Employees
Shoppers	Society		Suppliers
Government, municipalities and regulators			
Associated risks	<ul style="list-style-type: none"> ■ Eskom and municipal services risk ■ Insurance risk ■ Political and socio-economic uncertainties in South Africa 		Time frames Short to medium
Outlook for this material matter			
Despite the challenges of high inflation, rising interest rates, escalating municipal rates and ongoing government non-delivery, we are confident in the resilience of Dipula's portfolio.			



M3

Uncertain socio-political environment

Y-O-Y change



Strategic objectives

- S1
- S2
- S3
- S4
- S6
- S7

Capitals impacted

- FC
- MC
- IC
- HC
- SRC

Context

The current political and socio-economic climate in South Africa is resulting in reduced investment and negative consumer and business sentiment. South Africa also contends with elevated levels of poverty, unemployment and social unrest. Compounding these issues are problems like opportunistic crime and corruption.

Material matters

- 16. Shifting and uncertain socio-political landscape
- 17. South Africa's greylisting by the Financial Action Task Force
- 18. High unemployment
- 19. Low disposable incomes
- 20. Social inequalities
- 21. Social instability and unrest
- 22. Opportunistic crime
- 23. Insurance risk

Key focus areas

- Proactive asset management
- Disposal of non-core or underperforming assets
- Improve operational efficiencies
- Invest in defensive assets
- Integrate ESG considerations into strategy and investment decision-making
- Retrofit and install energy-efficient equipment, solar and water systems in existing properties and new developments and upgrades
- Address tenant, employee and community requirements

Stakeholders with an interest in this matter

Shareholders	Debt providers	Tenant	Government, municipalities and regulators
Debt providers Employees	Shoppers	Suppliers	

Associated risks

- Political and socio-economic uncertainties in South Africa
- Insurance risk
- Negative impact of a high compliance burden and inefficient statutory bodies

Time frames

Short to medium

Outlook for this material matter

Despite the challenges of high inflation, rising interest rates, escalating municipal rates and ongoing government non-delivery, we are confident in the resilience of Dipula's portfolio.



DOBSONPOINT SHOPPING CENTRE

Material themes and matters (continued)

Business sustainability and resilience	Y-O-Y change		Strategic objectives	Capitals impacted

Context

The current operating challenges impact consumer confidence and tenant demand. Dipula aims to maintain its operational resilience and create lasting value for its stakeholders despite the unpredictable business landscape.

Material matters	Key focus areas		
<ul style="list-style-type: none"> 24. Uncertain operating environment 25. Business continuity and efficiency 26. Dampened business and consumer confidence 27. Portfolio mix 28. Group structure changes 29. Disposal of non-core or underperforming assets 30. Property valuations 31. Capital structure and liquidity risk 32. Dividend payout ratio 33. Share price volatility 34. Share price trading at a 44% discount to NAV 35. Share buy-backs 36. Rental reversions 37. Consolidation in the retail sector leading to fewer tenants 38. IT governance, cybersecurity and data privacy 	<ul style="list-style-type: none"> ▪ Ensure business continuity in the face of operational challenges ▪ Promote business model adaptability ▪ Group restructure (expected to be completed by February 2024) ▪ Continuously assess our portfolio mix ▪ Cost management optimisation ▪ Monitor key financial metrics like loan-to-value, interest coverage ratio and net asset value ▪ Strengthen our balance sheet ▪ Keep bad debts low ▪ Manage the interest rate risk ▪ Implement prudent hedging ▪ Maintain conservative gearing ▪ Improve tax efficiency ▪ Increase ICR and NAV ▪ Maintain LTV ratio between 35% and 40% 		
Stakeholders with an interest in this matter			
Shareholders	Tenants	Industry organisations	Government, municipalities and regulators
Debt providers	Employees	Suppliers	
Associated risks	<ul style="list-style-type: none"> ▪ Change in space utilisation ▪ Eskom and municipal services risk ▪ Insurance risk ▪ Impact of low economic growth ▪ Political and socio-economic uncertainties in South Africa ▪ Rapidly increasing interest rates ▪ Key employee retention 		Time frames Short, medium and long term
Outlook for this material matter			
Our strategic priorities include <ul style="list-style-type: none"> <li style="width: 50%;">▪ Improving operational efficiencies <li style="width: 50%;">▪ Ensuring the robustness of our balance sheet <li style="width: 50%;">▪ Harnessing innovative infrastructure to enhance our competitive advantage <li style="width: 50%;">▪ Proactively seeking out fresh growth opportunities <li style="width: 50%;">▪ Disposal of non-core assets 			



Context

The property market remains intensely competitive, compounded by infrastructure fundamentals and the evolving nature of workplace flexibility, all of which continue to impact tenant demand. Moreover, the potential for technological advancements to disrupt the property market further adds to the challenges. In light of these conditions, our focus remains on boosting operational efficiencies and minimising variable costs to navigate this dynamic landscape effectively.

Material matters

- 39. Highly competitive property market
- 40. Increased competition for quality tenants
- 41. Pressure on tenant demand
- 42. Portfolio mix and portfolio strength
- 43. Tenant mix
- 44. Tenant retention
- 45. Changing tenant preferences
- 46. Changing utilisation of space
- 47. Changing work environment
- 48. Hybrid office working arrangements
- 49. Occupancy levels
- 50. Rental reversions
- 51. Refurbishment costs
- 52. Industrial sector resilience
- 53. Demand for commercial property
- 54. Tenant and shopper responsibility

Key focus areas

- Focus on property fundamentals
- Retain tenants through superior management
- Right-size portfolio
- Optimise tenant mix
- Create safe, people-centric spaces
- Active stakeholder and tenant engagements
- Avoid reliance on one tenant
- Focus on income generation and diversification
- Manage variable costs
- Reinvest into the core portfolio through refurbishments and maintenance
- Repurpose space
- Seek ways to diversify revenue streams
- Stringent tenant credit vetting
- Swift action against prospective defaulters

Stakeholders with an interest in this matter

Tenants	Shoppers
Shareholders	Debt providers

Associated risks

- Change in space utilisation
- Eskom and municipal services risk
- Municipal services
- Technological enhancements may disrupt the property market

Time frames
Short, medium and long term

Outlook for this material matter

Dipula remains resolute in protecting its market standing and reputation. Our strategy includes tenant diversification, prompt rent collection, and an unwavering focus on property fundamentals.

Our focus extends to improving cost efficiencies and consistently providing value to our tenants, shareholders and communities.

Looking ahead, we still anticipate that hybrid working arrangements will persist. However, there is a noticeable trend of increased time spent in office spaces.

Material themes and matters (continued)

 Attract and retain key management skills	Y-O-Y change 		Strategic objectives 	Capitals impacted   
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Context

Our employees are integral to our ability to create long-term value. We prioritise their growth and wellbeing while nurturing a company culture aligned with our goals. However, it's essential to recognise the brain drain in South Africa, driven by socio-political challenges, which has created a notable skills shortage. This, combined with global skill deficits and the current negative sentiment in South Africa, may result in the departure of key team members. Given these market conditions, there is a chance that our Long-Term Incentive ("LTI") scheme may be ineffective in retaining valuable talent.

Material matters	Key focus areas	
<ul style="list-style-type: none"> 55. Demand for critical skills 56. Staff retention 57. Loss of key skills 58. Increased labour costs 59. Transformation through diversity and inclusion 60. Succession planning 61. Labour standards 62. Freedom of association and collective bargaining 63. Employee wellbeing 64. Company culture 65. B-BBEE performance and scorecard 66. Gender and racial equality 67. Health and safety 	<ul style="list-style-type: none"> ■ Attract and retain good talent ■ Create a diverse, inclusive, transformed and equitable workplace ■ Drive transformation and empower our communities ■ Nurture employee growth and wellbeing ■ Succession and leadership planning ■ Ensure leadership continuity 	
Stakeholders with an interest in this matter		
Employees	Suppliers	Shoppers
Government, municipalities and regulators		
Associated risks <ul style="list-style-type: none"> ■ Key staff retention risk ■ Human capital brain drain 	Time frames Short, medium and long term	
Outlook for this material matter		

We will continue to embed diversity and inclusion into our human capital strategies.



Context

As we refine our sustainability strategy by setting clear targets and addressing emerging sustainability challenges, we reaffirm our commitment to making a positive and enduring impact on the communities we serve and the environment we operate in. This focus includes our social responsibility towards the community and our approach to mitigating climate change impacts by reducing energy and water consumption and investing in solar PV and water harvesting to bolster our portfolio's resilience.

Material matters	Key focus areas		
<ul style="list-style-type: none"> 68. Good corporate citizenship 69. Business ethics and ethical conduct 70. Climate change 71. Reduce consumption 72. Energy supply 73. Energy efficiency 74. Solar energy investments 75. Carbon footprint and emissions 76. Water security 77. Waste management 78. Biodiversity 79. Supply chain and materials 80. Corporate social responsibility 81. Community development investment 82. Decent work and economic growth 	<ul style="list-style-type: none"> ■ Integrate ESG considerations into strategy and investment decision-making ■ Implement ESG framework throughout operations ■ Retrofit and install energy-efficient equipment, solar and water systems in existing properties and new developments and upgrades ■ Initiatives to reduce electricity and water consumption ■ Alternative power and water sources ■ Installation of back-up electricity systems ■ Water storage solutions ■ Monitor climate events and risks ■ Contribute to sustainable socio-economic outcomes through CSI initiatives 		
Stakeholders with an interest in this matter			
Shareholders	Debt providers	Tenants	Employees
Industry organisations	Society	Suppliers	Government, municipalities and regulators
Associated risks	<ul style="list-style-type: none"> ■ Climate change ■ Eskom and municipal services risk 	Time frames Short, medium and long term	
Outlook for this material matter			

As we increase our understanding of ESG factors, we will be better positioned to meet tenant needs and obtain competitive green initiatives linked funding.

Our operating environment

Globally, heightened interest rates and inflation, geopolitical conflicts and China’s economic slowdown are top of investors’ minds.

The global macro-environment year-to-date has been challenging, setting 2023 to be another difficult year. We entered 2023 with a perfect inflation storm prompted by pent-up demand post-Covid-19 (accentuated by monetary and fiscal stimulus), supply chain disruptions, energy price spikes caused by Russia’s war on Ukraine and tight labour markets. Overall, US inflation has declined over recent months but remains elevated while core prices ease (figure 1). This raises the prospect of further interest rate hikes and/or interest rates remaining elevated for longer in order to bring inflation closer to the US Federal Reserve’s (“Fed”) 2% long-term target. The Fed, Bank of England (“BOE”) and the European Central Bank (“ECB”) remain hawkish in the current environment.

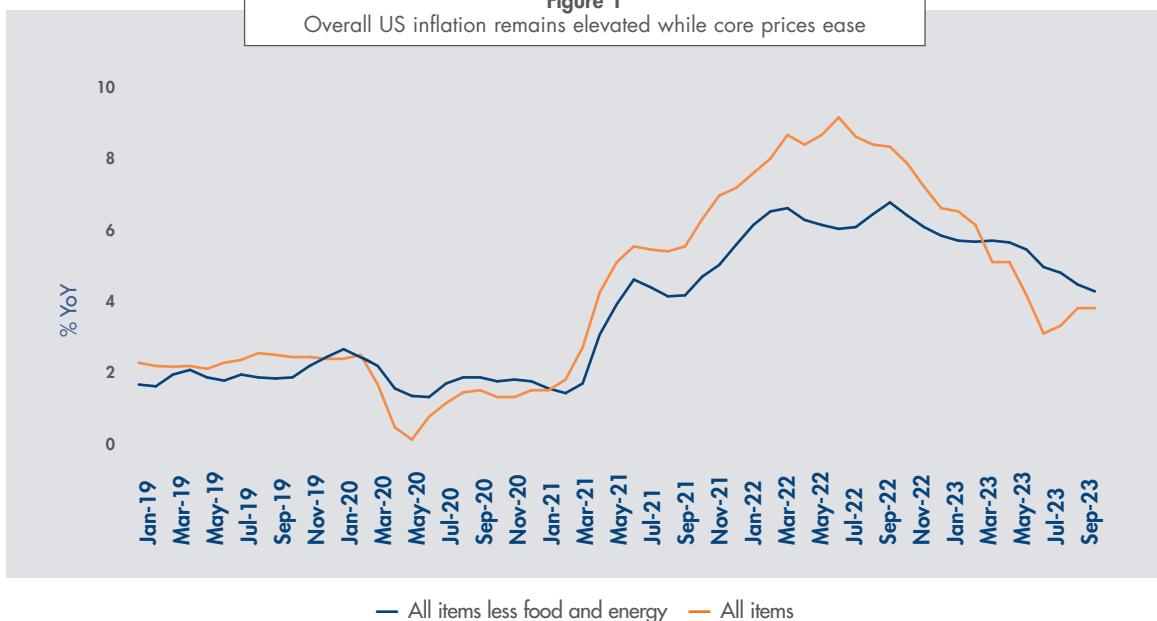
In addition, inflation concerns have been further exacerbated by renewed conflict in the Middle East. The longer the conflict continues, the greater the potential to spread within the region and draw in other oil-rich countries into the conflict, which could have an impact on oil markets and global growth.

The emergence of China from the Covid-19 pandemic saw simmering tensions escalate with the US. Issues ranging from

Taiwan’s status, intellectual property rights, China’s support of Russia and Iran, and its labour practices introduced new economic and defence challenges for both countries. The US banned the export of certain microchips to China, which, in turn, imposed restrictions on the export of two rare elements used in high-tech manufacturing. In August, US President Joe Biden, citing national security concerns, signed an executive order making investing in Chinese companies more difficult for US firms. In September, China banned the use of iPhones in Chinese government offices. However, the two countries have continued to hold talks to improve relations.

China’s economic slowdown due to lower infrastructure spending and the country’s property market crisis will also have global spillover impacts. For a second consecutive quarter, 3Q23 saw offshore investors sell more shares in companies in mainland China than they bought. In August, China’s real estate giant Evergrande (the world’s most indebted property developer) filed for US bankruptcy protection, and at the same time, the heavily indebted property development group Country Garden Holdings’ share price fell to a record low and was removed from Hong Kong’s Hang Seng Index. A slowdown in China’s economy poses risks for global growth, considering the number of companies relying on China as a revenue source. Due to lower demand and commodity prices, it will also be determinantal to commodity-exporting countries such as South Africa.

Figure 1
Overall US inflation remains elevated while core prices ease



Source: US Bureau of Labor Statistics, Financial Times (“FT”)

SA macro environment impacted by global spillover effects and a ‘series of economic own goals’.

In addition to the impact of global developments on SA’s economy, its weak performance has been exacerbated by low economic growth underpinned by high rates of unemployment, lacklustre implementation of economic reforms, intensifying power shortages (although signs this is improving), civil unrest and deteriorating logistics infrastructure. Looking forward, energy and logistical constraints remain binding on the growth outlook, limiting economic activity and increasing costs. The South African Reserve Bank expects SA GDP growth to be 1.0% and 1.1% for 2024 and 2025, respectively, according to the SARB’s September 2023 growth forecasts.

The trajectory of SA’s headline inflation rate, as measured by the consumer price index, has been shaped primarily by fuel and food prices – headline inflation for September 2023 was 5.4%. The SARB expects headline inflation for 2024 to be 5.1% before stabilising at 4.5% in 2025 (as per the SARB’s September 2023 forecasts). This expectation of sticky inflation and the SARB’s CPI target band of 3% to 6% implies that local interest rates will likely remain elevated in the near term.

Elevated inflation levels into 2024 will likely cause further rand weakening against the US dollar, adversely impacting JSE-listed companies with offshore debt and/or costs.



Headline inflation

2023 September

5.4%

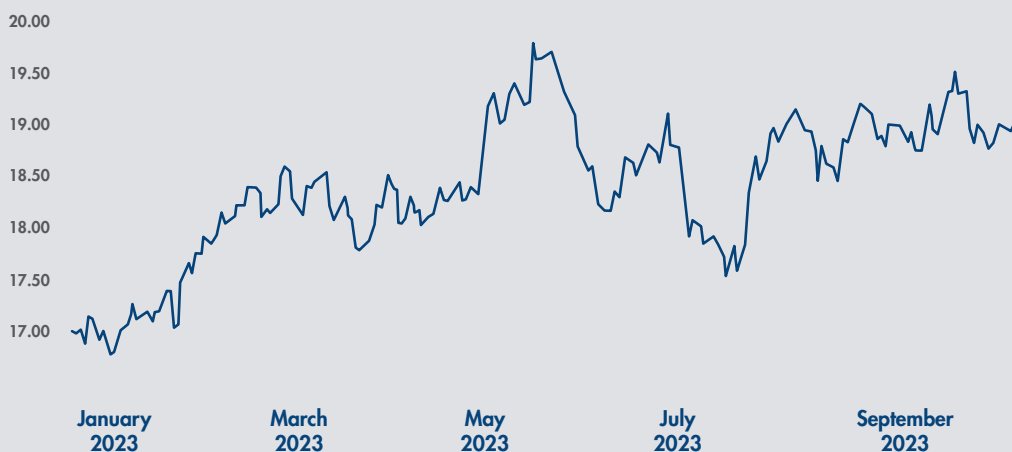
2024 expectation from the SARB

5.1%



This expectation of sticky inflation and the SARB’s CPI target band of 3% to 6% implies that local interest rates will likely remain elevated in the near term. ”

Figure 2
The weakening Rand vs US dollar, YTD performance



Source: Financial Times (“FT”)

Our operating environment (continued)

SA commercial property returns



Six month period ending **June 2022**

5.0%

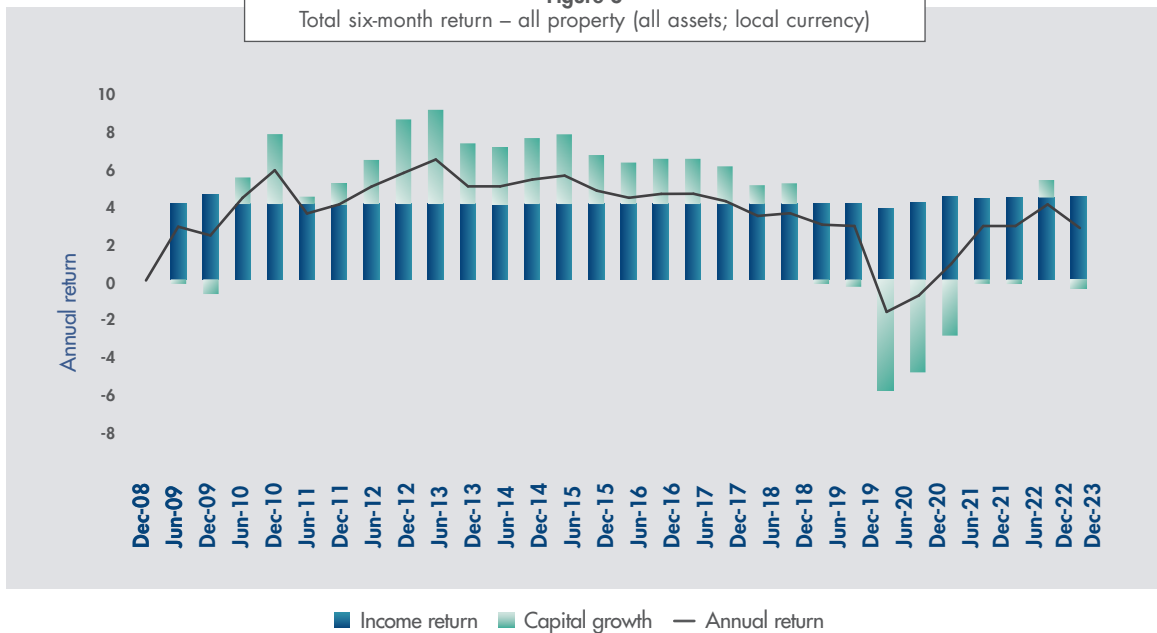
Six month period ending **June 2023**

3.5%

SA property market overview

During a downturn, property investment returns tend to follow economic growth closely but lag on the way up until excess supply is absorbed and real rental growth returns. SA commercial property returns (as per MSCI), dipped slightly during the first half of 2023. The total return for the six-month period was 3.5% (7.2% annualised) compared to a 5.0% return for the previous six-month period ending June 2022. The total return comprised an income return of 3.9%, partially offset by negative capital growth of 0.4%.

Figure 3
Total six-month return – all property (all assets; local currency)



Source: MSCI

The retail property sector has seen the most significant improvement in returns as it went from being the worst performer during the Covid-19 pandemic to outperforming the residential and office property sectors since 2020. Office vacancies continue to improve but remain very high (17.2% as at June 2023) – the current oversupply of office space (high vacancy levels) limits the opportunity for real rental growth. Industrial property continued to have the lowest vacancy rate (c. 3%) and attracted above-inflation base rental growth of 6.3% p.a.

Property operating costs have increased faster than inflation, weighing on net rental income growth. Office operating expenses grew the fastest, driven by higher diesel costs to run generators during loadshedding. The end of 2022 and 2023 YTD were the worst periods for loadshedding.

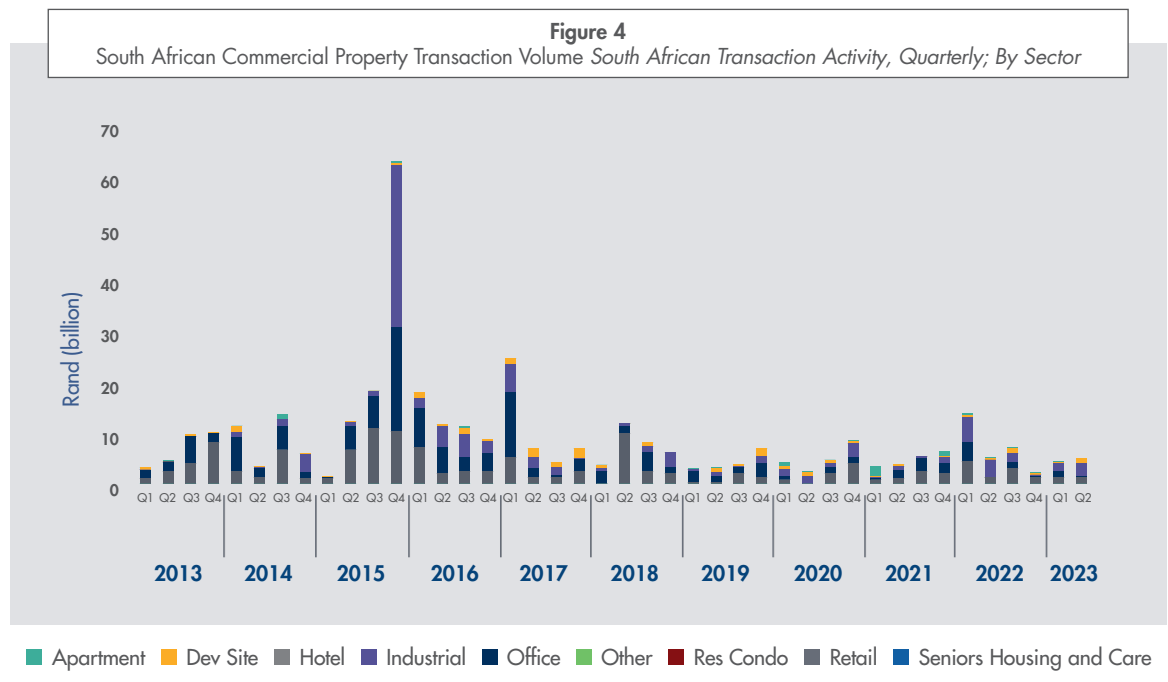
The SA listed property market

Trends in the SA listed property market

In recent property companies' results, we have noticed an improvement/stabilisation across property operating metrics such as trading densities, reversions, vacancies and valuations.

Community and township/rural retail centres continue to outperform super-regional/regional retail malls (as per SAPOA/ MSCI data), likely due to focus on convenience and/or high concentration of non-discretionary retailers and/or low e-commerce penetration. Prime offices with strong sustainability credentials are in demand relative to A, B and C grade offices. The logistics sector has been supported by last-mile delivery demand (i.e. online grocery delivery), supply chain optimisation and e-commerce, especially with Amazon entering the SA market in 2024.

Transaction volumes (as seen in figure 4) in the direct property market have remained depressed and we expect this trend to continue unless there is sustained economic growth, reduction in bond yields and/or an upward movement in cap rates for certain property types in order for bid-offer spread to narrow.



Source: MSCI

Long bond yields remain high, and this has placed pressure on the performance of the SA listed property sector, especially in an environment where there has been muted/negative growth in distributions. A re-rating of SA government bond yields coupled with no major negative earnings surprises over the next reporting cycle could provide a catalyst for a re-rating of the SA listed property sector in 2024.

Written by Lwando Ngubentombi and Yesh Pillay from Anchor Stockbrokers

Joint leadership report



IZAK PETERSEN
Chief Executive Officer

ZANELE MATLALA
Chairperson

Bolstering balance sheet strength remains our primary focus. Our strategic plan includes the sale of non-core assets and channelling the proceeds into reducing debt, property refurbishments and solar project investments. ”

Property portfolio value expanded by

1.7%

Our portfolio tenant retention ratio is

84%

Operating environment

Our operating environment has seen persistent economic and political uncertainty over the past few years, with no apparent relief expected in the near future. Volatile economic conditions and escalating political tensions, coupled with rising interest rates and high inflation levels, a notable increase in structural decay, service delivery failures and increased loadshedding impact value creation efforts.

Despite these challenges, Dipula achieved respectable financial results with revenue for the year ended 31 August 2023 increasing by 3.2% to R1.4 billion (2022: R1.35 billion). Net property income was 1.8% ahead of the prior year at R901 million (2022: R885 million). This growth was negatively impacted by a 14.1% increase in finance costs to R314 million (2022: R275 million) due to a significant increase in interest rates by the SARB in reaction to currency and inflations risks. In spite of this, the Group managed to limit the decline in distributable earnings to 6.9%, at R514 million (2022: R553 million). These results underscore the resilience of our portfolio, in particular our defensive retail and industrial assets.

Investment strategy

Dipula's current portfolio encompasses mainly defensive retail assets which are complemented by industrial, office and residential properties. Our primary focus remains on expanding our exposure to defensive community and convenience retail centres in both urban and rural areas, including townships across South Africa. Additionally, we aim to increase our exposure to mid-sized industrial and logistics properties.

Given the nature of offices and the continued risks faced by this sector, we intend to continue exploring opportunities to reduce our exposure to offices and/or implement alternative strategies to optimise our office assets. Over the past decade, we have intentionally reduced our exposure to office properties. At the time of listing, offices accounted for 32% of our income, a proportion we have consciously decreased to 19% as of 31 August 2023.

Our primary focus remains on bolstering balance sheet strength. Our strategic plan includes the sale of non-core assets and channelling the proceeds into reducing debt, property refurbishments and solar projects.

Operational performance

Property valuations

Our property portfolio's value expanded by 1.7%, reaching R9.8 billion compared to R9.6 billion in 2022. This growth was driven by the respectable performance from our retail, residential and industrial assets, which saw valuations rise by 2.9%, 5.6% and 9.7%, respectively. In contrast, office valuations declined by 2.5% in 2023.

Leasing (excluding residential)

During the year, Dipula concluded new leases with a total GLA of 50 344m² (2022: 63 826m²), which translates to R288 million (2022: R334 million) in value over the aggregate lease term, at a weighted average escalation of 7.1% (2022: 6.9%) and a weighted average lease expiry (WALE) of 2.4 years (2022: 3.4 years).

The Group concluded renewals with a total GLA of 129 088m² (2022: 136 035m²). This amounts to gross lease income of R705 million over the aggregate lease term (2022: R702 million) with a WALE was 2.8 years (2022: 2.6 years).



Our aggregate portfolio vacancy at year-end was 6.4%, a testament to our team's diligent efforts in managing and optimising our property portfolio. ”

The Group recorded a positive renewal rate for the year of 1.1% (2022: 0%).

Our portfolio's tenant retention ratio (excluding residential) stood at an impressive 84%, reflecting the strong relationships we maintain with our tenants. Additionally, our aggregate portfolio vacancy at year-end was 6.4%, a testament to our team's diligent efforts in managing and optimising our property portfolio.

Residential

Dipula's residential portfolio at year-end consisted of 712 units valued at R409 million (2022: R387 million). This amounted to 3% of GLA (2022: 4%) and 3% of rental income (2022: 4%).

At 31 August 2023, the residential vacancy amounted to 7% (2022: 6%).

Sustainability

The Social, Ethics and Sustainability Committee devoted significant time and effort to enhance Dipula's Sustainability Framework and strategy. This entailed aligning the scope, coverage and the necessary oversight mechanisms for its comprehensive implementation throughout the business. Dipula has been proactive in advancing our sustainability endeavours over the past year. This encompassed the establishment of ESG objectives and improving the tracking of our consumption.

Our dedication extends to our valued stakeholder relationships and how we leverage engagement opportunities to strike a balance between profitability, social responsibility and environmental impact.




Our Board and Executive Committee remain strategically aligned, fostering a robust working relationship built on trust and the ability to engage in constructive challenges. Together, we define relevance and long-term sustainability as our ultimate objectives. ”

Read our Governance overview on pages 94 to 107



We are committed to improving the wellbeing of the individuals residing in the communities surrounding our centres through job creation opportunities and CSI initiatives that benefit community members in the short, medium and long term.

We have also prioritised climate change and believe that operational efficiencies are not only vital for cost reduction and revenue growth but also for reducing our carbon emissions, addressing climate-related risks and reinforcing the sustainability of our business. Additionally, we acknowledge the significance of a just transition and actively support collaborative endeavours between government and business to drive interventions in the fields of energy, water, job creation and anti-corruption.

For more comprehensive information on our ESG initiatives, please refer to our separate Sustainability Report and  pages 86 to 91, which provide detailed insights into our progress and goals in this important area.

Governance

Our commitment to corporate governance and leadership underpins our overarching value creation process. We have embedded sound corporate governance practices into our values and business activities. Our approach emphasises agility, measured decision-making, innovation and a steadfast dedication to fundamental leadership principles. Our internal controls are meticulously designed to foster good governance while embedding a keen awareness of risk and compliance.

Our Board embodies a blend of ethics, expertise and experience, actively promoting ethical conduct to ensure

transparency and uphold our commitment to responsible corporate citizenship.

As part of Dipula's board succession, diversity and rotation plan, Zaida Adams, Nthime Khoele and Kevin Teeroovengadum were appointed to the Dipula Board of Directors as independent non-executive directors with effect from 1 February 2023.

Zaida, Nthime and Kevin replaced Younaid Waja, Elias Links and Syd Halliday, who retired on 31 May 2023. In addition to this, Ridwaan resigned as Financial Director of Dipula with effect from 1 March 2023. Sudesh was appointed to replace Ridwaan Asmal as Financial Director with effect from the same date.

Our Board and Executive Committee remain strategically aligned, fostering a robust working relationship built on trust and the ability to engage constructively. Together, we define relevance and long-term sustainability as our ultimate objectives. While the Board concentrates on ensuring prudent capital allocation, the Exco team has been diligently executing our strategy and providing quarterly progress reports to the Board. We have immense confidence in our Exco team who are characterised by their energy, dedication, sound decision-making, collaborative spirit and the high-performance culture they foster.

Outlook

The SA economy is impacted negatively by numerous global developments. The current weak economic performance will further be exacerbated by low growth underpinned by high rates of unemployment, lacklustre implementation of economic reforms, power shortages and deteriorating logistics



14 KRAMER ROAD

infrastructure. The SARB expects SA GDP growth to be 1.0% and 1.1% for 2024 and 2025, respectively, according to the SARB's September 2023 growth forecasts.

We do not expect an immediate recovery in the economy. Economic forecasts indicate that interest rates will remain high for longer in the coming year, with modest increases relative to the past two years, which will aid with much needed stability in the trading environment. We remain concerned about rapidly increasing administered costs and bad service delivery by government and municipalities. This is overburdening property owners with additional costs and leading to value destruction.

Dipula's defensive retail, industrial and residential portfolios position it well to navigate the expected economic headwinds and skittish office sector. Although we are observing some green shoots in the office sector as companies return to offices in varying degrees, a significant improvement in this sector is highly correlated to economic growth. Demand for retail space remains robust as tenants continue to expand their locations. The industrial sector is strong with the lowest vacancies recorded for a sustained period pre and post Covid-19. Affordable residential rental occupancies are expected to remain high in the short to medium term due to high interest rates and low disposable incomes.

Dipula will continue to place focus on its sustainability efforts through the rolling out of solar, the installation of energy efficient lighting, water saving and refuse recycling. Furthermore, we will remain on the lookout for opportunities that will accelerate our journey towards better liquidity and tradability in a value-enhancing manner to our shareholders.

We are pleased that our loan syndication programme was concluded successfully and is being implemented post-year-end. The lower funding margins achieved from our debt syndication programme together with lower vacancy levels into the future will provide much needed support in these tough trading conditions.

Appreciation

We extend our heartfelt gratitude to all our shareholders and funders for their unwavering support and confidence in Dipula. We are committed to delivering on that trust and working tirelessly to help Dipula realise its full potential.

Our sincere appreciation goes to our dedicated fellow Board members, whose unwavering commitment and invaluable contributions have been instrumental, especially during these challenging times.

We would also like to express our gratitude to our tenants for their loyalty and partnership. Without them, our business would not thrive.

Last but certainly not least, we extend our deep appreciation to each and every employee of Dipula. Your dedication and commitment go above and beyond, ensuring that our organisation operates seamlessly. You are the backbone of our success.

ZJ Matlala
Chairperson

IS Petersen
Chief Executive Officer

8 December 2023

HOW WE CREATE VALUE

Delivering
value through
strategy

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Our business
model

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Stakeholder
engagement

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Our risks and
opportunities

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Dipula's value creation strategy involves optimising its property portfolio, ensuring operational efficiency and committing to sustainable business practices to maximise returns for stakeholders. Our approach includes cultivating positive tenant relationships, embracing innovation and aligning with broader economic and environmental considerations.



Delivering value through strategy

We adopt an integrated strategy to achieve enduring profitability, thoroughly evaluating all relevant factors that can affect our capacity to sustain and generate value across short, medium, and long time frames. This entails a comprehensive assessment of risks and opportunities during the development of our Group strategy, along with an ongoing evaluation of the suitability of our business model.

OUR STRATEGIC VALUE DRIVERS

We have identified five strategic value drivers that enable an integrated decision-making approach to creating sustained value for our stakeholders. These strategic value drivers are the critical levers that affect our ability to create value in the short, medium and long term.



OUR STRATEGIC OBJECTIVES

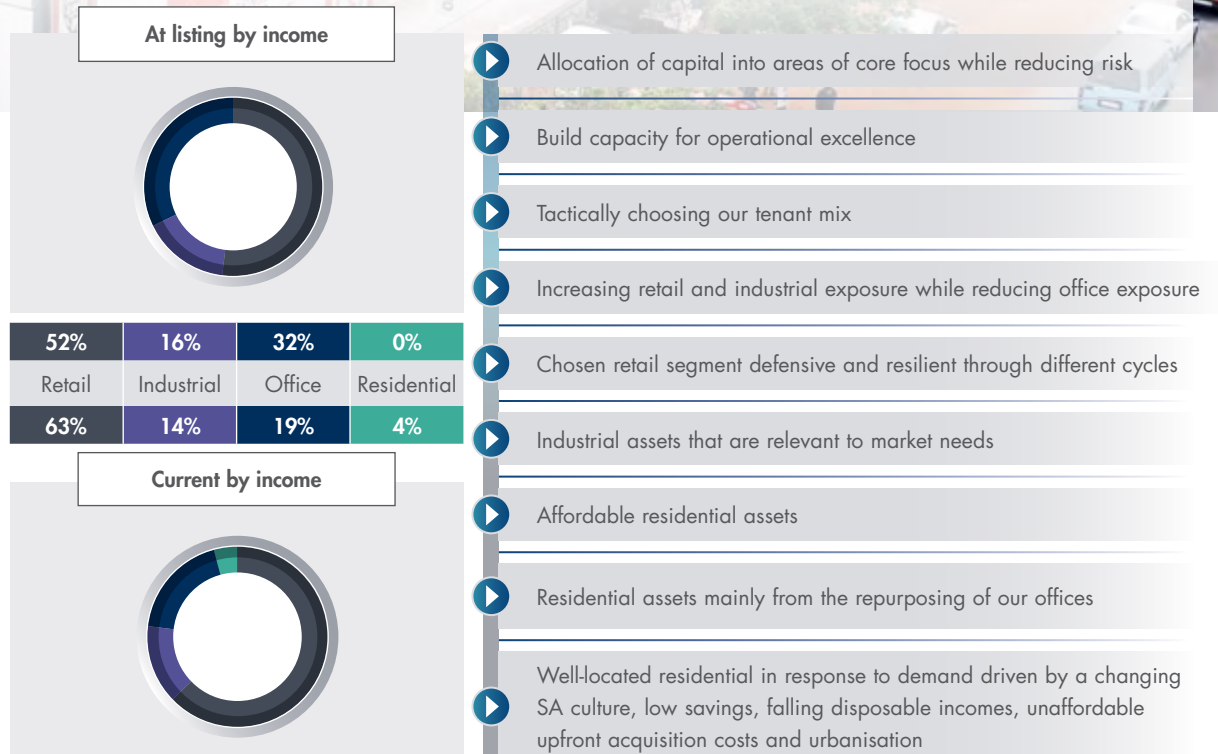
Our strategic objectives serve as a robust framework for establishing goals and targets, tracking our advancement, and gauging our performance by comparing metrics with industry benchmarks and peer organisations.



HOW WE CREATE VALUE



OUR STRATEGIC CAPITAL ALLOCATION



Delivering value through strategy (continued)

Our strategy scorecard for FY2023			
Strategic priorities	Target 2023	Unpacking our progress in 2023	Capitals and strategic objectives impacted
▶ Improve the liquidity and tradability of Dipula shares	Increase trade volume year-on year	Achieved Trading volumes up by 203% year-on-year	FC S2
▶ Dispose of non-core assets to optimise portfolio	Non-core disposals of R190 million	Substantially achieved R160 million transferred	FC MC S2 S3 S7
▶ Growth in property valuations	Valuation growth of 5%	Partially achieved Growth of 3% year-on-year	MC S1
▶ Reduce portfolio vacancy	Portfolio vacancy of 7.5%	Achieved Portfolio vacancy of 6.4%	MC S1
▶ Strategic revamps	Strategic revamps of R370 million over 18 months	Work in progress R147 million invested in strategic revamps	MC S1 S7
▶ Roll out solar PV projects	Solar projects of R50 million to R100 million	Work in progress Appointed engineering consultants post year-end	MC NC S1 S4
▶ Implement ESG strategy	Design ESG framework and set targets	Work in progress Framework completed and targets to be set in FY2024	HC SRC NC S4 S5
▶ Restructure debt	Implement a debt syndication programme	Work in progress Effective post year-end	FC S2
▶ Implement board succession	Rotate three non-executive board members in 2023	Achieved Three Board members rotated	FC S1
▶ Continuous process automation	Continue to roll out Power Bi and Docuware modules	Achieved Various stages of automation implemented	IC S4 S1

Our strategic priorities FOR FY2024

Strategic priority and target	Capital and strategic objective impacted
<p>▶ LTV of between 35% and 40% and ICR of between 2.2 and 2.6 times</p>	<p>▶ FC MC S1</p>
<p>▶ Non-core disposals of between R100 million and R300 million</p>	<p>▶ FC MC S1 S3 S7</p>
<p>▶ Growth in portfolio valuations of between 0% and 3.5%</p>	<p>▶ MC S1 S3</p>
<p>▶ Keep portfolio vacancy below 10%</p>	<p>▶ MC S1 S3 S6</p>
<p>▶ Strategic revamps up to R370 million over 18 months</p>	<p>▶ MC S1 S3</p>
<p>▶ Roll out solar PV projects of R50 million to R100 million</p>	<p>▶ NC S1 S4</p>
<p>▶ Implement ESG targets</p>	<p>▶ HC SRC NC S4 S5</p>
<p>▶ Continuous process automation</p>	<p>▶ IC S4</p>

Our business model

Our business model forms the core of our operations, guiding the activities we engage in, the resources and relationships (represented by the six capitals) we rely on, and the desired outputs and outcomes we seek to achieve. This is all aimed at creating value for our stakeholders across the short, medium and long term.

However, we acknowledge that the external environment is currently influenced by four predominant themes:

<p>Economic conditions We are operating within unprecedented and challenging economic conditions that have an impact on our business. These conditions require us to adapt and strategise effectively.</p>
<p>Technological change The rapid evolution and adoption of technology are reshaping the demand for space and services. This presents both challenges and opportunities as we must respond to changing space needs while leveraging technology for improved operational efficiency.</p>
<p>Societal issues Low economic growth and inadequate service delivery have contributed to societal challenges such as increased social unrest, unemployment, and crime. These issues have implications for our business and require consideration in our strategies and operations.</p>
<p>Environmental challenges The escalating negative impact on the environment is exacerbated by rapid urbanisation and inefficiencies in government and municipal agencies. Addressing environmental concerns is integral to our business model as sustainability and responsible practices are central to our values.</p>

In navigating these external challenges, we remain committed to our aim of creating value for all stakeholders while adapting and innovating to thrive in the evolving business landscape.

	Capitals	Inputs	Objectives
FC Financial	<p>We maintain a prudent balance between equity, debt, asset recycling and dividend reinvestment programmes to secure our financial capital.</p>	<ul style="list-style-type: none"> Debt capital of R3.6 billion (2022: R3.5 billion) from various funders Equity capital of R6.1 billion (2022: R5.9 billion) from shareholders 	<ul style="list-style-type: none"> Growth in dividends per share Growth in NAV per share Share price growth
MC Manufactured	<p>Our diversified portfolio comprising retail, office, industrial and residential assets, serves as the cornerstone of our business. We continually bolster this portfolio through strategic renovations, astute acquisitions and proficient management, ensuring its sustained growth and excellence.</p>	<p>National footprint across all nine provinces of SA with a property portfolio of R9.8 billion (2022: R9.6 billion)</p>	<ul style="list-style-type: none"> Growth in assets Optimal portfolio Portfolio defensiveness
HC Human	<p>Attracting and retaining top-tier talent is paramount for the long-term sustainability of our business. We expect unwavering dedication and diligence from our team, and we wholeheartedly embrace the motto: "Lead. Cooperate. Win." This embodies our commitment to leadership, collaboration and achieving shared success.</p>	<ul style="list-style-type: none"> Employee wellness programmes Experienced and competent Board Fair remuneration Good working environment Stable executive management team Training and development 	<ul style="list-style-type: none"> Motivated employees Alignment of senior management and shareholders Tenant satisfaction Well-managed properties
IC Intellectual	<p>Our intellectual capital includes our proprietary asset management models, specialist skills, our brands, and our reputation as a well-respected and value-adding management team.</p>	<ul style="list-style-type: none"> Extensive network Proprietary asset management models and systems Recognised brand Specialist skills Well-respected joint venture partner 	<ul style="list-style-type: none"> Acquisition opportunities and pipeline Attracting new tenants Digitisation and automation Tenant satisfaction Attracting talent
NC Natural	<p>Mitigating the adverse effects of our business operations on the environment is of utmost importance, not only for the sustainability of our business but also for the wellbeing of society as a whole.</p>	<ul style="list-style-type: none"> Alternative energy sources Efficient consumption of electricity Recycling Resource-conservation initiatives Responsible water usage and storage 	<ul style="list-style-type: none"> Less dependence on Eskom grid power Reduce carbon footprint Reduce consumption of natural resources
SRC Social and relationship	<p>Our social licence to operate is conferred upon us by our stakeholders, built upon the foundation of our reputation and a foundation of trust. Among our most invaluable stakeholder relationships are those with our shareholders, funders, tenants, employees, industry organisations, and the communities within which we conduct our operations. These relationships form the bedrock of our business and influence our decisions and actions in a profound way.</p>	<ul style="list-style-type: none"> Community relationships Local regeneration New offerings in previously underserved areas Participation in industry organisations Stakeholder engagement 	<ul style="list-style-type: none"> Add value to the communities that we operate in Help make our tenants more sustainable Solid relationships with banking and other business partners Understand what our stakeholders expect from us

Business activities	Output	Outcomes	Trade-offs	
	<ul style="list-style-type: none"> ■ New debt and equity capital raises ■ Capital recycling through disposals ■ Management of shareholder and debt provider relationships 	<ul style="list-style-type: none"> ■ Accumulated reserves ■ Gearing level ■ New equity proceeds ■ Refinancing proceeds ■ Sale of assets proceeds 	<ul style="list-style-type: none"> ■ NAV of R6.64 (2022: R6.63) per share ■ Share price of R4.08 (2022: R3.95) per share ■ Credit rating of BBB+ (ZA) long-term and A2 (ZA) short-term: Outlook-stable ■ Distributable earnings of R514 million (2022: R552 million) ■ LTV of 35.7% (2022: 35.9%) ■ Dividend per share 56.96 cents (2022: 135.16 cents) ■ Refinanced debt facilities of R1.1 billion (2022: R1.2 billion) ■ Sold assets of R190 million (2022: R56 million) ■ Dividend reinvestment programme proceeds of R64 million (2022: R0) 	<p>Our share is currently undervalued which prevents us from buying assets utilising new equity.</p> <p>We will not undertake dilutive capital issuances and grow at the expense of existing shareholders. Due to the high interest rate environment at present, we will maintain gearing at conservative levels. Retained earnings are resulting in reduced dividends in the short term but are expected to boost our NAV and distributions as the proceeds thereof are utilised to optimise our portfolio.</p>
	<ul style="list-style-type: none"> ■ Acquisitions, developments, and redevelopments ■ Property and asset management 	<p>Improvement and growth in portfolio</p>	<ul style="list-style-type: none"> ■ Acquisitions of R6.5 million (2022: R35.9 million) ■ Decrease in vacancy to 6% (2022: 10%) ■ New leases worth R288 million (2022: R334 million) concluded ■ Portfolio valuation growth of 3% (2022: 5.2%) ■ Renewals worth R705 million (2022: R702 million) concluded ■ Strategic revamps of R147 million (2022: R93 million) 	<p>Disposing of non-core assets in a manner that does not materially negatively affect NAV and by applying proceeds to improve our portfolio for sustainable long-term returns. Short-term loss in income from disposals will ensure long-term quality and sustainability.</p>
	<ul style="list-style-type: none"> ■ Employee training and development ■ Team building ■ Strategy sessions 	<ul style="list-style-type: none"> ■ Employee incentives ■ Employee retention ■ Ongoing digitisation and automation of work environment ■ Transformed workforce 	<ul style="list-style-type: none"> ■ 71% (2022: 71%) of the Board is PDIs with the executive team 100% (2022: 100%) PDIs ■ Commission-based incentives ■ Multiskilled and multicultural team ■ Stable workforce of 85 (2022: 83) employees ■ STI and LTI schemes ■ Workforce consists of 85% (2022: 88%) PDIs 	<p>Allowing our people flexibility to work remotely led to investing in additional IT hardware and software.</p>
	<ul style="list-style-type: none"> ■ Research and development of systems ■ Marketing and business development ■ Attracting new tenancies and retaining existing tenants ■ Creative asset enhancements 	<ul style="list-style-type: none"> ■ Attracting new tenancies and retaining existing tenants ■ Creative asset enhancements ■ Enhanced systems and processes ■ Internal asset and property management 	<ul style="list-style-type: none"> ■ New space let 50 344m² (2022: 63 826m²) ■ Achieved above-inflation rental escalations of 7% (2022: 6.9%) on new leases ■ Portfolio retention rate of 84% (2022: 72%) ■ Redevelopments of R147 million (2022: R93 million) ■ Implementation of Power BI and Docuware 	<p>Additional resources applied to training and the acquisition of new IT systems leads to short cash outflow but will result in long-term efficiencies.</p>
	<ul style="list-style-type: none"> ■ Installation of solar systems ■ Energy efficiency programmes ■ Waterwise consumption and savings programmes 	<ul style="list-style-type: none"> ■ Consumption (water and electricity) efficiency ■ Minimising pollution through waste management ■ Solar installations 	<ul style="list-style-type: none"> ■ Clean-up initiatives undertaken around our centres and pilot recycling initiatives ■ Installation of water storage tanks ■ Solar plants of 1 613kWp (2022: 1 613kWp) installed 	<p>Energy-efficient technology is expensive but results in long-term savings for Dipula and its tenants while contributing towards a reduction in carbon emissions.</p>
	<ul style="list-style-type: none"> ■ Continuous community liaison and broader stakeholder relationship building 	<ul style="list-style-type: none"> ■ Good local community relationships ■ Good relationship with suppliers, peers, and competitors ■ Healthy tenant relationships 	<ul style="list-style-type: none"> ■ CSI spend on informal traders ■ Direct and indirect employment created ■ Level 6 (2022: 8) B-BBEE ■ No known areas of non-compliance with laws and regulations ■ Participation in SAPOA, SAIBPP, SA REITs Association ■ Procurement from emerging contractors 	<p>We grant enterprise development loans at competitive rates and spend on CSI for the improvement and development of the communities we operate in.</p>

Stakeholder engagement



Building meaningful connections with our stakeholders is a fundamental aspect of our commitment to sustainability and value generation.

We are dedicated to maintaining transparent, consistent, and timeous communications and engagement with all our stakeholders. The insights we gather from our diverse stakeholders play a crucial role in shaping our strategic direction, prioritising material matters, pinpointing risks and opportunities, and making decisions regarding the allocation of capital.

Our Exco bears the responsibility of identifying our key stakeholders and crafting a comprehensive engagement strategy. This strategy is meticulously scrutinised and assessed by our Board. It encompasses an understanding of who our significant stakeholders are, what issues are important to them, and the specific concerns they bring to our attention.

DIPULA'S IMPACT
on stakeholders

STAKEHOLDERS' INFLUENCE
on Dipula



Quality of relationship



Shareholders Profile: 3 631 (2022: 2 974) Quality of relationship

Method of management

SENS announcements	Integrated reports	Annual general meetings
One-on-one meetings	Presentations	Roadshows
Dipula website	Surveys	Media

<p>Our reason for interacting</p> <ul style="list-style-type: none"> Attract new and retain existing investment in Dipula Capital raising for growth Keep shareholders informed about our business 	<p>Their key needs and interests</p> <ul style="list-style-type: none"> Management stability and competence Risk and mitigation strategies Share price performance Sustainable growth in NAV and distributable earnings ESG
--	---

Issues raised in 2023

- Strength of balance sheet
- Vacancy risk
- Debt refinancing and cost of debt
- Share price movements
- Index inclusion
- Growth prospects
- Potential overhang of shares held by certain investors
- Liquidity and tradability of Dipula shares
- Payment of dividends
- Property valuations
- SA socio-economic environment
- Sustainable compensation of key management
- Civil unrest impacting our business
- Renewal of government leases

Our response and actions

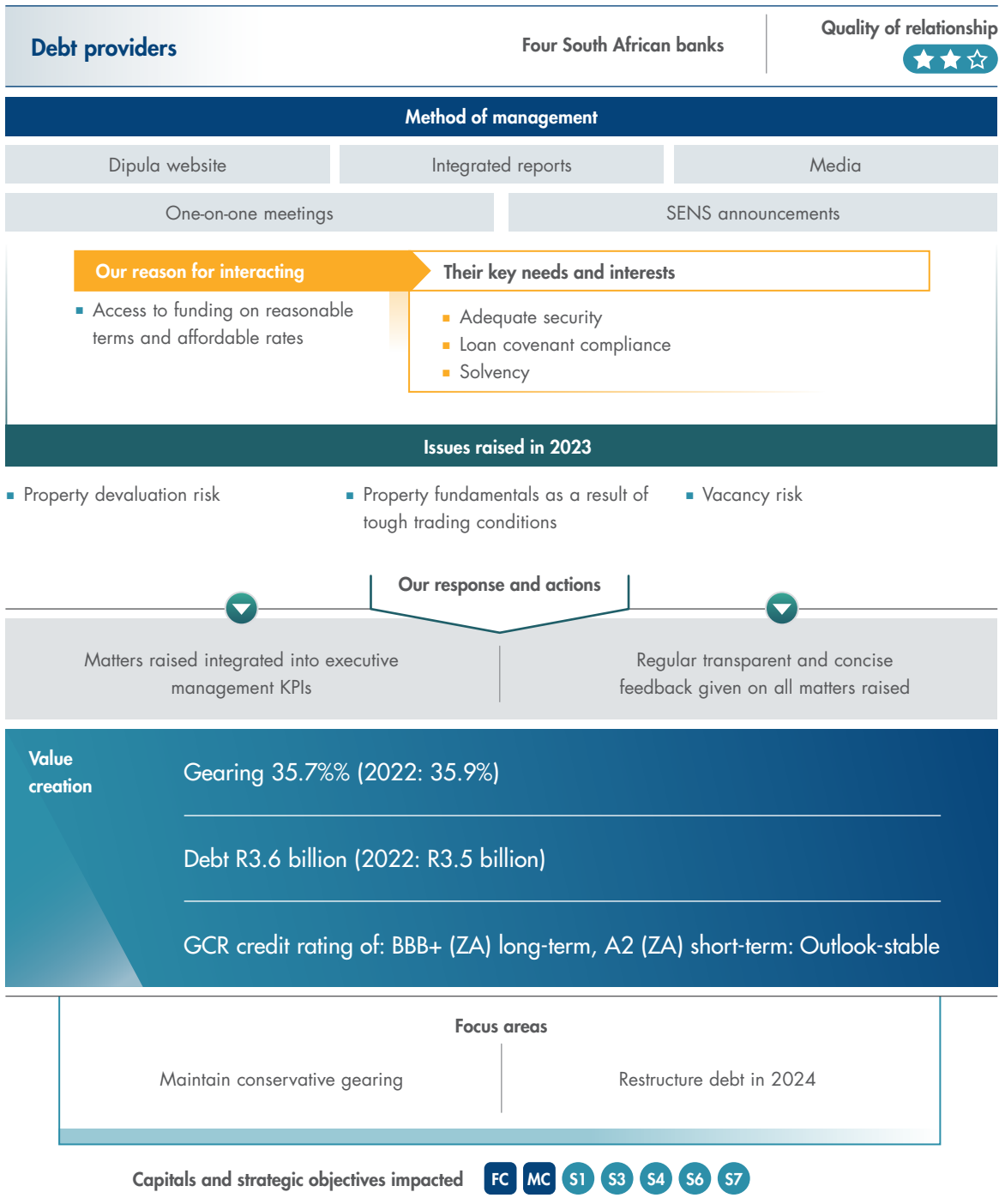
Matters raised integrated into executive management KPIs	Regular transparent and concise feedback given on all matters raised
--	--

Value creation Distributable earnings of R514 million (2022: R553 million)

Focus areas				
Seek index inclusion	Market Dipula to more shareholder	Conservative balance sheet management	Better sweating of Dipula assets	Maintain conservative LTV

Capitals and strategic objectives impacted

Stakeholder engagement (continued)



Tenants

Commercial: 1 583 (2022: 1 563)

Residential: 667 (2022: 667)

Quality of relationship



Method of management

One-on-one meetings	Tenant site visits	Tenant surveys
Written communication	Anonymous complaint line	Brokers
Dipula website		Social media

Our reason for interacting

- Attract and retain quality tenancies

Their key needs and interests

- Quality property management
- Rental and occupancy costs
- Safety

Issues raised in 2023

- Continued rapid increases in administered costs
- Low disposable income
- Political risks
- Loadshedding
- High crime rate

Our response and actions

Objections to unreasonable increases in municipal rates and taxes	Alternative energy sources
Back-up power	Portfolio improvements
Regular tenant meetings collectively and individually to address immediate concerns	

Value creation

188 new leases equivalent to 50 344m² (2022: 202 new leases equivalent to 63 826m²)

Rental collections 99% (2022: 99%)

302 renewals equivalent to 129 088m² (2022: 300 renewals equivalent to 136 035m²)

Focus areas

Engage proactively with tenants

Improve tenant retention

Manage variable costs

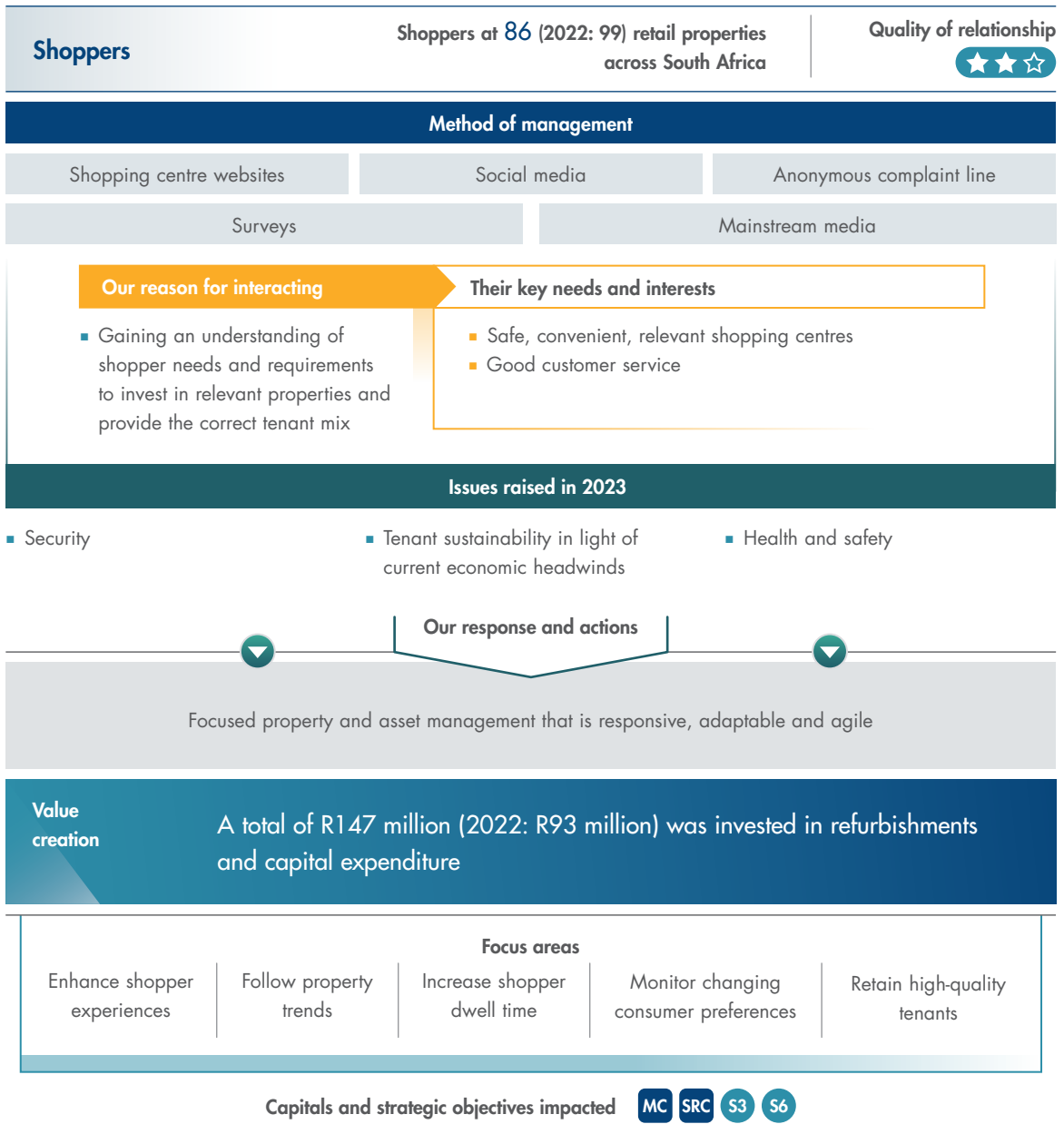
Optimise tenant mix

Provision of excellent tenant services

Capitals and strategic objectives impacted



Stakeholder engagement (continued)





Marketing

IC

Our shopping centre marketing strategy revolves around several key objectives:



Increasing shopper traffic



We aim to drive more visitors to our shopping centres by implementing strategies that make our centres more attractive and convenient for shoppers.

Building shopping centres as brands



We work to establish our shopping centres as recognisable brands within their respective communities, creating a sense of identity and trust.



Direct engagement with shoppers



To better understand the needs and preferences of our shoppers, we engage with them directly, gathering valuable insights to enhance their shopping experiences.

Community integration



We strive to integrate our shopping centres into the communities where they are located to become valuable assets that serve not only as places to shop but also as community hubs.

Our marketing team collaborates closely with our tenants to support their store promotions, utilising our centre websites and various social media platforms to amplify their efforts. Additionally, we plan to provide training for SMME tenants in our centres to aid their sustainability.

Building strong relationships with tenants and gaining insights into shopper behaviour and needs are priorities for our marketing team. This allows us to adapt our product offering and ensure shopper loyalty to our centres.

Our marketing activities are strategically planned around cultural and religious dates such as Easter and Christmas. We also host various community-specific sporting, cultural, and developmental events at our centres.

We actively involve local communities in our events and marketing activities whenever possible. In certain locations, our shopping centres play a significant role as sources of employment, dignified shopping options, social gathering places and providers of essential community services.

To diversify revenue streams, we seek opportunities for non-GLA income through promotions and activations by companies and brands that utilise our exhibition spaces and rent outdoor advertising space in our centres. This helps us generate additional income while enhancing the shopping experience for our shoppers.

Stakeholder engagement (continued)

Society	Primarily communities located close to our 170 (2022: 182) properties across South Africa	Quality of relationship ☆☆☆
Method of management		
Shopping centre websites	Community liaison officers	Social media
Meetings		Mainstream media
<div style="display: flex; justify-content: space-between; align-items: center;"> <div style="width: 45%; border: 1px solid #1a3d54; padding: 5px;"> <p style="background-color: #f4a460; color: white; padding: 2px; margin: -5px -5px 5px -5px;">Our reason for interacting</p> <ul style="list-style-type: none"> ■ Good relationship with society at large ■ Smooth operation of building projects ■ To ensure well-directed CSI </div> <div style="width: 45%; border: 1px solid #1a3d54; padding: 5px;"> <p style="background-color: #f4a460; color: white; padding: 2px; margin: -5px -5px 5px -5px;">Their key needs and interests</p> <ul style="list-style-type: none"> ■ Safety at centres ■ Job opportunities ■ Contribution to CSI ■ Skills development </div> </div>		
Issues raised in 2023		
■ Community involvement in building projects	■ Employment of locals ■ Safe shopping environment	■ Crime
<div style="border: 1px solid #1a3d54; width: 60%; margin: 0 auto; padding: 5px;"> <p style="text-align: center; margin: 0;">Our response and actions</p> </div> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="width: 45%; text-align: center; padding: 5px;"> <p>Reinforcement of security at properties</p> </div> <div style="width: 45%; text-align: center; padding: 5px;"> <p>Various CSI initiatives</p> </div> </div> <p style="text-align: center; margin-top: 10px;">Insisting on a minimum percentage of locals employed on projects</p>		
Value creation	<p style="font-size: 1.2em; margin: 0;">Various jobs created</p> <hr style="border: 0.5px solid white; margin: 5px 0;"/> <p style="font-size: 1.2em; margin: 0;">Local contractors utilised</p>	
<div style="border: 1px solid #1a3d54; padding: 10px; text-align: center;"> <p style="margin: 0;">Focus areas</p> <div style="display: flex; justify-content: space-around; margin-top: 10px;"> <div style="width: 45%; text-align: center;"> <p>Contributing positively to our communities</p> </div> <div style="width: 45%; text-align: center;"> <p>Support inclusive value creation</p> </div> </div> </div>		
<p>Capitals and strategic objectives impacted SRC S4</p>		

Our people

Profile: 85 (2022: 83)
employees across South Africa

Quality of relationship



Method of management

Staff meetings	HR department	Managers' meetings
One-on-one sessions	Team-building sessions	Conferences
Functions		

Our reason for interacting

- Attract and retain good talent
- Build a motivated team that has job satisfaction
- Building a multicultural, multi-skilled and resourceful team
- Create an environment for a good work-life balance

Their key needs and interests

- Fair remuneration
- Good working environment
- Job security
- Career growth

Issues raised in 2023

Personal growth opportunities

Our response and actions

Ongoing training and development programmes

STI and LTI schemes in place

Implementation and monitoring of personal growth plans

Value creation

Ongoing talent management and succession planning

Two interns in 2023 (2022: three interns)

Salaries of R72 million (2022: R61 million)

Focus areas

Employee training and skills development

Offer competitive remuneration

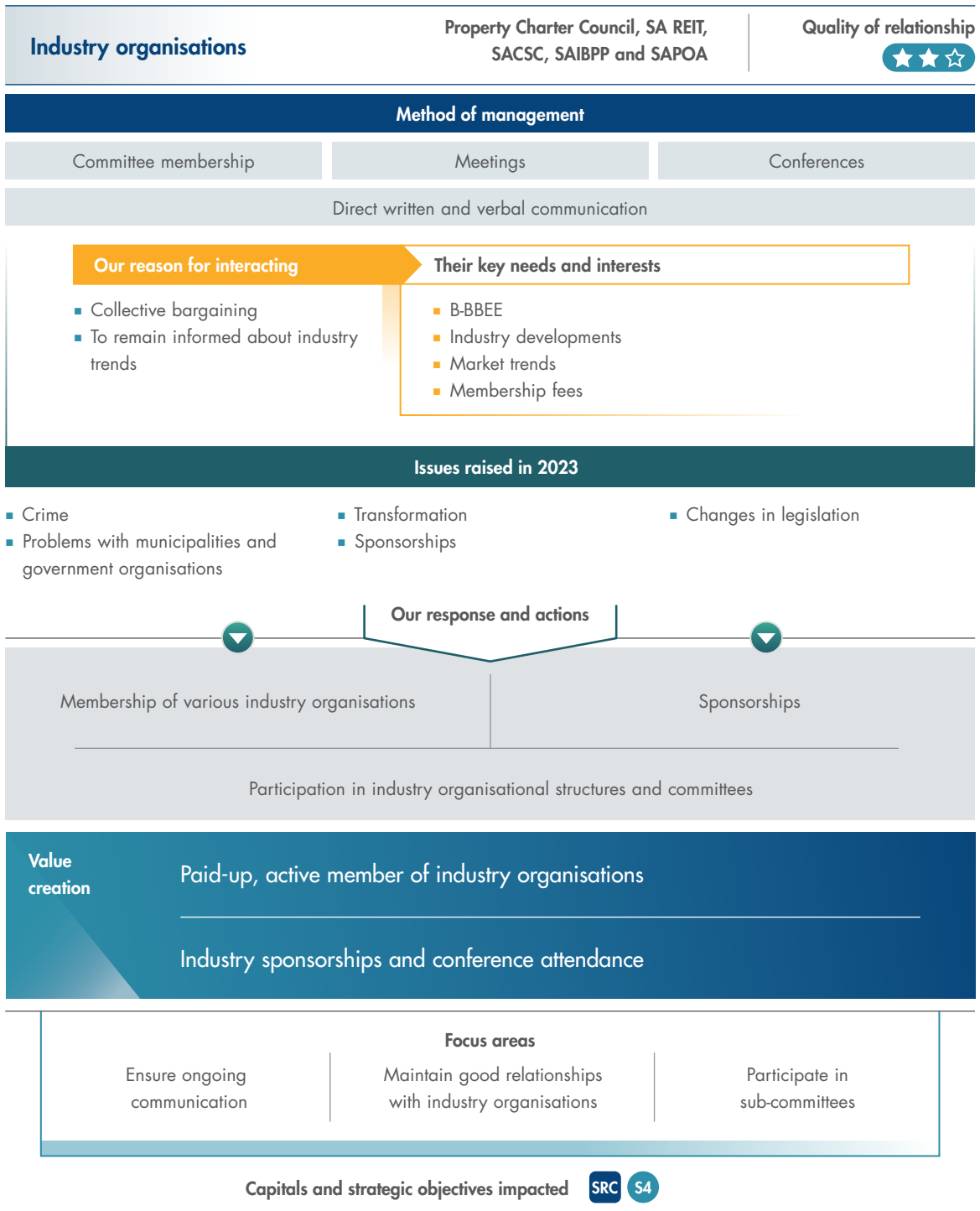
Prioritise employee wellbeing

Regular employee engagement

Capitals and strategic objectives impacted



Stakeholder engagement (continued)



Suppliers and service providers

Numerous long-term and ad hoc suppliers and service providers

Quality of relationship



Method of management

Electronic, telephonic and written communications

Meetings

Tenders

Training and development of SMMEs

Mainstream media

Our reason for interacting

- Good relationships with our suppliers ensure that we receive good service on good terms

Their key needs and interests

- Repeat business with Dipula
- Understanding Dipula's needs and requirements

Issues raised in 2023

No material issues raised

Our response and actions

Well-defined and transparent procurement policy and framework

Value creation

R151 million paid to suppliers and service providers (2022: R126 million)

Focus areas

Codes of conduct to manage relationships

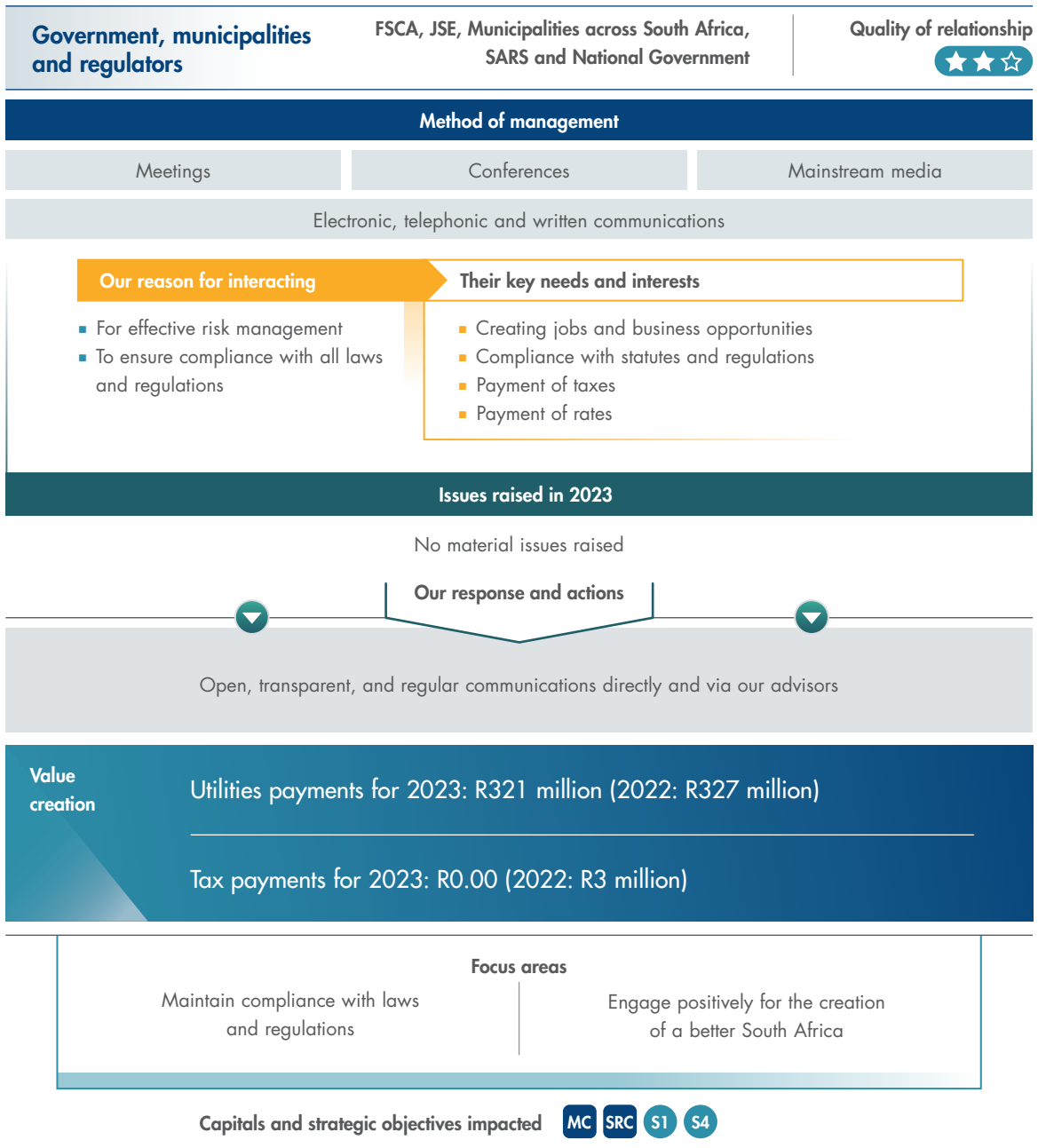
Timeous payments

Training of SMMEs

Capitals and strategic objectives impacted



Stakeholder engagement (continued)



Our risks and opportunities

RISK MANAGEMENT

Risk responsibility

The Board has entrusted the task of identifying and overseeing risk management processes to the Audit and Risk Committee within the Group. The executive management continues to bear the daily responsibility for managing risks, which includes maintaining an effective loss prevention strategy and an internal control framework.

Key features of Dipula's risk management approach

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

RISK MANAGEMENT PROCESS

Risk management plays a pivotal role in realising the Group's strategic goals. We employ a comprehensive four-step risk management approach, which involves both a top-down and bottom-up perspective. Our Board convenes quarterly to deliberate on strategic risks, while our operational teams routinely furnish the executive team with insights into risks identified at the operational level. These operational risks are subject to discussion during our monthly Exco meetings.



In applying the above process, the material risks set out in the table on pages 56 to 59 were identified. These are not the only risks facing the Company. Other risks have been identified but have not been designated as material in the current environment.

Our risks and opportunities (continued)

MATERIAL RISKS

Impact on strategic objectives




Movement between 2022 and 2023

-  Risk increased
-  Risk decreased
-  Unchanged year-on-year
-  New key risk




Risk ranking

-  Low
-  Medium
-  High

Impact

-  Minor
-  Moderate
-  Major

Likelihood

-  Remote
-  Possible
-  Probable

Risk	Description	Impact	Mitigation measures
Political and socio-economic risk			
	The current political and socio-economic climate in South Africa is resulting in reduced investment and negative consumer and business sentiment.	<ul style="list-style-type: none"> ■ Heightened volatility of our share price ■ Low business and consumer confidence leading to fewer potential tenants and investors ■ Crime and social unrest ■ Poverty resulting in tenant sustainability risks ■ Increased tenant defaults 	<ul style="list-style-type: none"> ■ Invest in a defensive portfolio that is relevant to the South African consumer and capable of withstanding unfavourable political and economic cycles ■ Have the appropriate tenant mix ■ Proactive management ■ Community involvement ■ Participation in industry organisations to help shape policy
Eskom and municipal services risk			
	Deteriorating municipal capacity, poor service delivery, coupled with increasing administered costs leading to lower property valuations and lower operating performance.	<ul style="list-style-type: none"> ■ Disruption to the supply of municipal services ■ Increased tenant arrears and defaults ■ Business disruption ■ Increased cost of doing business 	<ul style="list-style-type: none"> ■ Installation of backup electricity systems ■ Alternative power sources ■ Alternative water sources ■ Water storage ■ Strong internal utilities department ■ Initiatives to reduce consumption
Low economic growth risk			
	The South African economy has been in constant decline with no signs of a recovery.	<ul style="list-style-type: none"> ■ Pressure on rentals ■ Tenant defaults ■ Increased vacancy ■ Low to negative dividend growth 	<ul style="list-style-type: none"> ■ Stringent tenant credit vetting ■ Longer leases with good-quality tenants ■ Shorter leases with lower-grade tenants ■ Assisting viable tenants through difficult periods ■ Swift action, including legal, against prospective defaulters
Office space utilisation risk			
	Work from home and flexible work arrangements are impacting user space needs.	<ul style="list-style-type: none"> ■ Higher office vacancy 	<ul style="list-style-type: none"> ■ Avoid large single-tenanted office buildings ■ Carefully manage our office sector exposure
Cyber security, data security and key documentation risk			
	<p>Cyber fraud is increasing due to the increased utilisation of online platforms.</p> <p>The destruction or loss of key documents could have major negative implications on Dipula’s business.</p>	<ul style="list-style-type: none"> ■ Business disruption ■ Loss of key data ■ Financial losses ■ Reputational risk ■ Lawsuits 	<ul style="list-style-type: none"> ■ Build a culture of cyber security awareness ■ Ongoing employee training ■ Proactive IT personnel that monitor and adapt systems and controls ■ Onsite and offsite physical and cloud data and document storage

















CARNATION PLACE

Opportunity	Risk position	Risk ranking and movement	Capitals and strategic objectives	Impact and likelihood
<ul style="list-style-type: none"> Use our insights into these socio-political conditions and previously disadvantaged communities to invest in our target markets. 	1		FC MC HC SRC S1 S3 S4	
<ul style="list-style-type: none"> Opportunity to retrofit and install new energy-efficient equipment, solar and water systems in existing properties and new developments/upgrades. 	2		MC SRC NC S1 S3 S4	
<ul style="list-style-type: none"> The low economic growth environment compels us to manage our business more efficiently and employ advanced asset management strategies. 	3		FC MC HC SRC S1 S3 S4 S5 S6 S7	
<ul style="list-style-type: none"> Adapt our offices to cater for co-working requirements. Cater for smaller space pockets in multi-tenanted offices. 	4		MC S1 S3 S6 S7	
<ul style="list-style-type: none"> Utilising technology makes our business more efficient. 	5		IC SRC S1 S4	

Our risks and opportunities (continued)

Risk	Description	Impact	Mitigation measures
Key staff retention risk			
	<p>Current market conditions may result in Dipula's LTI scheme being ineffective in retaining key employees.</p> <p>Global skills shortages coupled with the current negative sentiment in SA may lead to the exit of key employees.</p>	<ul style="list-style-type: none"> ■ A lack of key employee retention ■ Lack of alignment between management and shareholders 	<ul style="list-style-type: none"> ■ LTI scheme to constantly be reviewed to address the risk
Human capital risk			
	<p>The SA brain drain due to socio-political concerns is leading to a major skills shortage.</p>	<ul style="list-style-type: none"> ■ Loss of key skills ■ Increase in labour costs ■ Inability to implement strategy ■ High average age of employees 	<ul style="list-style-type: none"> ■ Offer competitive remuneration ■ Provide good STI and LTI schemes ■ Create a good working environment ■ Implement a Board succession plan
High compliance burden risk			
	<p>The high compliance burden related to the various laws and regulations in SA is a hindrance to the entry of new business and further capital allocation into the SA economy.</p>	<ul style="list-style-type: none"> ■ Sustained high unemployment ■ A smaller pool of tenants ■ Static to negative disposable income growth ■ High cost of doing business ■ Capital flight out of SA 	<ul style="list-style-type: none"> ■ Employ competent compliance employees ■ Participate in industry bargaining groups
Physical destruction of assets			
	<p>Acts of nature, social unrest and the lack of preventative maintenance could result in the destruction of assets.</p>	<ul style="list-style-type: none"> ■ Cancellation of leases ■ Destruction of revenue base 	<ul style="list-style-type: none"> ■ Avoid property concentration risk ■ Appropriate insurance ■ Sufficient maintenance plans and procedures ■ Secure properties appropriately ■ Proactive maintenance and enhancements to assets
Occupational health and safety at our buildings			
	<p>Failing to adhere to occupational health and safety standards may result in serious accidents and incidences at our properties.</p>	<ul style="list-style-type: none"> ■ Injuries to staff, tenants and the public ■ Lawsuits ■ Fines and prosecutions 	<ul style="list-style-type: none"> ■ Appropriate staffing ■ Well-defined manuals, policies, and procedures to set and communicate standards ■ Ongoing staff training on safety standards
Insurance risk			
	<p>The high crime rate in SA is negatively impacting the appetite of insurers for SA risk.</p>	<ul style="list-style-type: none"> ■ Higher premiums ■ Unavailability of insurance 	<ul style="list-style-type: none"> ■ Improve relationships with brokers and underwriters ■ Secure properties to limit incidents of crime
Technology risk			
	<p>Rapidly enhancing technologies may disrupt traditional property markets, thus leading to a change in the use of space and lower space demand.</p>	<ul style="list-style-type: none"> ■ Property obsolescence ■ Lower demand for space 	<ul style="list-style-type: none"> ■ Adapt portfolio in accordance with changing trends ■ Offer flexible tenancies

Opportunity	Risk position	Risk ranking and movement	Capitals and strategic objectives		Impact and likelihood
<ul style="list-style-type: none"> To lock in management for longer and therefore ensure continuity and stability. 	6		IC HC	S1 S4 S5	
<ul style="list-style-type: none"> Attract and retain good talent. 	7		IC HC	S1 S4 S5	
<ul style="list-style-type: none"> Find the competitive edge through a competent team. 	8		IC SRC	S1 S3 S4	
<ul style="list-style-type: none"> Better community relationships to turn assets into useful community facilities. Construct our portfolio in a manner that achieves good diversification. 	9		MC	S1 S3 S7	
<ul style="list-style-type: none"> Training of emerging contractors on safety standards to make their businesses more sustainable. 	10		IC HC SRC	S1 S3 S4 S5	
<ul style="list-style-type: none"> Explore self-insurance individually or collectively as an industry. 	11		MC	S1 S4	
<ul style="list-style-type: none"> Retrofit smart technologies that lead to efficiencies. Change offering to be more flexible and relevant. Diversify into newer properties and other defensive sectors. 	12		IC MC	S1 S3 S7	

OUR PERFORMANCE

Financial Director's report

62



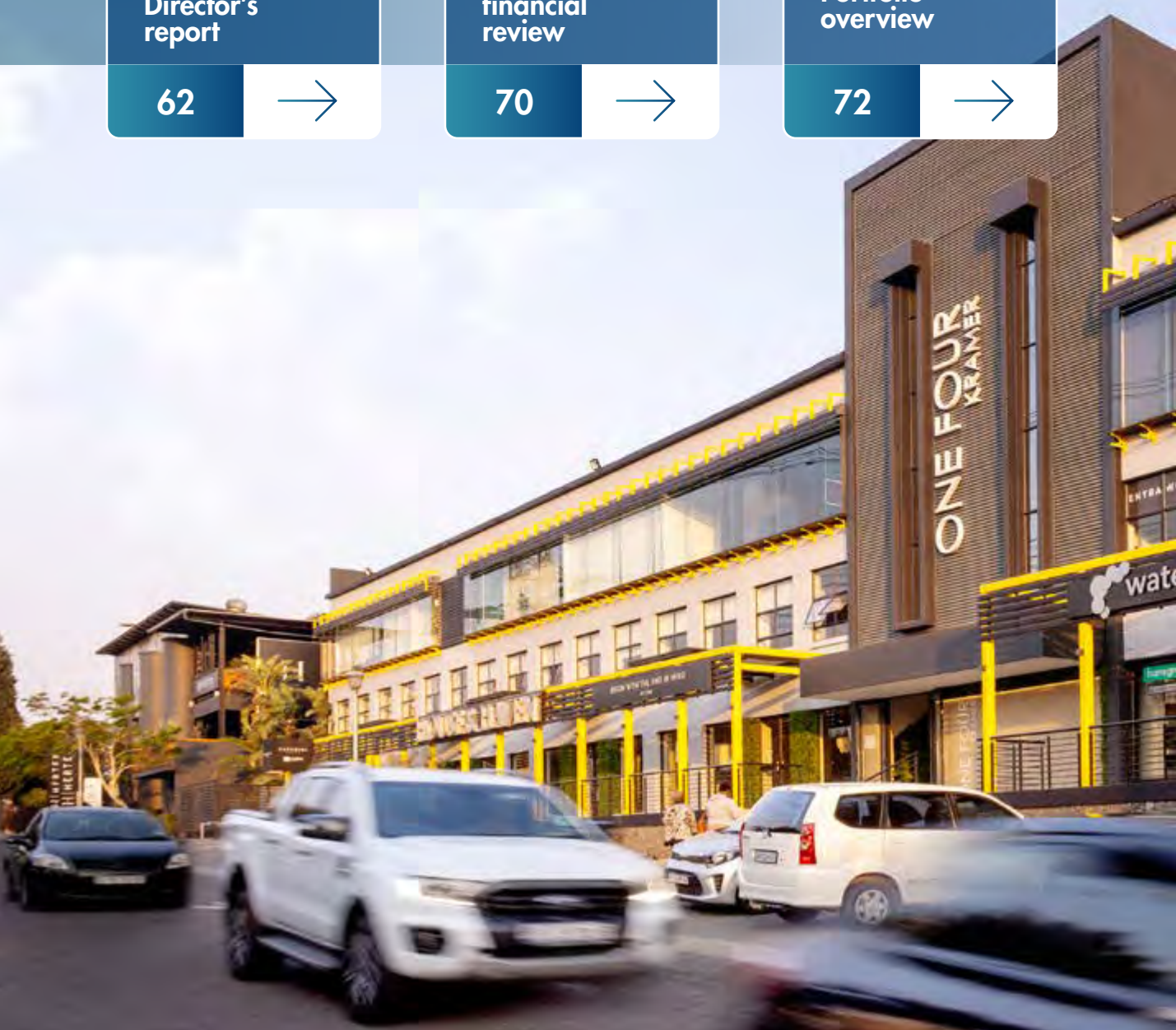
Five-year financial review

70



Portfolio overview

72



Dipula has delivered respectable financial results, with a 3.2% increase in revenue, reaching R1.40 billion compared to R1.35 billion in 2022. These results highlight the resilience and robustness of our portfolio, particularly in the defensive retail and industrial sectors.



Financial Director's report



SUDESH MOODLEY
Financial Director

The increase in our valuations was mainly driven by our retail portfolio which improved by 2.9% as a result of strong performance in our retail centres. ”

Financial highlights

- ▶ Revenue increased 3% to **R1.40 billion** (2022: R1.35 billion)
- ▶ Distributable earnings decreased 6.9% to **R514.2 million** (2022: R552.6 million)
- ▶ Portfolio value increased 1.7% to **R9.8 billion** (2022: R9.6 billion)
- ▶ NAV increased 2.1% to **R6.1 billion** (2022: R5.9 billion)
- ▶ Debt increased 1.0% to **R3.6 billion** (2022: R3.5 billion)
- ▶ Gearing stable at **35.7%** (2022: 35.9%)
- ▶ Average debtors collections stable at **99%** (2022: 99%)



WOODMEAD SUPER
VALUE MALL

Introduction

I am pleased to present my first set of year-end results for Dipula. In the context of the country's power challenges, low growth and escalating costs, we are happy to report growth in revenue, net property income and property valuations.

Dividend reinvestment option

On 17 May 2023, Dipula Shareholders were provided with an option to reinvest their 2023 interim cash dividend of 25.85 cents per share in Dipula shares. Shareholders holding 250 861 411 (28.07%) shares, prior to the election, qualifying to receive the cash dividend elected the reinvestment option.

This resulted in the issuing of 18 253 926 new shares and the retention of R64 253 820 in new equity. Accordingly the total number of Dipula issued ordinary shares post the reinvestment option is 912 001 700 (including treasury shares).

Financial results

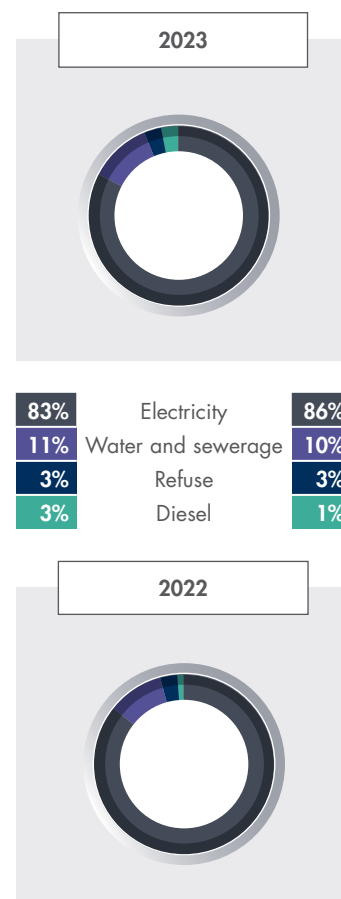
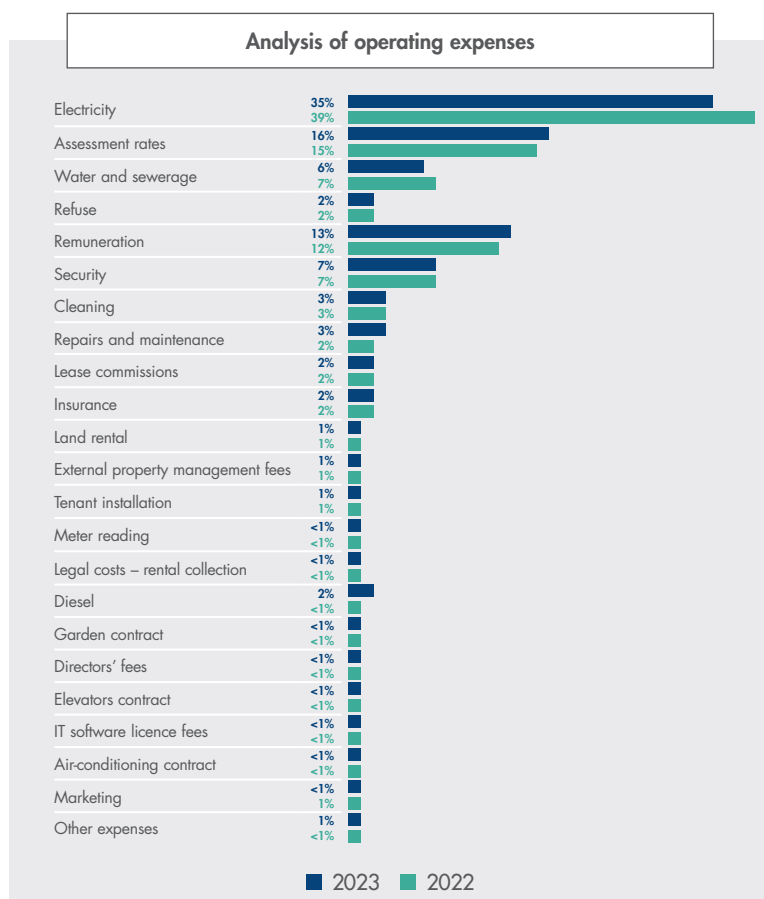
Revenue for the year ended 31 August 2023 increased by 3.2% to R1.40 billion (2022: R1.35 billion). Growth in revenue was negatively affected by sold and transferred properties for a total consideration of R160 million, at a 9% yield. This growth figure was also impacted by the 1% positive renewal rate for leases renewed during the year.

Tight cost control measures resulted in property expenses increasing by only 3.4% year-on-year to R483 million (2022: R467 million), in spite of the high inflation rate during the year. Net finance costs were 14.1% higher than the prior year, at R314 million (2022: R275 million) due to a significant increase in interest rates by the SARB during the year. This was the main contributor to a decline in distributable earnings, which decreased by 6.9% to R514 million (2022: R552 million).

Cost-to-income ratio

Our cost-to-income ratio as determined in terms of the BPR, increased to 39.5% (2022: 38.0%) due to inflationary increases and the modest increase in revenue relative to the prior year. The administrative cost-to-income ratio increased to 4.4% from 3.4%, resulting from a once off management incentive paid during the year for the successful implementation of the capital restructure which resulted in the buy-back of all Dipula A shares.

	2023 %	2022 %
Cost-to-income ratio	39.5	38.0
Administrative cost-to-income ratio	4.4	3.4



Financial Director's report (continued)

Analysis of operating expenses

	2023 R'000	2022 R'000	Variance R'000	%	Notes
Administered costs					
Electricity	191 855	202 700	(10 845)	(5)	1
Assessment rates	84 698	79 069	5 629	7	
Water and sewerage	35 018	34 373	645	2	
Refuse	9 221	10 626	(1 405)	(13)	2
	320 792	326 768	(5 976)	(2)	
Non-administered costs					
Remuneration	71 589	60 884	10 705	18	3
Security	39 305	37 665	1 640	4	
Cleaning	15 320	13 862	1 458	11	4
Repairs and maintenance	15 284	12 312	2 972	24	5
Lease commissions	11 736	10 570	1 166	11	6
Insurance	12 781	9 554	3 227	34	7
Land rental	7 559	7 078	481	7	
External property management fees	5 427	5 648	(221)	(4)	
Tenant installation costs	5 997	4 723	1 274	27	8
Meter reading	3 228	3 236	(8)	-	
Legal costs – rental collection	4 150	3 168	982	31	9
Diesel expense	9 655	3 157	6 498	206	10
Gardening costs	2 503	2 882	(379)	(13)	11
Directors' fees	3 187	2 664	523	20	12
Elevator repairs and maintenance	2 018	2 107	(89)	(4)	
IT software licence fees	2 293	1 877	416	22	13
Air-conditioning	1 318	1 791	(473)	(26)	14
Marketing	1 371	1 133	238	21	15
Other expenses	8 233	2 252	5 981	266	
	222 954	186 563	36 391	20	
Total	543 746	513 331	30 415	6	

1. The 5% decrease in electricity is due to the impact of loadshedding which resulted in reduced tenant usage.
2. Refuse charges decreased 13% year-on-year due to back-charges related to prior years levied in 2022.
3. Remuneration increased by 18% year-on-year as a result of a transactional incentive of R8.8 million awarded to management during the period relating to the successful collapsing of the dual share structure.
4. The 11% increase in cleaning costs is due to a combination of higher than inflation salary increases for cleaners across the industry as well as an increase in cleaning consumables during the year.
5. Repairs and maintenance deferred during Covid-19 and the July 2021 riots was attended to during the year, which led to the sharp rise of 24% in repairs and maintenance costs.
6. Leasing commissions increased due to an increase in letting activity during the year which resulted in the reported reduction in vacancies.
7. Insurance costs increased by 34%, mainly due to increased insurance premiums by SASRIA following the July 2021 riots.
8. The increase in tenant installations is due to the improved letting in the current year.
9. The Group intensified its collection efforts during the year against defaulting tenants which resulted in a 31% increase in legal costs.
10. Diesel costs increased by 206% year-on-year due to significantly increased loadshedding during the year.
11. Gardening costs have decreased 13% year-on-year, as management implemented various cost savings measures.
12. Directors fees increased 20% due to a six month overlap in the service contracts of three retiring non-executive directors to facilitate a smooth handover to the three incoming non-executive directors appointed during the year.
13. IT software costs increased by 22% due to the implementation of various new IT systems during the year that are aimed at improving Dipula's business processes.
14. Air-conditioning costs decreased by 14% due to costs saving initiatives by management as well as the decommissioning of air-cons in redevelopment properties.
15. Marketing costs increased by 15% due to increased marketing to drive footfall numbers at our shopping centres and to market vacancies.

Recovery levels¹

	2023 %	2022 %	Variance %
Electricity	117	113	3.5
Water and sewerage	87	78	11.5
Refuse	93	80	16
Diesel	81	68	19

1. Recoveries in electricity, water, sewerage and diesel improved from the prior year due to focused interventions by Dipula's utilities team.

Group net asset value

Group NAV increased by 2.1% to R6.1 billion (2022: R5.9 billion). The NAV per share amounted to R6.64 at year-end, which is in line with the prior year in spite of the increased number of shares, following the DRIP in May 2023.

	2023 R'000	2022 R'000	Variance %	Notes
Investment property and held-for-sale	9 772 651	9 621 301	1.7	
Interest-bearing liabilities	(3 552 593)	(3 516 746)	1.0	
Derivative asset (interest rate hedges)	47 813	52 542	(9)	1
IFRS 16: Lease liabilities	(118 132)	(115 834)	2.0	
Other liabilities	(99 124)	(114 675)	(13.6)	2
Net asset value	6 050 615	5 926 588	2.1	
NAV per share (Rand)	6.635	6.632	(0.0)	
Total number of shares in issue (net of treasury shares)	911 918 399	893 664 473	2.0	

1. The Derivative asset relates to the mark to market value of Dipula's hedges during the year and moves in line with market interest rate expectations.

2. The decrease in other liabilities mainly relate to a reduction in trade payables when compared to prior year.

Property portfolio

Property valuations

The portfolio consisted of 170 properties with a GLA of 885 612m² (2022: 917 925m²). Our property portfolio value increased by 1.7% to R9.8 billion (2022: R9.6 billion). This was due to a 3% (2022: 5%) increase in valuations relative to the prior year (excluding acquisitions and disposals).

The increase in valuations was mainly driven by our retail portfolio which improved by 2.9% as a result of strong performance in our retail centres. Industrial valuations improved by 9.7% as a result of strong fundamentals in this sector. Office valuations were 2.5% down due to ongoing challenges in the office sector with subdued market growth in rentals and prolonged vacancies factored into valuation assumptions. Residential valuations had increased by 5.6%, clawing back some of the write downs experienced in 2022 as a result of improved rentals and occupancy levels.

Financial Director's report (continued)

Salient valuation features

Year ended 31 August 2023

Sector	Portfolio by value (%)	Average exit cap rates (%)	Average discount rates (%)	Like-for-Like year-on-year (% change) (%)
Retail	64	9.9	13.7	2.9
Office	17	10.3	14.2	(2.5)
Industrial	15	10.8	14.2	9.7
Residential	4	9.0	13.1	5.6
Total portfolio	100	10.2	13.9	2.9

Year ended 31 August 2022

Sector	Portfolio by value (%)	Average exit cap rates (%)	Average discount rates (%)	Like-for-like year-on-year (% change)
Retail	65	9.9	13.4	9.4
Office	18	10.3	14.3	(1.6)
Industrial	13	10.8	14.3	3.0
Residential	4	8.8	13.5	(10.7)
Total portfolio	100	10.2	13.8	5.2

Acquisitions

There were no material property acquisitions for the 2023 financial year.

Refurbishments and redevelopments

A total of R147 million (2022: R93 million) was invested in refurbishments and capital expenditure during the year. Further capital expenditure of R370 million is planned over the next 18 months.

Disposals

The Group disposed of properties for an aggregate consideration of R160 million (2022: R56 million). These disposals were at an aggregate yield of 9% (2022: 9.2%).

Balance sheet

Funding

During the year, debt facilities amounting to R1 131 million (2022: R1 153 million) were renewed at a weighted average funding margin of 2.04% (2022: 2.1%), for a weighted average period of 2.4 years (2022: 3.2 years). Debt facilities of R81 million had been repaid (2022: R154 million).

On 31 August 2023, our all-in weighted average cost of debt was 9.24% (2022: 8.35%). The Company's total debt amounted to R3.6 billion (2022: R3.5 billion).

The weighted average debt expiry period was 1.9 years (2022: 2.0 years), and the aggregate hedge expiry period was 2.1 years (2022: 2.6 years). All debt was Rand denominated and 65% (2022: 75%) of the Group's interest rate exposure was hedged.

The Group's gearing decreased to 35.7% (2021: 35.9%) and undrawn facilities amounted to R178 million at year-end (2022: R80 million).

The debt maturity and hedging profile is detailed below:

	Maturing R'000	Maturing %	Hedge R'000	Hedge %
2024	1 373 620	39.1	525 000	23.1
2025	1 242 389	35.4	950 000	41.8
2026	599 784	17.1	800 000	35.2
2027	200 000	5.7	–	–
2028	98 389	2.8	–	–
	3 514 182	100	2 275 000	100

In an effort to diversify funding sources, reduce funding margins and to increase Dipula's debt tenure, Dipula restructured its debt subsequent to year-end. The Group concluded a debt syndication programme of R3.8 billion. This resulted in the total refinancing of Dipula's existing debt and additional facilities of R200 million to fund capital projects. The weighted average margin achieved was 1.76% above three-month Jibar, with an average tenure of four years.

Covenants

Our Group covenant requirements with various debt providers is a LTV ratio of 50%, and an ICR of 2 times. Our covenant levels were comfortably within the above limits at year-end, as follows:

	2023	2022
LTV	35.7%	35.9%
ICR	2.8 times	3.19 times

Credit rating

In July 2023, GCR Ratings maintained our national scale long-term and short-term issuer ratings of BBB+ (ZA) and A2 (ZA), respectively, with a stable outlook. The issuer ratings reflected the Company's continued resilient performance, allowing it to maintain solid credit protection metrics, while financial flexibility improved through the collapsing of the dual share structure and the easing of financial covenants.

Tradability of shares

The total volume and value traded in the Dipula shares for FY2023 have increased by 203% from the prior year. These elevated trading volumes serve as a clear indicator of the enhanced liquidity within Dipula shares following the capital restructure in 2022.

Financial Director's report (continued)

Cash management

Cash flow (based on management accounts and not IFRS)

	31 August 2023 R'000	31 August 2022 R'000	Variance R'000	Variance %	Notes
Cash flows from operating activities	11 646	12 144	(498)	(4)	
Cash generated from operations	846 906	864 995	(18 089)	(2)	
Net finance cost	(298 875)	(264 559)	(34 316)	13	1
Dividend paid	(536 385)	(588 292)	51 907	(9)	
Taxation paid	–	–	–	–	
Cash flows from investing activities	(47 439)	(54 367)	6 928	(13)	
Acquisitions and capex	(186 759)	(152 941)	(33 818)	22	2
Disposals	153 580	97 037	56 543	58	3
Shares acquired in terms of share-based payment	(16 103)	–	(16 103)	100	4
Repayments of loans advanced	1 843	1 537	306	20	
Cash flows from financing activities	33 102	43 889	10 787	(25)	
Share issue expenses	(393)	(21 806)	21 413	(98)	5
Settlement appraisal shares	(34 000)	–	(34 000)	100	6
Dividend reinvestment shares	64 254	–	64 254	100	7
Non-controlling interest	(7 431)	(5 986)	(1 445)	24	
Repayment of lease liability	(8 564)	(8 088)	(476)	6	
Debt funding raised/(repaid)	19 236	79 769	(60 533)	(76)	
Net increase in cash and cash equivalents	2 691	1 666	4 357	262	
Cash at the beginning of the year	64 242	62 576	1 666	3	
Cash at the end of the year	61 551	64 242	2 691	(4)	

1. Net finance cost increased by 13%, due to SARB interest rate increases during the year.
2. Acquisitions and capex increased by 22% due to portfolio enhancing and defensive redevelopments.
3. The 58% increase in disposal proceeds in the current year relate to increased sales activity in line with the Group's strategic intent to dispose of non-core assets.
4. The outflow of R16 million relates to Dipula shares acquired to settle vesting shares to staff for Dipula's LTI scheme.
5. The significant drop in share issue expenses is due to higher share issue costs in 2022, which related to the A and B share restructure.
6. The R34 million outflow relates to the settlement of the appraisal rights exercised following the implementation of the A and B share restructure.
7. The R64 million inflow relates to the DRIP undertaken in May 2023 which resulted in the issuing of 18 253 926 new Dipula shares.

“

Through the dedicated efforts of our property management team, we achieved an impressive average rental collection rate of 99% across our portfolio for the year ending 31 August 2023. ”



WOODMEAD SUPER VALUE

Rental collections and arrears

Through the dedicated efforts of our property management team, we achieved an impressive average rental collection rate of 99% across our portfolio for the year ending 31 August 2023.

Capital commitments

At 31 August 2023, we had capital commitments of R48 million (2022: R109 million) relating to refurbishments and redevelopments.

Dividend

Distributable earnings were down 6.9% year-on-year at R514 million (2022: R552 million). Distributable earnings per share amounted to 28.719 cents per B share for the interim reporting period while the final distributable earnings per share was 28.242 cents. The full year distributable earnings per B share of 56.96 cents (2022: 104.19 cents per A share and 30.98 cents per B share) is not comparable to prior periods due to the capital restructure which became effective from June 2022, as well as the DRIP in May 2023.

The Dipula Board had resolved to, at its discretion and based on operational considerations, apply a pay-out ratio of 90% for the 2023 financial year. Retained earnings will be used for strategic capital expenditure.

Dividends per share amounted to 25.85 cents per B share for the interim reporting period while the final dividend per share was 25.42 cents. The resulting full year dividend per B share amounted to 51.27 cents (2022: 104.19 cents per A share and 30.98 cents per B share).

Appreciation

A special thanks to the Dipula team, whose professionalism, and positive attitude have been instrumental in achieving these results.

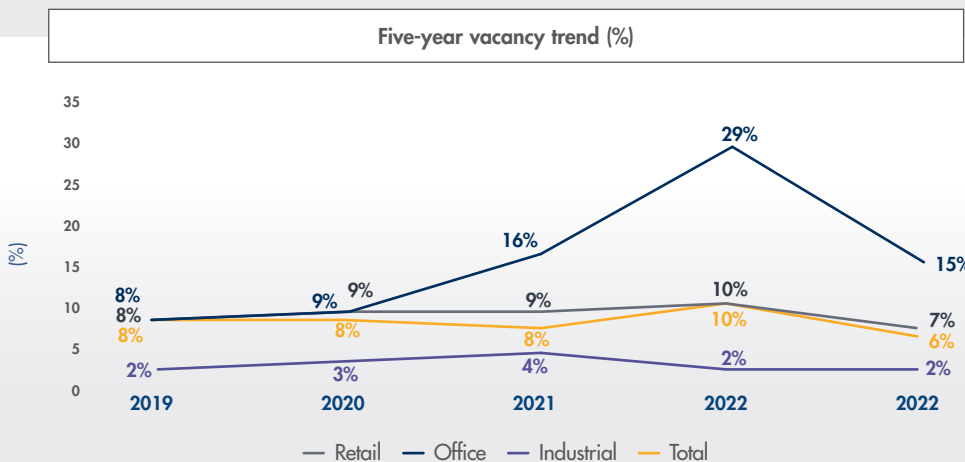
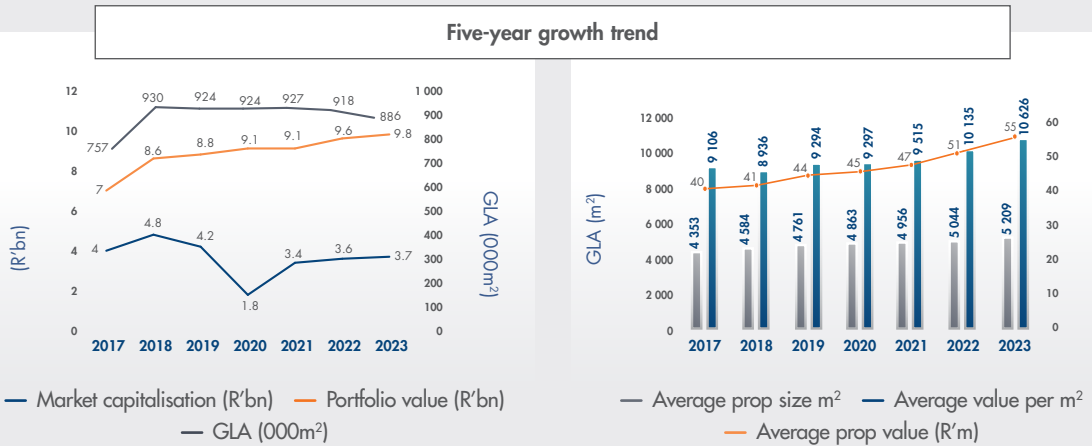
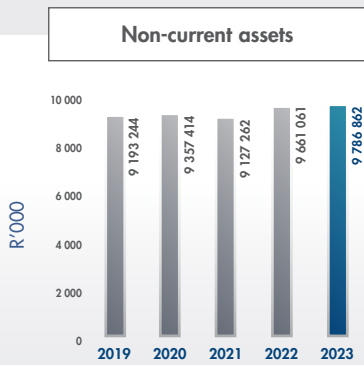
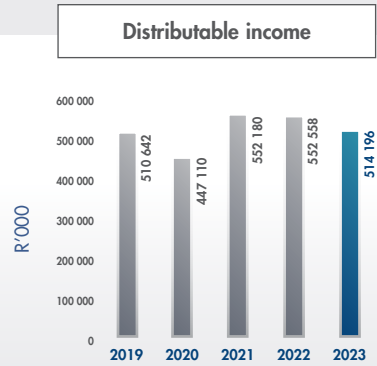
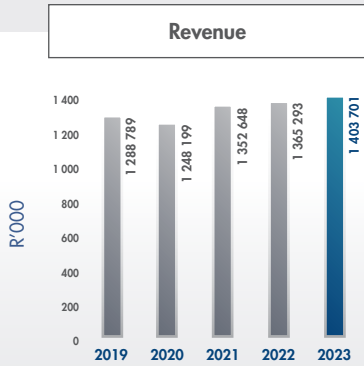
Sudesh Moodley
Financial Director

8 December 2023

Five-year financial review

	2023 R'000	2022 R'000	2021 R'000	2020 R'000	2019 R'000
1. Distribution statement					
Revenue	1 403 701	1 365 293	1 352 648	1 248 199	1 288 789
Property-related expenses	(502 344)	(480 300)	(455 660)	(440 922)	(411 249)
Net property income	901 357	884 993	896 988	807 277	877 540
Administration and corporate costs	(55 354)	(40 017)	(38 528)	(40 893)	(33 023)
Net operating profit	846 003	844 976	858 460	766 384	844 517
Net finance cost	(303 251)	(264 602)	(272 413)	(292 489)	(308 232)
Taxation	–	–	218	–	–
Non-controlling interests	(28 556)	(27 816)	(34 085)	(26 785)	(25 643)
Distributable earnings	514 196	552 558	552 180	447 110	510 642
2. Summarised statement of financial position					
Non-current assets	9 786 862	9 661 061	9 127 262	9 357 414	9 193 244
Current assets	282 337	275 052	298 287	213 560	279 420
Non-current assets held-for-sale	39 081	37 445	101 242	13 488	50 938
Total assets	10 108 280	9 973 558	9 526 791	9 584 462	9 523 602
Non-current liabilities	2 246 004	2 469 043	2 503 933	2 907 517	2 920 218
Current liabilities	1 612 692	1 426 233	1 361 829	1 131 424	994 283
Total liabilities	3 858 696	3 895 276	3 865 762	4 038 941	3 914 501
Non-controlling interest	198 969	151 694	210 224	250 499	182 184
Shareholders' interest	6 050 615	5 926 588	5 450 805	5 295 022	5 426 917
3. Distributable earnings per share					
A share (cents)	–	61.97	118.95	114.49	110.25
Growth in distributable earnings*	–	(47.9%)	3.9%	3.8%	4.2%
B share (cents)	56.96	73.19	89.70	54.46	82.71
Growth in distributable earnings*	(22.2%)	(18.4%)	64.7%	(34.2%)	(17.0%)
Combined (cents)	56.96	135.16	208.65	168.95	192.96
Growth in distributable earnings*	(57.9%)	(35.2%)	23.5%	(12.4%)	(6.1%)
4. Statistics					
Market price at year-end (cents)					
A share*	–	–	870	559	1050
B share*	408	395	410	124	548
NAV per share (cents)	664	663	1030	1000	1025
Premium/(discount) to NAV	(38.6%)	(40.4%)	(37.9%)	(65.9%)	(22.0%)
LTV	35.7%	35.9%	36.5%	38.9%	40.4%

* The distributable earnings per share and share prices in 2023 are not comparable to prior years as the Company repurchased all the A shares in consideration for 2.4 B shares on 6 June 2022.



Portfolio overview



MC

Key indicators (excluding residential, NCI and land)

at 31 August 2023

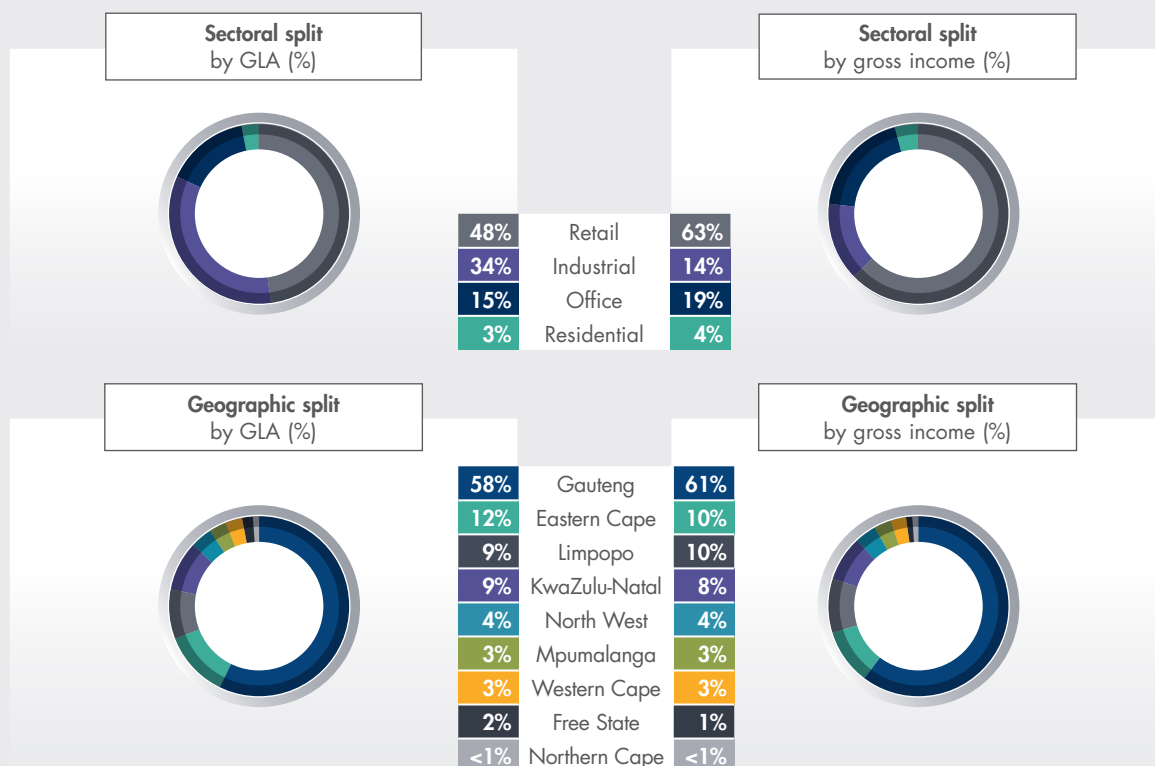
	Retail	Office	Industrial	Total
Number of properties	86	35	45	166
Portfolio valuation (R'bn)	6.1	1.7	1.3	9.1
Gross lettable area (m ²)	425 313	130 101	300 673	856 087
Average value per m ² (R/m ²)	14 265	12 857	4 196	10 626
Vacancy (%)	7.4	15.0	1.7	6.4
Weighted average monthly gross rental per m ² by GLA (R/m ²)	147.83	156.51	45.17	109.68
Weighted average monthly gross rental per m ² by income (R/m ²)	165.50	175.28	64.41	151.47
Weighted average escalation by GLA (%)	6.5	7.2	7.3	6.9
Weighted average escalation by income (%)	6.6	7.3	7.2	6.8

Average annualised property yield was approximately 9.6% on the year-end property portfolio valuation.

Sectoral and geographic profile

The portfolio is currently weighted towards retail, which accounts for 63% of rental income (2022: 62%). The properties are located across all nine provinces of South Africa, with the majority in Gauteng, which accounts for 61% of rental income (2022: 57%).

The sectoral and geographical breakdown of our portfolio is set out below:

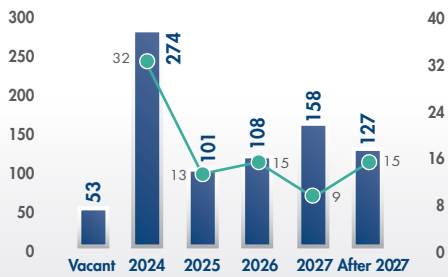




NEW BRIGHTON

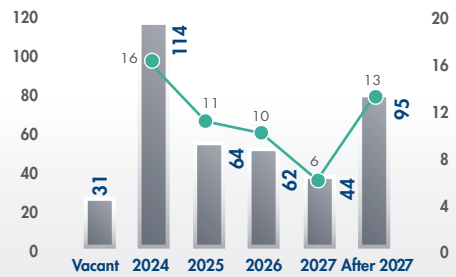
Lease expiry profile (excluding residential)

Portfolio



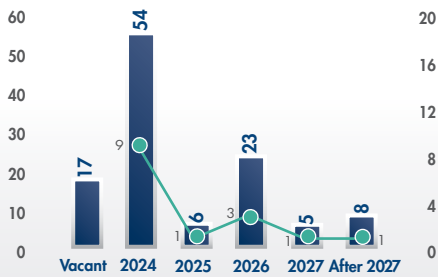
■ GLA (000m²) — Income (Rm)

Retail



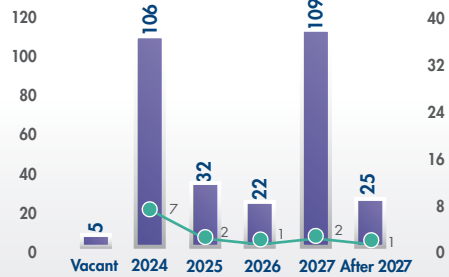
■ GLA (000m²) — Income (Rm)

Office



■ GLA (000m²) — Income (Rm)

Industrial



■ GLA (000m²) — Income (Rm)

Portfolio overview (continued)



Region



GLA (m²)



Value (R'm)



Value per m² (R/m²)



SAPS VIP



Gauteng



21 478m²



R382 million



R17 786/m²



GILLWELL MALL



Eastern Cape



21 378m²



R330 million



R15 413/m²



SESHEGO CIRCLE



Limpopo



15 619m²



R325 million



R20 795/m²



CHILLI LANE



Gauteng



13 597m²



R310 million



R22 813/m²



GEZINA GALLERIES

📍 Gauteng	📏 16 956m ²
💎 R302 million	📈 R17 829/m ²



UMZIMKHULU MALL

📍 KwaZulu-Natal	📏 15 759m ²
💎 R280 million	📈 R17 806/m ²



NQUTHU PLAZA

📍 KwaZulu-Natal	📏 14 906m ²
💎 R279 million	📈 R18 697/m ²



PALM SPRINGS

📍 Gauteng	📏 18 796m ²
💎 R250 million	📈 R13 290/m ²



BOCHUM PLAZA

📍 Limpopo	📏 12 073m ²
💎 R247 million	📈 R20 443/m ²



TOWER MALL

📍 North West	📏 15 539m ²
💎 R204 million	📈 R13 115/m ²

Portfolio overview (continued)

Tenant quality (excluding residential)

The majority of tenants in our portfolio are classified as A-grade, which serves as a solid foundation for both the exceptional quality of our properties and the reliability of rental income collection. Consequently, we assess the risk of rental defaults as low.

Tenant grading



**Top 10 tenants
BY INCOME**

Exposure	Tenants
	12% Government and local authorities
	10% Shoprite Group
	5% Pick n Pay Group
	4% Pepkor Group
	3% Reclamation Group
	2% DSV
	2% Cashbuild
	2% Spar Group
	1% Absa Bank
	1% The Foschini Group

**Total
BY INCOME
IS 42%**

**Top 10 tenants
BY GLA***

	9% Government and local authorities
	8% Shoprite Group
	4% Pick n Pay Group
	4% DSV
	3% Pepkor Group
	2% Cashbuild
	2% Spar Group
	1% Bidvest
	1% Plusnet/Geotex
	1% The Foschini Group

**Total
BY GLA
IS 35%**

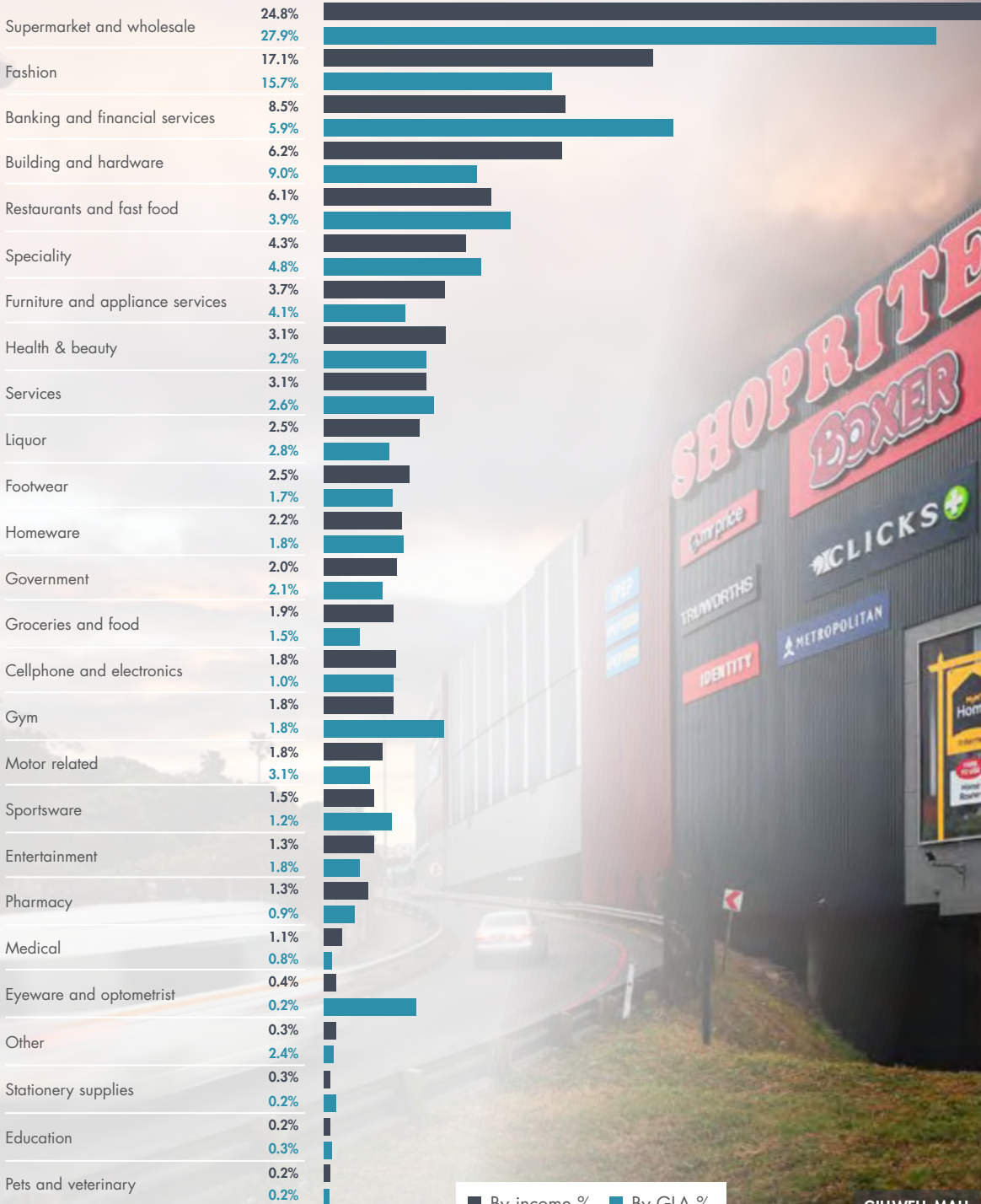


* Excluding Reclamation Group.

Tenant profile



Retail

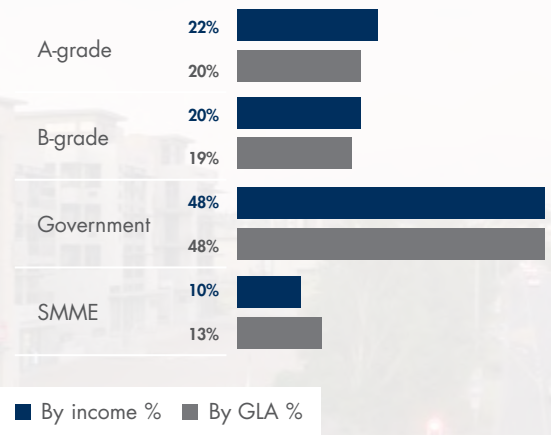


■ By income % ■ By GLA %

GILLWELL MALL



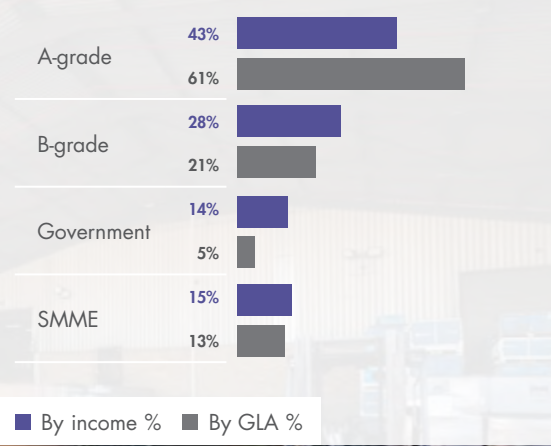
Office



AVANTI



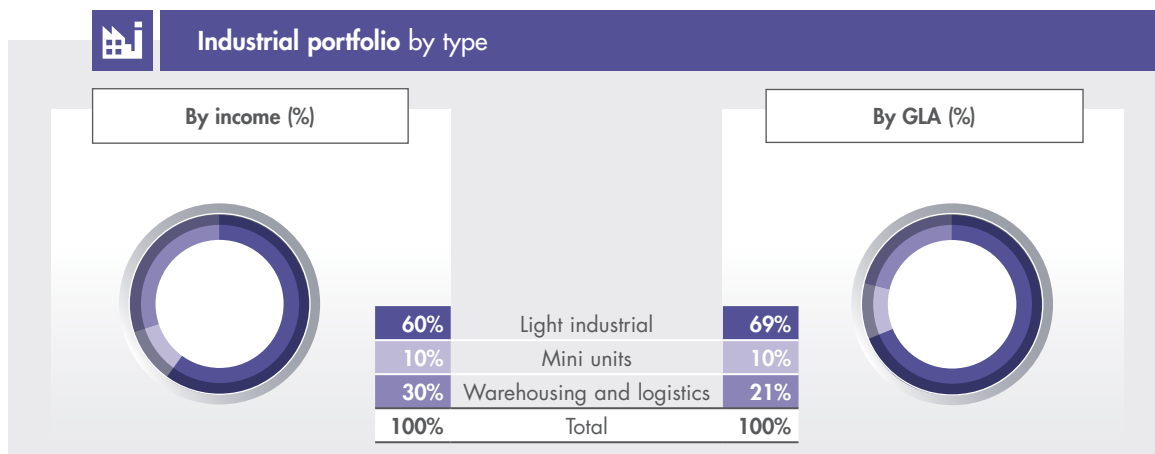
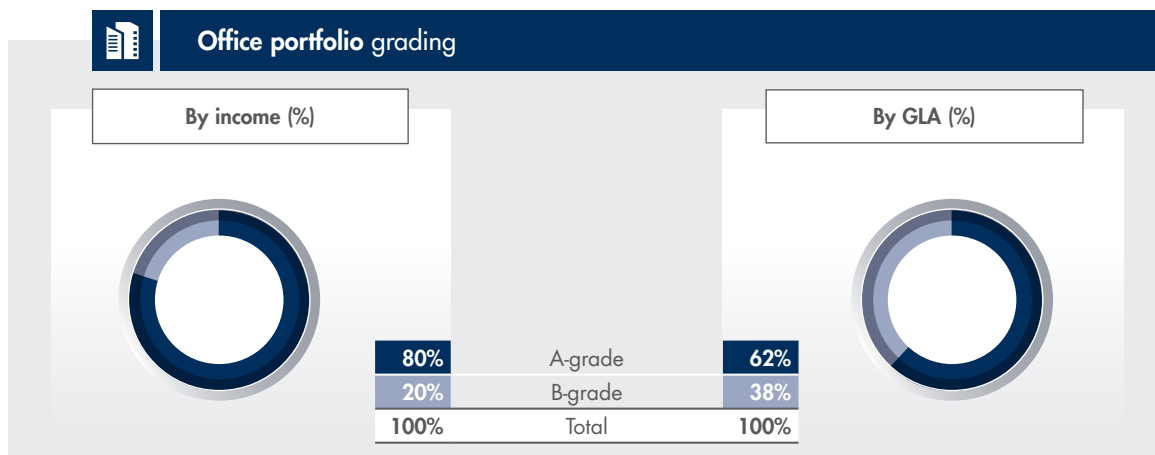
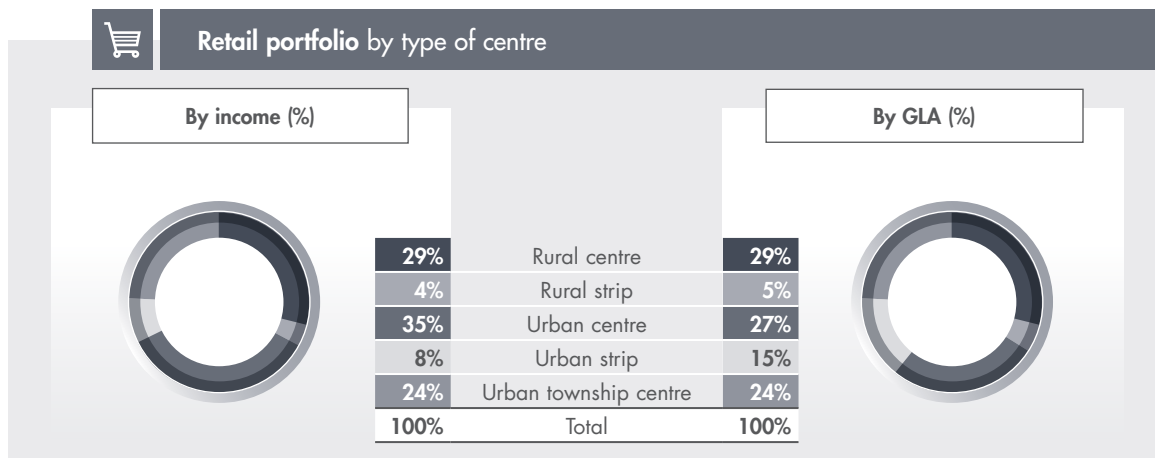
Industrial



NEW BRIGHTON

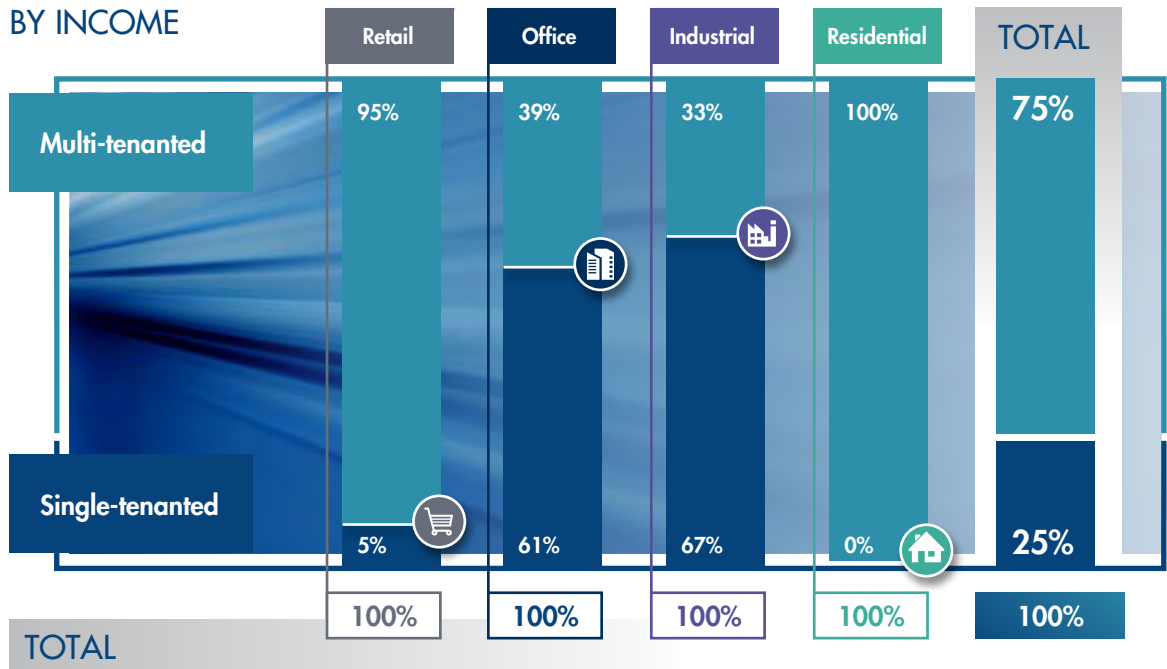
Portfolio overview (continued)

Building profile

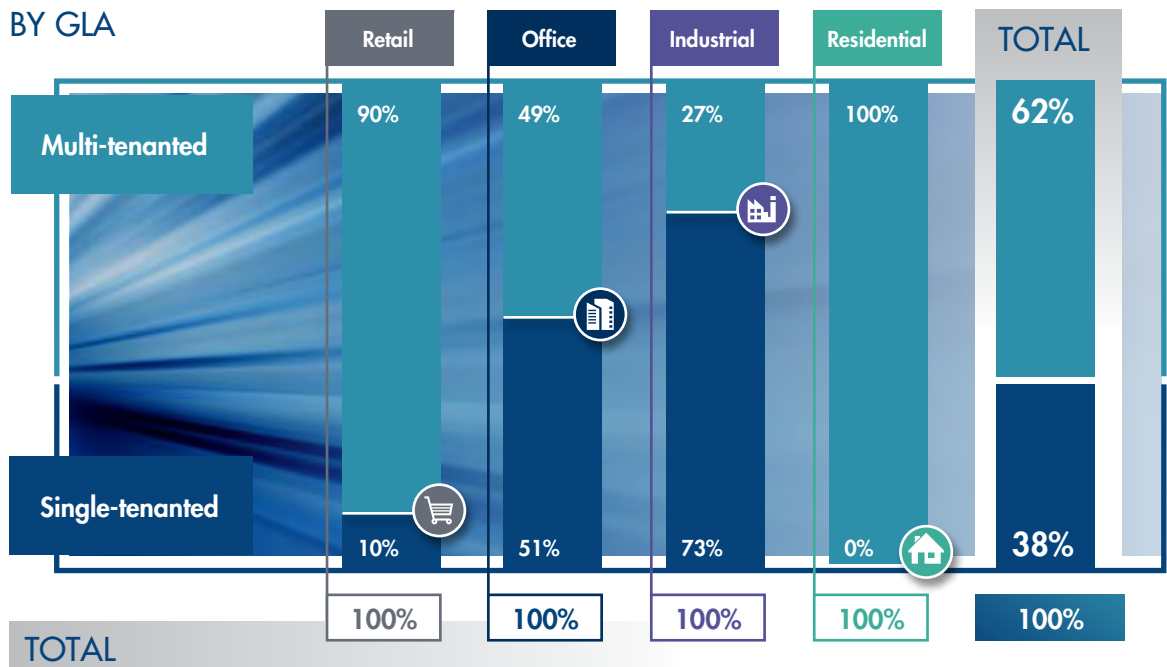


Sector space exposure

BY INCOME



BY GLA



Portfolio overview (continued)



Residential unit profile



4 PROPERTIES



29 532m²*



R409 MILLION

	Urban Village Norwood			Palm Springs		
Unit type	Average rental (R)	Average rental (R/m ²)	Average unit size (m ²)	Average rental (R)	Average rental (R/m ²)	Average unit size (m ²)
Studio	–	–	26.2	–	–	–
1 bed	6 696	176.21	38.0	5 117	164.52	31.1
2 bed	9 487	121.66	78.0	5 986	127.22	47.1
Total (2023)	7 906	112.41	70.3	5 415	124.45	43.5
Total (2022)	7 990	113.60	70.3	5 204	119.62	43.5
% change	(1.0%)	(1.0%)	–	4.0%	4.0%	–

	Urban Village Midrand			Urban Village Bruma		
Unit type	Average rental (R)	Average rental (R/m ²)	Average unit size (m ²)	Average rental (R)	Average rental (R/m ²)	Average unit size (m ²)
Studio	3 698	161.42	22.9	4 902	192.66	25.4
1 bed	4 683	157.81	29.7	5 315	159.43	33.3
2 bed	5 334	106.11	50.3	6 678	133.17	50.1
Total (2023)	4 441	149.27	29.8	5 707	150.25	38.0
Total (2022)	4 685	157.45	29.8	5 563	146.45	38.0
% change	(5%)	(5.0%)	–	3.0%	3.0%	–

* Including retail at Bruma and Norwood.

Number of units

Unit type	Urban Village Norwood	Urban Village Midrand	Urban Village Bruma	Palm Springs	Total residential
Studio	1	44	9	–	54
1 bed	1	80	83	96	260
2 bed	10	15	41	336	402
Total	12	139	133	432	716

GLA (m²)

Unit type	Urban Village Norwood	Urban Village Midrand	Urban Village Bruma	Palm Springs	Total residential*
Studio	26	1 008	229	–	1 263
1 bed	38	2 374	2 767	2 986	8 165
2 bed	780	754	2 056	15 810	19 400
Total	844	4136	5 052	18 796	28 828

* Excludes retail.

Residential vacancy profile

Vacant units

Unit type	Urban Village Norwood	Urban Village Midrand	Urban Village Bruma	Palm Springs	Total residential
Studio	1	–	–	–	1
1 bed	–	–	1	8	9
2 bed	2	–	4	34	40
Total (2023)	3	–	5	42	50
Total (2022)	1	12	5	22	40

Vacant units (%)

Unit type	Urban Village Norwood	Urban Village Midrand	Urban Village Bruma	Palm Springs	Total residential
Studio	100	–	–	–	3
1 bed	–	–	1	8	10
2 bed	–	–	10	10	20
Total (2023)	25	–	4	10	7
Total (2022)	8	9	4	5	6



SUSTAINABILITY

Environmental
stewardship

87



Our
people

88



Our
communities

90



An aerial photograph of an industrial park, Renaissance Park, showing several large buildings with extensive solar panel installations on their roofs. The foreground features a large building with a grey roof covered in solar panels. In the background, there are other industrial buildings, some with white roofs and solar panels, and a cityscape under a clear sky. A semi-transparent dark teal box is overlaid on the right side of the image, containing white text.

Sustainability serves as the overarching principle that unites economic, environmental, social and governance objectives, compelling us to collectively embark on a transformative journey to shape a better world.

RENAISSANCE PARK

Sustainability

Download our Sustainability Report



We are committed to fostering transparency and accountability in our ESG practices, ultimately contributing to a more sustainable and responsible business environment. We firmly believe that our expanded ESG disclosure efforts will strengthen our capacity to generate sustainable value. This commitment underscores our dedication to incorporating ESG considerations into our strategic decision-making processes.

WHY WE INTEGRATE SUSTAINABILITY PRACTICES

We recognise that our actions today shape the future for both people and the planet; and that prioritising profit at the expense of society’s wellbeing and environmental conservation is ultimately unsustainable.

Our ESG strategy informs all our interactions with tenants, customers and society at large, ensuring that our business revolves around what we can do now to fulfil our overarching mission. This strategy is designed to foster trust, reduce our environmental footprint, support the prosperity of our communities, and facilitate meaningful social engagement across our entire value chain.

Our stakeholders place their trust in us to conduct our business in a responsible and sustainable manner. Our commitment revolves around creating and maintaining enduring value for all our stakeholders. We achieve this by investing in sustainable assets, implementing practical environmental initiatives to reduce our negative environmental impact, comprehending the social impact of our assets, strengthening our governance structures, and fostering transparent engagement with key stakeholders.

This holistic approach underscores our dedication to responsible business practices that benefit both Dipula and the broader society.

OUR APPROACH TO SUSTAINABILITY

Our approach to sustainability is anchored in a well-defined process that identifies and assesses the risks and opportunities most relevant to our business. This approach enables us to address the significant social, economic and environmental impacts that matter most to our stakeholders.

Our sustainability framework and goals guide help us to align our activities with the United Nations Sustainable Development Goals (“UN SDGs”). Constructive relationships with communities surrounding our retail centres, and socio-economic development remain a priority. We also understand our collective responsibility in driving the transition towards a low-carbon world and decarbonising the energy system to reduce emissions.

Our sustainability objectives

Being mindful of our impact on the environment and climate change.

Ensuring meaningful engagement with stakeholders.

Prioritising the behaviours of reducing, reusing and recycling.

Responsible energy, water and materials usage

The adoption of clean energy and water-saving solutions.

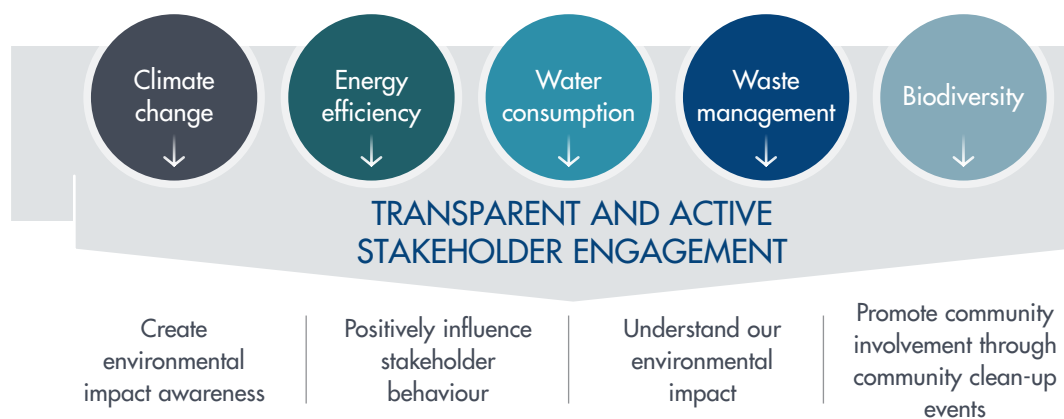
Environmental stewardship

We remain committed to addressing climate change through responsible environmental stewardship.

Our primary aim is to deepen our understanding of climate change, comprehending its impact on our business and how our operations contribute to it. We acknowledge the role our business activities within the built environment play in contributing to and exacerbating climate change. To mitigate this impact, we prioritise the efficient management of electricity supply, water usage and waste generation. Our unwavering commitment lies in managing our influence on climate change and advancing towards a transition to a low-carbon economy.

We collaborate closely with our tenants, employees and service providers across our portfolio to both reduce our environmental impact and address the pressing challenges in environmental sustainability. Through shared responsibility and collective effort, involving not only ourselves but also our stakeholders, we are dedicated to minimising our environmental footprint.

Our primary environmental focus areas revolve around energy efficiency, water conservation and waste management. Within each of these key areas, our primary objectives are to thoroughly comprehend our influence, raise awareness and encourage responsible behaviours among our relevant stakeholders, notably our tenants, employees, suppliers and local communities.



Building climate resilience

We have identified climate change as an emerging risk. We can bolster climate resilience by evaluating climate change risks and opportunities and implementing plans to mitigate impacts and protect our assets from catastrophic events.

We have a robust risk management process and framework to identify, assess, manage, monitor and mitigate risks and uncertainties. Our climate-related risk procedures then consider the entire life cycle of our properties and help safeguard our assets, enhance their longevity, and uphold our commitment to environmental sustainability.

We are also committed to accurately measuring and reporting on the elements of climate change. We meticulously measure our environmental impacts and take definitive action in areas that require further improvement.

Read our separate Sustainability Report for our metrics and targets regarding the following:

Our carbon footprint on page 24 of our SR



Our energy plan on page 28 of our SR



Water consumption on page 30 of our SR



Waste management on page 31 of our SR



Biodiversity protection on page 31 of our SR



Download our Sustainability Report



Our people

Empowering our people

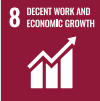

HC



Our achievements to date are a clear testament to the unwavering dedication, expertise and passion of our people.

We firmly believe that our employees are our most valuable asset and serve as a primary catalyst for our continued growth and success. We also recognise that our success is intrinsically linked to the skills and talent we retain and attract. Empowering our employees is thus a pivotal element in cultivating a high-performance culture.

Our talent management practices and guidelines are carefully designed to ensure we employ the right individuals with the requisite experience, skills and capabilities to effectively execute our strategic objectives.

- ▶ We understand that our success is linked to the skills we attract and retain.
- ▶ Our talent management practices and guidelines ensure we employ the right people with the experience, skills and capabilities at all levels to execute our strategy.
- ▶ We firmly believe that ethical conduct and teamwork are fundamental in achieving and upholding our high-performance corporate culture.
- ▶ Our approach to empowerment is about creating an environment where, guided by our purpose and values, our employees feel inspired to create sustained value for our stakeholders.
- ▶ Our employees are fundamental to growing our brand and to the delivery of a high-quality service. 
- ▶ We have adopted a diversity and inclusion policy to ensure we promote racial and gender diversity. 
- ▶ We offer market related remuneration, which in turn translates into committed employees.
- ▶ Our goal is to ensure our people become experts in their respective fields. We promote this through our active training and mentorship efforts.

Our values-driven, ethical culture

We believe that ethical conduct and teamwork are critical to achieving and driving our corporate culture.

Ethical conduct is a cornerstone of our value system. We ensure ethics are entrenched at every level of our business by being intolerant of all unethical conduct.

We use our disciplinary code to support and guide management when ethics incidents are reported. In cases where unethical behaviour is discovered, we thoroughly investigate the event and institute corrective actions.

We also pride ourselves on having an open-door policy to ensure all employees feel comfortable when reporting any unethical behaviour.

Diversity and inclusion

Our potential to make a positive impact in South Africa and contribute to the sustainability of our society extends beyond mere compliance. It involves genuine transformation, which is achieved by nurturing essential talents, skills and capabilities. In this spirit, we uphold the principles of inclusivity and promote equal opportunities among all our employees.

We take pride in our commitment to diversity, encompassing the employment of individuals from all racial and gender groups. We align our Human Capital Strategy with the principles outlined in the Employment Equity Act and remain resolute in creating a diverse and equitable workplace. This commitment encompasses encouraging diversity at all levels within Dipula, including leadership roles. We focus on employment equity, skills development and preferential procurement to drive our transformation objectives and further our commitment to creating an inclusive and diverse work environment.



Read our separate Sustainability Report regarding the following:

Our employment equity profile on page 35 of our SR



Employee turnover on page 36 of our SR



Succession planning on page 36 of our SR



Employee health, safety and wellness on page 38 of our SR



Download our Sustainability Report



Our communities



Our commitment to driving meaningful social change is underpinned by our dedication to fostering sustainable relationships with the communities surrounding our properties.

We acknowledge that our community relationships are essential to value creation, as our tenants' ability to trade and the existence and sustainability of our business depend on them. Through our active service to, investments in and support for these communities, we actively promote sustainable and inclusive economic growth within them. Importantly, this approach not only benefits our communities but also enables us to create and sustain value over the short, medium and long term.

Our CSI initiatives

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our CSI strategy operates on a demand-driven model, which means that our communities communicate their specific needs, and we respond by implementing CSI solutions that address these long-term community needs. This approach not only strengthens our relationships with the communities but also yields measurable socio-economic benefits over the long term.

Our CSI strategy is designed to establish and drive the implementation of sustainable solutions which encompass:

Providing interventions tailored to the specific needs of the community	Creating more inclusive, collaborative and socially responsible value for the economy, environment and the communities we are rooted in
Generating socio-economic value for the communities surrounding our shopping centres	
Supporting enterprise development and fostering micro-businesses	Promoting enterprise development and micro-business support
Educating communities about our efforts to reduce environmental impact and inspiring them to adopt similar environmentally friendly behaviours	Minimising our environmental impact
	Promoting sports and recreation and community wellbeing

When selecting CSI activities, we also consider Dipula's business priorities to ensure alignment with our overarching goals.

Read pages 40 to 45 of our separate Sustainability Report to learn more about our CSI initiatives.

Respecting human rights

Our code of ethics serves as a guiding framework that underscores our commitment to human rights and emphasises the integration of sustainability into our daily operations. Our approach to respecting and upholding human rights includes the following principles:

Respecting human rights in communities	Upholding human rights through suppliers
▶ Complying with relevant legislation and honouring the cultural values of the communities in which we operate	▶ Encouraging our suppliers to adhere to our established policies and guidelines related to social responsibility, labour standards and human rights
▶ Prioritising the welfare, safety and environmental preservation of communities located within or in proximity to our retail centres	▶ Reporting any instances of human rights violations within our value chain, ensuring transparency and accountability in our supplier relationships
▶ Actively seeking ways to identify and address the interests and concerns of these communities, fostering a mutually beneficial relationship	

By implementing these principles, we demonstrate our commitment to responsible business practices and our dedication to the protection and promotion of human rights, both within the communities we serve and throughout our supply chain. This approach reflects our aspiration to make sustainability an integral part of our operations.

Supporting sustainable transformation

Transformation plays a central role in our enduring sustainability and the creation of value. By prioritising our transformation, we remain dedicated to contributing towards growth and change within the property sector.

We recognise that transformation is not only fundamental to our long-term viability and the generation of value, but also a catalyst for meaningful social progress within South Africa's distinctive socio-economic landscape. Our aim is to establish enduring, comprehensive and wide-reaching advantages for the entire South African society. This holistic approach to transformation is deeply ingrained in our daily operations, extending throughout our stakeholder value chain, encompassing diversity in our workforce and fostering the development of our supplier network.

By concentrating on our transformation strategy, we are committed to advancing the growth and transformation of the property sector. To this end, we have taken several concrete steps to ensure effective and sustainable transformation within Dipula. These measures encompass:

- ▶ Addressing historical disparities and inequalities
- ▶ Facilitating social equity and cohesion
- ▶ Advocating for comprehensive and inclusive economic development
- ▶ Implementing efficient talent management practices for our employees
- ▶ Investing in the growth of enterprises and suppliers
- ▶ Utilising preferential procurement from B-BBEE accredited suppliers

Our B-BBEE performance in 2023

Management control and shareholding

Dipula scores high in terms of management control and shareholding.

Executive management

Our executive management is 100% black.

Our Board is 71% black, with our chairperson being a black female.

Black shareholding

As Dipula is listed on the JSE, its black shareholding is variable.

B-BBEE rating

Dipula currently has a level 6 B-BBEE rating (2022: level 8 rating). Measures were put in place to improve this score.

Previously disadvantaged individuals

We disposed of numerous assets to previously disadvantaged individuals and granted vendor loans to PDI buyers.

Transformation goals

We deliver on our greater transformation goals by ensuring our transformation strategy is driven throughout the business. We use multiple initiatives which focus on preferential procurement, ESD, employment equity and skills development to help us achieve our transformation goals.

B-BBEE contractor training

Our objective is to improve contractor compliance with the Occupational Health and Safety Act. This training helps contractors to improve their awareness of health and safety, which has cost-saving benefits and protects contractors from criminal and civil liability.

Various contractors received training, during this financial year. Each contractor was issued with a health and safety file and a Health and Safety Act book, prepared and paid for by Dipula. Contractor training covered the following topics:

Audit reports	Authorisations
Checklists and inspections	General information
Incident management and reporting	
Policy and procedures	Risk management
Site-specific documents	Statutory requirements

GOVERNANCE

Governance
overview

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Board
committees

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The Board serves as the ultimate custodian of governance. Its responsibilities encompass approving governance processes, policies and planning, establishing accountability across the Group; offering oversight, monitoring and insights, and defining and guiding Dipula's strategic direction.

Governance overview

The Board approves all governance processes, policies and planning. It ensures accountability across the Group, provides oversight and monitoring, offers insights, and defines and guides Dipula’s strategic direction.



FIRESTATION ROSEBANK

Our Board values the principles of good governance recommended by King IV™ and places significant emphasis on strong, strategic and ethical leadership. Through effective governance practices that consider the interests of our stakeholders, the Board and executive management contribute to the Group’s capacity to create value in the short, medium and long term. These principles are foundational for instilling shareholder confidence and generating value for our key stakeholders.

We have thoughtfully applied King IV™ to align with the specific requirements of the REIT sector in which we operate. Our framework is tailored to meet the Group’s unique needs, overseeing its rigorous implementation. This approach contributes to Dipula’s reputation as a responsible corporate citizen known for ethics, effective performance, strong controls and legitimacy with stakeholders. The framework also ensures strict compliance with all pertinent legislation, regulations and codes.

Effective governance practices create and preserve value for all stakeholders while guarding against value erosion. Dipula’s governance structures and processes create value for its stakeholders by:

Further details regarding the Group’s application of King IV™ can be found on our website

www.dipula.co.za



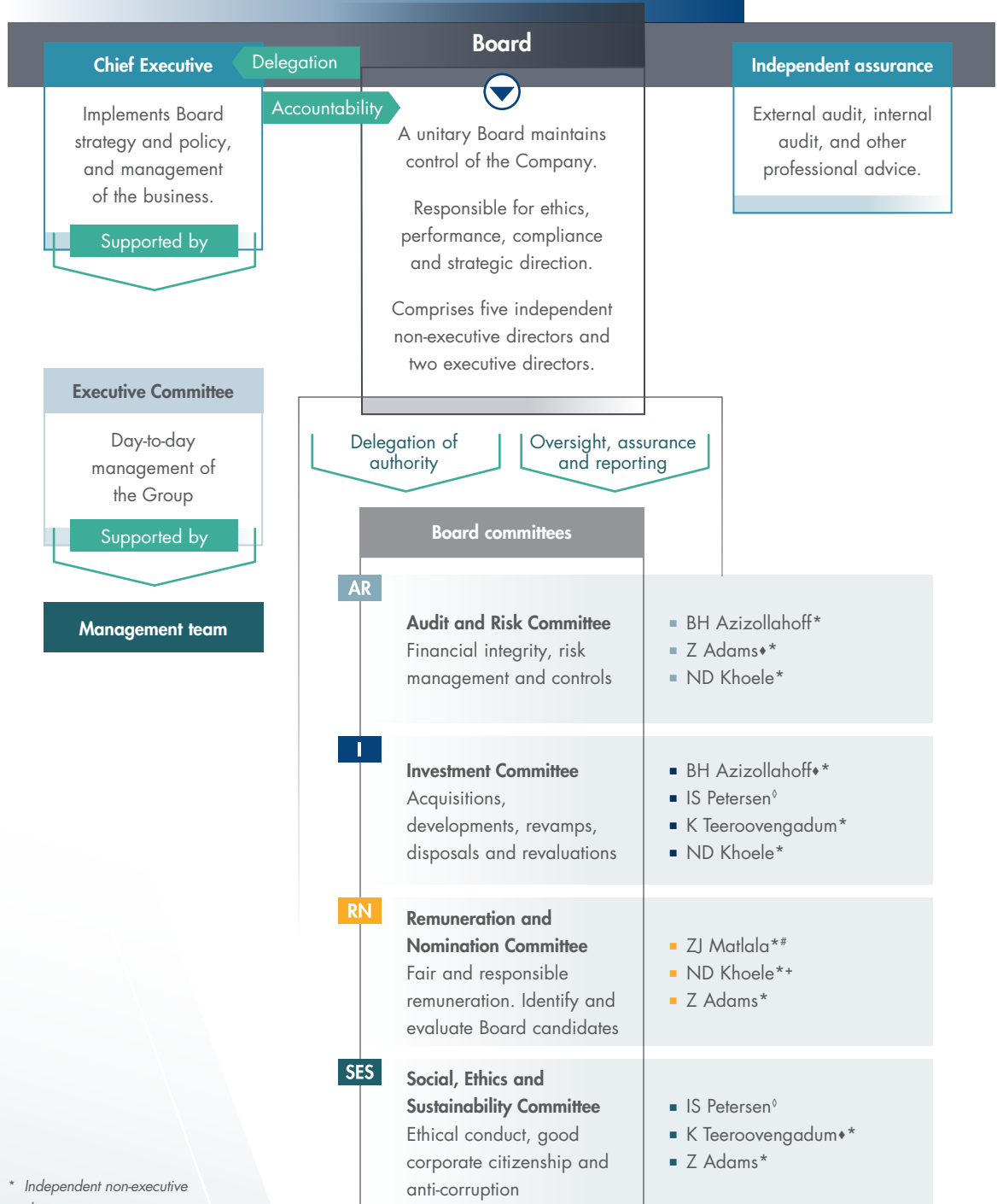
Allocating capital and resources to activities that create value

Allocating responsibility and accountability

Balancing risks and opportunities

Building legitimacy through ethical leadership

GROUP GOVERNANCE FRAMEWORK



* Independent non-executive director.

^o Executive director.

♦ Chairperson.

+ Chairperson in respect of remuneration matters.

Chairperson in respect of nomination matters.

Governance overview (continued)

The Board is responsible to stakeholders for the Group's performance and activities. To fulfil its duty for the sustainable success and overall control of the Group, the Board has sanctioned the Group's governance framework, policies and strategy, with implementation delegated to executive management. This implementation is monitored by the Board through detailed quarterly reporting to the Board and its committees. Meeting attendance details can be found on  page 103.

The Board conducts its meetings to fulfil its obligations as defined by its charter, which draws from the Companies Act, the JSE Listings Requirements, King IV™ and other relevant legislation and regulations.

The Board charter outlines the guidelines for the Board's composition, meeting frequency and the roles and responsibilities of both directors and the Board collectively. The charter is reviewed annually. To ensure comprehensive coverage of the Board's duties and responsibilities, an annual work plan is in place, guiding meeting agendas.

The Board has established four committees to which it has delegated specific Group responsibilities, as defined in their approved terms of reference. The Board maintains ultimate accountability for carrying out these responsibilities. The committees formed by the Board include the Audit and Risk Committee, Investment Committee, Remuneration and Nomination Committee, and Social, Ethics and Sustainability Committee.



During the year, the following key Board decisions were made:

November 2022

Approval of executive and non-executive remuneration for FY2023 and the approval of the final dividend for FY2022.
Approval of the appointment of new directors.

February 2023

No key decisions.

May 2023

Approval of the settlement of appraisal rights relating to the June 2022 capital restructure and the declaration of the 2023 interim dividend.

August 2023


Approval of the FY2024 strategic plan and annual budget.

The Board of directors

Our Board comprises individuals with the necessary skills and experience to drive our vision, fulfil our mission and create sustainable stakeholder value.

Our unitary Board structure is carefully crafted to ensure a balanced distribution of power, preventing any one director from unduly influencing Board processes and decision-making.

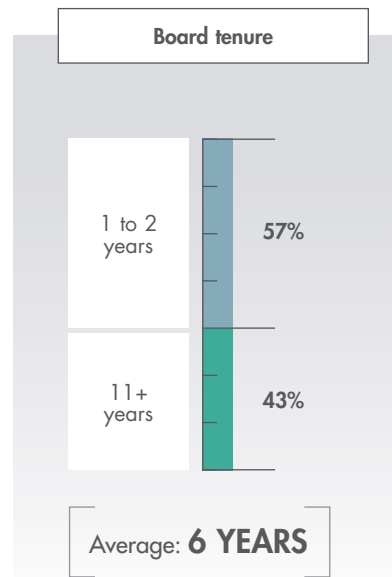
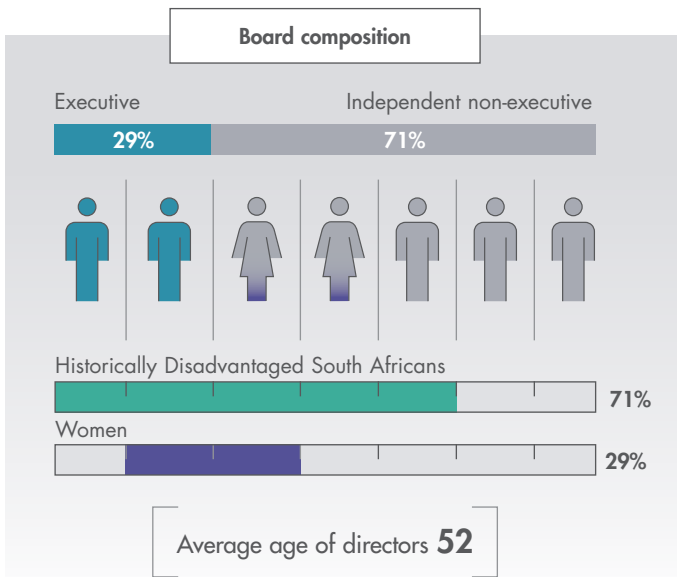
The directors come from diverse backgrounds and offer a broad range of experience and professional insights to the Board. This diversity in skills, knowledge, qualifications, experience and independence enriches the decision-making process. The current directors collectively possess a comprehensive skill set, including financial, audit, internal control, risk management and property expertise, positioning them for effective leadership and ensuring long-term sustainability.

Executive management is held accountable for strategy implementation and ethical leadership, with their performance assessed annually, as detailed in the remuneration implementation report on  page 115.

Board composition

The Board comprises seven members, two of whom are executive directors and five who are independent non-executive directors.

	Number	Percentage %
Number of Board members	7	
Board members who are executive	2	29
Board members who are deemed independent	5	71
Board members who are deemed Historically Disadvantaged South Africans (HDSA)	5	71
Board members who are women	2	29
Average age of directors (in years)	52	



Board diversity

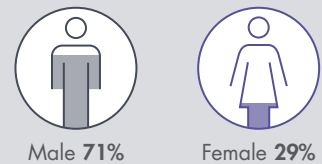
The Board has embraced a formal diversity policy aimed at promoting a broader range of attributes on the Board. This extends beyond gender and race to encompass diversity in culture, age, knowledge, skills and experience.

The Board recognises that diversity in skills, experience, background, knowledge, thought, culture, race and gender enhances its ability to fulfil its responsibilities and add value to the Group. Currently, the Board comprises 71% black directors, surpassing the target set in our diversity policy. The Board has also committed to achieving a minimum female representation of 25% by 2023, which has been exceeded. These targets aid us in achieving our transformation goals while maintaining the optimal size and required skills for effective functioning.

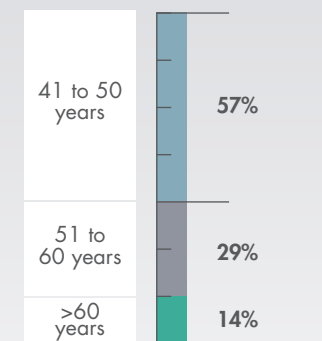
The Chairperson of the Board

The Chairperson, an independent non-executive director, plays a crucial role in leading and ensuring the effective operations of the Board. Clear separation of responsibilities is maintained between the Chairperson, CEO and other independent non-executive directors. A delegation of authority framework is established, enabling a transparent division of responsibilities between the Chairperson and the CEO.

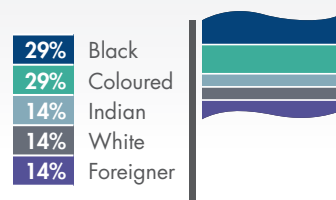
Gender diversity



Age diversity



Race diversity



Governance overview (continued)

Directorate



Board members (left to right)

Brian Azizollahoff | Zanele Matlala | Kevin Teeroovengadam | Zaida Adams | Izak Petersen | Nthime Khoele | Sudesh Moodley

ZANELE JOYCE MATLALA (60)

Independent Non-Executive
Chairperson
BCom, BCompt (Hons), CA(SA)

Appointed: 20 May 2011
Length of service – 12 years

RN

Matlala joined the Merafe Board in 2005 as an independent non-executive director. She was appointed Merafe's chief financial officer on 1 October 2010 and Chief Executive Officer on 1 June 2012. She is a non-executive director of Stefanutti Stocks Holdings Limited and RAC Limited.

IZAK PETERSEN (50)

Chief Executive Officer
CA(SA)

Appointed: 20 May 2011
Length of service – 12 years

I SES

Petersen is the Chief Executive Officer of Dipula Income Fund. He is a qualified chartered accountant and worked at Deloitte in Cape Town and the USA. Upon returning to SA, he joined the structured products team at PSG Investment Bank until he left to pursue his entrepreneurial passion. Petersen co-founded various financial services businesses and a property fund which through M&A activity, led to the listing of Dipula Income Fund. Petersen has extensive investment management experience in property and other asset classes, gained over close to three decades. He has served on several company boards and industry organisations in an executive and non-executive capacity. The most notable industry organisations he served on include SA REIT's Association, SAPOA, ABASA Western Cape and ABSIP Western Cape and National.

SUDESH MOODLEY (45)

Financial Director
CA(SA)

Appointed: 1 March 2023
Length of service – 1 year

Moodley is the Financial Director of Dipula Income Fund and is a qualified chartered accountant. He previously held the position of Executive Head of Asset Management at Eris Property Group. He managed a R10 billion property portfolio after serving as chief financial officer of the Company from 2012 to 2017. He has two decades of work experience, of which 18 years have been in property, and has previously held positions at various auditing firms including PwC, EY and BDO. He currently serves as a member of the SAPOA Board.

BRIAN AZIZOLLAHOFF (62)

Independent non-executive director
BA (NY), MBA (Wits)

Appointed: 20 May 2011
Length of service – 12 years

AR I

Azizollahoff has over 35 years of 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 Propertiq. Subsequently, he has established Unico Property Group which is his main focus. He has served on the Boards of various listed and unlisted companies, has been active in various facets of the property sector and currently serves on the Audit Committee of SAPOA.

NTHIME KHOELE (51)

Independent non-executive director
B.Bus Sci (Hons), MBA, Dip.
Corp Law

Appointed: 1 February 2023
Length of service – 1 year

AR I RN

Khoele is a co-founder and Managing Partner of Bopa Moruo Private Equity, a private equity investment management firm, managing around R1.5 billion of equity capital across its private equity funds. Prior to founding Bopa Moruo over 10 years ago, he was a director of Brait's private equity business, which he first joined in 2000, after starting his career at RMB Asset Management. He also serves on the Board of various Bopa Moruo portfolio companies, including as Chairman of Respublica Group and as a non-executive director of WACO International, Skynet Worldwide Couriers International (SA and UK) and One Digital Media. He also serves on the Boards of two non-profits, as Chairman of the Independent Schools Association of Southern Africa NPC and as director of the St Mary's School Foundation NPC.

ZAIDA ADAMS (45)

Independent non-executive director
BCom (Hons), CA(SA)

Appointed: 1 February 2023
Length of service – 1 year

AR RN SES

Adams is a qualified chartered accountant with 20 years' financial and investment experience. She has held several executive roles in the property sector and was previously Financial Director of SA Corporate and more recently, CFO of Investec Property Fund. She also served on the Board of Liberty 2 Degrees as an independent non-executive director and was chairperson of the audit and risk committee. She is currently the CFO of Africa Cricket Development (Pty) Ltd, better known as SA20.

KEVIN TEEROOVENGADUM (49)

Independent non-executive director
BSc (Economics)(Hons), MBA, MSc
(Finance)

Appointed: 1 February 2023
Length of service – 1 year

I SES

Teeroovengadum has a BSc in Economics, MBA and MSc in Finance from Leicester University, UK. He worked for KPMG, Deloitte and EY in corporate finance and strategic consultancy before moving to Loita Capital Partners Group based in South Africa. He joined Actis in 2007, the leading emerging market private equity firm, as a director as part of their Africa real estate team where he led a number of transactions and exits. He was the co-founder and CEO of AttAfrica in 2013, which became the premier investor of shopping malls in Africa. He is a frequent writer and speaker at conferences globally and currently serves on numerous boards of companies in Mauritius and advises a number of companies in Africa. He is also the co-founder of Proptech Africa.

AR

AUDIT AND
RISK COMMITTEE

I

INVESTMENT
COMMITTEE

RN

REMUNERATION AND
NOMINATION COMMITTEE

SES

SOCIAL, ETHICS AND
SUSTAINABILITY COMMITTEE

Governance overview (continued)

Succession planning

The Board conducts an annual assessment of its size and skills composition to ensure its continued effectiveness. This evaluation is supported by the Remuneration and Nomination Committee, which regularly reviews the need to enhance and balance the knowledge, skills, experience, diversity and independence of the Board and its committees.

Dipula's succession plan is in alignment with its transformation strategy and is aimed at improving the Dipula service experience and retaining critical skills. The succession planning process includes the identification, mentorship and development of future Board members, ensuring the infusion of new expertise and perspectives while retaining valuable industry knowledge, skills, experience and maintaining continuity.

The Board is confident that its current directors possess the necessary skills and experience to meet succession requirements and effectively fulfil their roles. The composition of the Board is considered appropriate in terms of skills, knowledge, qualifications, diversity, experience and independence.

Appointments to the Board and rotation of directors

Appointments to the Board are made in a formal and transparent manner by the full Board on the recommendation of the Nomination Committee. The appointment of Zaida Adams, Kevindra Teeroovengadum and Nthime Khoele as independent non-executive directors in February 2023 has further enriched the diversity of the Board.

In accordance with the Company's MOI, one-third of the Company's directors are required to retire at each AGM and, if eligible, may offer themselves for re-election. In addition, any non-executive director who has held office for an aggregate period of nine years since his or her first election or appointment or has reached the age of 75 years must retire at each annual general meeting and may be nominated for re-election.

Two non-executive Board members will be retiring at the upcoming AGM as their tenure exceeds nine years. In order to ensure continuity, these members will be nominated for re-election. In addition to this, two executive directors have been proposed for re-election.

Board skills

The competencies of the Board are represented as follows:

	Zanele Matlala	Brian Azizollahoff	Zaida Adams	Nthime Khoele	Kevin Teeroovengadum	Izak Petersen	Sudesh Moodley
FC	Financial accounting, reporting, taxation	✓	✓	✓	✓	✓	✓
	Financial markets/funding	✓	✓	✓	✓	✓	✓
MC	Property development		✓		✓	✓	
	Property management		✓	✓	✓	✓	✓
HC	Human resources		✓			✓	✓
	Remuneration and rewards	✓	✓	✓	✓	✓	✓
IC	Technology and cybersecurity		✓				✓
	Investment and asset management		✓	✓	✓	✓	✓
NC	Environmental sustainability		✓		✓	✓	✓
	Climate change				✓	✓	
SRC	Corporate, social and responsibility transformation	✓		✓		✓	
	Stakeholder relationships	✓	✓	✓	✓	✓	✓
Governance	Risk and opportunity	✓	✓	✓	✓	✓	✓
	Corporate governance	✓	✓	✓	✓	✓	✓
	Ethics	✓	✓	✓	✓	✓	✓

Board evaluation and effectiveness

During the year under review, Acorim conducted a formal evaluation of the Board, which monitored the Board's effectiveness and performance; how well the committees function and discharge their duties as stated in the respective terms of reference; and the commitment and performance of individual directors. The results indicated that the Board and its committees are considered to be high-performing and are efficient and effective in the discharge of their roles and responsibilities.

Director development


Newly appointed directors undergo induction sessions, and all directors regularly participate in training to stay updated on the latest trends and changes in statutory and regulatory obligations. By upskilling the Board, we can ensure members are equipped with the required skills. Dipula remains focused on the ongoing training of Board members, executives, senior management and employees.

Effective and ethical leadership

The Board is dedicated to upholding the highest ethical standards and ensuring compliance with them.

The Board has nurtured a robust ethical culture that permeates the Exco. The Exco team maintains a hands-on approach, ensuring that the Fund's ethical principles and business practices are implemented by all employees. The Group aligns itself with business partners and service providers who share similar ethical values.

Both directors and employees are bound to adhere to the Group's code of business conduct and ethics policy, which undergoes an annual review by the Social, Ethics and Sustainability Committee. Dipula maintains a zero-tolerance stance towards any form of bribery or corruption.

The Social, Ethics, and Sustainability Committee role also includes monitoring good corporate citizenship, managing ethics and ensuring compliance with anti-corruption and anti-fraud principles. For further information on the committee's activities, please refer to  page 14 of our SR.

Fostering an ethical culture and ensuring compliance is a shared responsibility of the Exco team and is integrated as a key performance indicator for both the CEO and the FD when calculating their short and long-term incentives.

Code of business conduct and ethics policy

The code of business conduct and ethics policy is designed to uphold Dipula's ethical values, guide business conduct and ensure the fair treatment of all stakeholders. It includes a commitment to maintaining a workplace free from discrimination, harassment or intimidation of employees. The policy also outlines procedures for identifying and addressing conflicts of interest, with a requirement for prompt disclosure of any real or perceived conflicts of interest. Board members and employees make general declarations of interest annually and update them if required throughout the year.

In addition to the code of business conduct and ethics policy, we have established share-dealing and whistle-blowing policies that work in conjunction to support and enforce the ethical standards set forth.

Dealing in securities

Our share-dealing policy is aligned with the JSE Listings Requirements and prohibits directors, the Company Secretary, and prescribed officers (affected parties) from dealing in Dipula's shares during closed and cautionary periods. Clearance is required for any trade in Dipula shares by affected parties outside of these prohibited periods.

Conflicts of interest

Board members are required to disclose any interests that conflict or could potentially conflict with those of Dipula. Any relevant matters are then managed appropriately. The Board understands that managing potential conflicts of interest arising through related-party transactions is key to Dipula's ongoing success.

To avoid conflicts of interest and ensure compliance with section 75 of the Companies Act, Board members must disclose, in writing, their interest in material contracts involving Dipula. Board members must also recuse themselves from deliberation or decision-making processes relating to any matter in which they may have a vested financial interest.

Governance overview (continued)

Whistle-blowing

The Group's whistle-blowing function is independently managed by Mazars and is accessible to all employees, suppliers and tenants.

Any report made is anonymous and depending on its nature, is directed to either executive management or the chairperson of the Audit and Risk Committee for further investigation. During the year, no matters relating to fraud or corruption were reported through this channel.

Company Secretary

The Board as a whole and the individual directors have unrestricted access to the advice and services of the Company Secretary, Acorim, represented by Ashley Taylor, who provides independent guidance to the Board and to the directors with regard to how their responsibilities are to be discharged.

The Company Secretary works closely with the chairperson of the Board, the chairpersons of the respective Board committees and the executive directors to ensure the proper and effective functioning of the Board and the integrity of governance processes.

The Board has considered and is satisfied with the competence, experience, qualifications, and independence of Acorim. The Board considers its access to professional and independent governance services to be sufficient.

Compliance and legislation

A legal universe compliance framework is in place. Dipula employs legal professionals who ensure that we comply with the various statutes and laws of SA. We have adopted Group-wide policies and practices to ensure that our activities are designed to limit non-compliance. Specialised and complex matters are referred to external legal practitioners.

The Board is responsible for ensuring compliance with applicable laws and regulations. New legislation that impacts the Group is tabled for discussion at Board meetings. The directors are assisted in this regard by the Company Secretary and an internal legal manager.

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 action for anti-competitive behaviour or anti-trust conduct.

Information and technology governance

The Board plays a vital role in overseeing IT governance to ensure that it aligns with Dipula's strategic objectives. This responsibility involves setting the direction for IT governance and approving all related policies, which are then implemented by executive management through the guidance of the Audit and Risk Committee. In this regard, the Board maintains active oversight of IT governance practices.

As part of its approach to IT governance, Dipula engages with trusted service providers. These partners provide assurance that their IT environments adhere to industry best practices, contributing to the robustness of Dipula's IT systems. Furthermore, Dipula establishes service-level agreements with all external service providers, ensuring that a high level of service quality is maintained throughout its operations.

Board committees

BOARD COMMITTEE MEMBERS			
AR	I	RN	SES
Audit and Risk Committee	Investment Committee	Remuneration and Nomination Committee	Social, Ethics and Sustainability Committee
Financial integrity, risk management and controls	Acquisitions, developments, revamps, disposals, and revaluations	Fair and responsible remuneration	Ethical conduct, good corporate citizenship, and anti-corruption
<ul style="list-style-type: none"> ■ Y Waja^{♦**} ■ BH Azizollahoff[*] ■ E Links[♦] ■ Z Adams^{♦*} ■ ND Khoele[*] 	<ul style="list-style-type: none"> ■ BH Azizollahoff^{♦*} ■ IS Petersen[°] ■ SA Halliday[♦] ■ K Teeroovengadam[*] ■ ND Khoele[*] 	<ul style="list-style-type: none"> ■ SA Halliday^{♦*} ■ ZJ Matlala^{♦*} ■ Y Waja[♦] ■ ND Khoele^{**} ■ Z Adams[*] 	<ul style="list-style-type: none"> ■ E Links^{♦**} ■ IS Petersen[°] ■ Y Waja[♦] ■ K Teeroovengadam^{♦*} ■ Z Adams[*]

^{*} Independent non-executive director. [♦] Chairperson. [#] Chairperson in respect of nomination matters.
[°] Executive director. ⁺ Chairperson in respect of remuneration matters. [◊] Retired on 31 May 2023.

Board and committee meeting attendance

Attendance at Board and committee meetings for the financial year is shown below:

	Board	Audit and Risk Committee	Investment Committee	Remuneration and Nomination Committee	Social, Ethics and Sustainability Committee
IS Petersen	(4/4)	–	(4/4)	–	(2/2)
S Moodley	(2/2)	–	–	–	–
R Asmal [*]	(2/2)	–	–	–	–
ZJ Matlala	(4/4)	–	–	(4/4)	–
BH Azizollahoff	(4/4)	(3/3)	(4/4)	–	–
SA Halliday ^{**}	(3/3)	–	(3/3)	(3/3)	–
E Links ^{**}	(3/3)	(3/3)	–	–	(1/1)
Y Waja ^{**}	(3/3)	(3/3)	–	(3/3)	(1/1)
Z Adams	(2/3)	(2/3)	–	(1/2)	(1/2)
N Khoele	(3/3)	(3/3)	(3/3)	(2/2)	–
K Teeroovengadam	(1/3)	–	(3/3)	–	(2/2)

^{*} Resigned on 1 March 2023.

^{**} Retired on 31 May 2023.

Board committees (continued)

Operations of Board committees

AUDIT AND RISK COMMITTEE		AR
<p>Overview</p> <p>The Audit and Risk Committee meets at least quarterly. Ad hoc meetings are held to consider special business as required. The CEO, FD, external auditor and internal auditor attend all meetings of the committee by invitation to contribute pertinent insights and information.</p> <p>The Audit and Risk Committee has considered and satisfied itself as to the appropriateness of the expertise and experience of the FD, Sudesh Moodley, and the finance function.</p> <p>Internal audit forms part of the Group's combined assurance. The Audit and Risk Committee examines and discusses with the internal auditor the appropriateness of internal controls. The Audit and Risk Committee is comfortable with the internal audit function and that internal audit has the necessary skills and resources to address the complexity and volume of risks faced by the organisation. The committee will continuously evaluate and review the Group's internal audit function, which at this stage is appropriate for the size and activities of the Group.</p> <p>The committee has evaluated the independence and effectiveness of Mazars as Dipula's external auditor, having considered the requirements of section 90 of the Companies Act and is satisfied that the external auditor is independent of the Group. The committee accordingly nominates Mazars as an independent external auditor for reappointment at the AGM, with Susan Truter as the designated audit partner.</p> <p>Non-audit services approved throughout the year included mainly certificates of turnover rental and training of directors on IFRS. The Audit and Risk Committee is satisfied that it has fulfilled its statutory responsibilities and its additional responsibilities in accordance with its terms of reference for the reporting period.</p>	<p>Responsibilities</p> <p>The responsibilities of the Audit and Risk Committee include:</p> <ul style="list-style-type: none"> ■ Assessing the expertise and experience of the FD as well as the appropriateness and effectiveness of the Group's finance function ■ Carrying out its statutory duties as set out in section 90 of the Companies Act ■ Ensuring that appropriate financial reporting procedures have been established and are operating and that financial reporting is accurate ■ Ensuring that the Company complies with legislation and regulations applicable, including the JSE Listings Requirements ■ Making recommendations to shareholders regarding the appointment or reappointment of the independent external auditor, following an evaluation and assessment of the external auditor and the designated audit partner, the suitability for such appointment and independence of the external auditor and audit partner and considering and accepting the relevant submission by the external auditor to the Company as set out in section 22.15(h) of the JSE Listings Requirements ■ Monitoring the implementation of the Group's risk management policy and processes in order to identify and manage key risks and opportunities ■ Reviewing accounting policies ■ Reviewing the effectiveness of the Company's systems of internal financial controls as well as the internal and external audit functions ■ The approval of non-audit services 	
		<p>Key focus areas addressed during the financial year</p> <p>Ensuring compliance to all relevant statutory and regulatory requirements</p> <p>Expansion of the internal audit function</p> <p>Implementation of the new IFRS standards</p> <p>The Audit and Risk Committee report can be found on  page 125 of the Consolidated Annual Financial Statements</p>

INVESTMENT COMMITTEE

1

Overview

The Investment Committee is responsible for evaluating all investment opportunities, valuations, disposals and investment strategies or any matter related to investments and making recommendations to the Board with regard to these matters. The committee is chaired by an independent non-executive director.

The committee meets to consider business as required. The FD attends meetings of the committee by invitation.

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

Responsibilities

The responsibilities of the Investment Committee include:

- Considering the viability of capital projects, acquisitions and disposals of property in line with the Group's strategic objectives
- Considering the financial viability of refurbishments, upgrades, extensions and improvements to existing properties in the Group's portfolio
- Reviewing potential acquisitions, investments and other transactions in line with the Group's delegation of authority framework

Key focus areas addressed during the financial year

Considering potential development/acquisition opportunities including any redevelopment of existing properties



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Board committees (continued)

REMUNERATION COMMITTEE		RN
<p>Overview</p> <p>The Remuneration Committee is chaired by an independent non-executive director. The Remuneration Committee oversees the implementation of the remuneration policy for the Group. It ensures that the remuneration policy and the remuneration implementation report are tabled annually to shareholders at the AGM for separate non-binding advisory votes.</p> <p>The committee recommends to the Board the remuneration and incentivisation of the Company's directors; evaluates the performance of the executive directors and sets their annual key performance indicators.</p> <p>The committee meets at least three times a year. Ad hoc meetings are held to consider special business as required. The CEO and FD attend meetings of the Remuneration Committee, or part thereof, by invitation. The remuneration report can be found on page 108. The committee is satisfied that it has fulfilled its responsibilities in accordance with its terms of reference for the reporting period.</p>	<p>Responsibilities</p> <p>The responsibilities of the Remuneration Committee include:</p> <ul style="list-style-type: none"> Ensuring all remuneration recommendations adhere to good governance practices and align with Dipula's strategic direction and value creation expectations Approving executive remuneration Recommending non-executive directors' remuneration to shareholders for approval Ensuring Dipula has competitive reward strategies and programmes to attract and retain high-performing employees to achieve our strategic objectives 	
		<p>Key focus areas addressed during the financial year</p> <p>Aligning executive directors' remuneration to benchmarked outcomes on incentive packages</p>

NOMINATION COMMITTEE		RN
<p>Overview</p> <p>The Nomination Committee is chaired by an independent non-executive director. The committee ensures that the Board has the appropriate composition and balance of skills for it to execute its duties effectively. It ensures that the appointment of directors is transparent and made through a formal process, which includes the identification and evaluation of potential candidates for appointment to the Board. The committee considers and applies the Company's approved policy on broader diversity in the nomination and appointment of directors.</p> <p>The committee is responsible for induction and ongoing training and development of directors and succession planning. The committee is responsible for assessing the outcome of the Board, committee and directors' evaluations.</p> <p>The Nomination Committee meets at least twice a year. Ad hoc meetings are held to consider special business as required. The CEO and FD attend meetings of the Nomination Committee by invitation.</p> <p>The committee is satisfied that it fulfilled its responsibilities in accordance with its terms of reference for the reporting period.</p>	<p>Responsibilities</p> <p>The responsibilities of the Nomination Committee include:</p> <ul style="list-style-type: none"> Ensuring that the Board has the appropriate composition to execute its duties effectively Making recommendations on the composition of the Board and the Board committees Reviewing and approving the Board diversity policy Identifying and evaluating suitable potential candidates for appointment to the Board, as and when vacancies arise Ensuring that directors are appointed through a formal and transparent process Overseeing the induction and ongoing training and development of directors Approving formal succession plans for the Board, CEO and senior management positions Overseeing the evaluation of the Board and committees Assessing the independence of relevant non-executive directors 	
		<p>Key focus areas addressed during the financial year</p> <p>Assessing the outcome of the Board and committee evaluation undertaken during the reporting period</p> <p>Address independent non-executive director succession</p>

Overview

The Social, Ethics and Sustainability Committee is a statutory committee of the Board.

The Social, Ethics and Sustainability Committee draws to the attention of the Board, matters within its mandate as required and reports to shareholders at the Company's AGM. The Social, Ethics and Sustainability Committee meets a minimum of twice a year. Ad hoc meetings are held to consider special business as required. The report of the Social, Ethics and Sustainability Committee can be found on  page 14 of our SR.

The committee is satisfied that it has fulfilled its statutory duties in terms of the Companies Act and its other responsibilities in accordance with its terms of reference for the reporting period.

Responsibilities

The committee oversees and reports on the following areas:

- Employment relationships
- Responsible corporate citizenship including the promotion of equality and the prevention of unfair discrimination, the environment, health, and public safety including the impact of the Company's activities and of its products or services
- Socio and economic development
- The Group's organisational ethics are in line with the Group's adopted code of business conduct

Key focus areas addressed during the financial year

Monitoring the implementation of the B-BBEE strategy with the aim of improving the Group's B-BBEE rating



SESHEGO CIRCLE

REMUNERATION REPORT

Remuneration
review


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Remuneration
implementation
report

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An aerial photograph of a modern, multi-story building with a prominent blue facade and a courtyard area. The building features a long, horizontal structure with a textured, metallic-looking upper section and a lower section with large windows. The courtyard below has greenery, trees, and a blue canopy structure. The background shows a residential area with houses and trees under a clear sky.

Remuneration serves as a vital tool to attract and retain high-calibre talent, individuals who play a pivotal role in executing our strategy and generating value for our stakeholders.

Remuneration review

Part 1 Background statement

Our vision is to become a leading, diversified South African REIT that consistently delivers sustainable returns. We achieve this by providing relevant spaces to our valued tenant partners, creating meaningful impacts and thinking beyond conventional boundaries. To realise this mission, it is imperative that we have a team of highly skilled employees who embody our corporate values. Consequently, remuneration becomes a critical tool in attracting and retaining top-tier talent, individuals who play a pivotal role in executing our strategy and creating value for all stakeholders.

Letter from the Chairman

Dear Shareholder,

I am pleased to present Dipula's remuneration report for the 2023 financial year.

We firmly believe that providing fair and market-related remuneration is instrumental in motivating and retaining top-tier talent. Our committee has meticulously designed our remuneration policy to incentivise the execution of the Group's strategy, a strategy that ultimately generates and safeguards value for our stakeholders.

To guide our employees, we leverage our strategic value drivers, which play a pivotal role in assisting them to meet, and sometimes even surpass, their KPIs. This approach ensures alignment with our overall strategic objectives and fosters the achievement of exceptional results.

The Group's remuneration principles and philosophy remain the same as the previous year and will continue to be monitored and implemented by the committee.

Shareholders' endorsement of the remuneration policy and remuneration implementation report 2023 AGM

If the remuneration policy or remuneration implementation report, or both, are voted against by more than 25% of the votes cast at the AGM of the Company to be held on 21 February 2024, the Company will engage with dissenting shareholders within 30 days of the AGM to address all legitimate and reasonable objections and concerns.

2023 AGM feedback

At the AGM on 22 February 2023, 47% voted against the Group's remuneration policy and 51% against the remuneration implementation report. In line with the JSE Listings Requirements, Dipula published a SENS announcement on 22 February 2023, providing dissenting shareholders an opportunity to engage with the Remco Chair

Dipula has a combined Remuneration and Nomination Committee, which operates under separate terms of reference as detailed on [page 106](#) of this report. During the year, three of Dipula's longstanding Board members retired. Syd Halliday who served as chair on the committee in respect of remuneration matters was replaced by Nthime Khoele. For the purpose of this report, reference will be to the Remuneration Committee (the committee).

regarding their reasons for not approving the resolutions. Discussions were held with dissenting shareholders who took up the opportunity to meet with the Remco Chair. These shareholders raised concerns about the special bonus awarded to the CEO and former FD for the collapsing of the dual share structure. The merits and the process followed for the award were discussed, and the chair of Remco undertook to widely consult with the shareholder base should a similar situation arise in future. We thank shareholders for their support and have noted the concerns of dissenting shareholders.

Focus and reporting

The decision-making processes of the committee are guided by the governance principles recommended by King IV™ and the JSE Listings Requirements. We are committed to ensuring that this report incorporates the necessary compliance reporting standards as outlined in accordance with the Companies Act. This commitment underscores our dedication to sound corporate governance and transparency in our operations. The committee's responsibilities, its composition and meeting attendance can be found on [page 103](#) of this report.

Overall, the committee is satisfied that the remuneration policy achieved its stated objectives for 2023 and that there have been no deviations from the remuneration policy.

Dipula looks forward to receiving the support of shareholders on the advisory resolutions on the remuneration report and remuneration implementation policy, which will be presented to shareholders at the AGM.



Nthime Khoele

Chairman of the Remuneration Committee

8 December 2023

Overview of the remuneration policy

Objective of the remuneration policy

Our remuneration policy serves as the governing framework for all aspects of remuneration as approved by our shareholders. This policy sets out our approach to remuneration and plays a crucial role in advancing our strategic objectives.

Our remuneration practices are pivotal in our value chain, aligning our strategic goals with employee actions. They attract, retain and motivate essential skills. We employ our remuneration policy to ensure competitive and fair compensation, recognising and rewarding outstanding performance while upholding fairness and equity.

Our company aims to cultivate a performance-oriented culture where exceptional individual contributions are acknowledged and justly rewarded. We believe that well-designed, responsible, fair and competitive remuneration is vital in retaining top-calibre executives and key employees whose interests are aligned with stakeholders and who actively contribute to the realisation of our strategic objectives.

Remuneration in context

To cultivate a culture of excellence, we have structured our targeted remuneration mix to place a significant emphasis on variable pay components, including short-term incentives and long-term incentives. These variable components are closely tied to the achievement of predefined performance criteria. These criteria are selected to align with Dipula's strategic objectives, with targets set at levels that promote high performance while mitigating the potential for excessive risk-taking behaviour.

Our approach to remuneration goes beyond financial rewards; it also encompasses non-financial benefits such as career development and training opportunities. We ensure that our remuneration instruments and processes are intentionally designed to uphold the core remuneration principles that underlie our remuneration policy, all while staying aligned with our organisational values.

Remuneration structure

The remuneration framework (below) considers individual performance, company performance, market trends, economic conditions, trading conditions, availability of talent, the rate of inflation as measured by the Consumer Price Index, the nature of the Company's business, its risk profile and the competitive environment in which it operates.

General drivers of remuneration include:

Market comparisons

Performance output as measured by periodic performance evaluations

Scarcity of skills and related market forces

Internal parity

Financial affordability

Sustainability

Remuneration review (continued)

Equitable remuneration

We uphold the principle of fair remuneration that is reflective of the value provided to the Company. We furthermore seek to balance the need for equity and the strategic motivation and retention of high-calibre individuals. We aspire to attract individuals who understand that taking initiative and being resourceful is the cornerstone of our success.

Fair pay differentiation considers an individual's job grade determined by our job evaluation systems and procedures, performance outcomes from our performance management system's review process, as well as industry and job specific skills, experience, and market premiums.

While fair remuneration is a crucial aspect of our focus, we also emphasise creating an inclusive corporate culture where our people feel valued and respected. Our career development initiatives provide equal opportunities for advancement and increased earning potential.

Guaranteed remuneration

Remuneration packages are tailored to align with the employee's level of influence, the complexity of their role and the extent of their responsibilities. To maintain competitiveness, we regularly conduct benchmarking of our remuneration packages against the market and property industry. We make necessary adjustments to account for performance, experience and the level of responsibility.

Basic salaries are benchmarked to the market and adjusted annually from the beginning of September. We ensure that our remuneration is comparative and benchmarked against the following competitors: Accelerate, Emira, Fairvest, Octodec, SA Corporate, Safari and Exemplar REIT.

Summary of total remuneration for key staff

Key staff receive a total guaranteed package. STIs for key staff, other than executives, are based on predetermined individual KPIs and are capped at a maximum of four months of TGP, dependent on the seniority of the key staff member. The executive directors identify key staff and recommend them to the committee for participation in the CSP.



Composition of total remuneration for executive directors

The table below summarises the composition of total remuneration for executive directors:

TGP	STI	LTI
Fixed	Variable	Variable
CTC inclusive of benefits. Independently benchmarked at least every three years.	Between 60% and 70% of TGP.	Between 100% and 116% of TGP.
Commencing at the median level for a specific position and adjusted up or down based on qualifications, experience, general drivers of remuneration and individual predetermined performance criteria.	Based on company performance and individual KPIs. KPIs for executive directors are pre-approved by the committee.	Based on the three-year average dividend growth between 0% and 4% (40% weighting) and shareholder return performance relative to peers between 95% and 120% of index (40% weighting) and achieving individual KPIs# (20% weighting).
Reviewed annually by the committee. Increases are effective from 1 September annually.	The performance period is in line with the financial year end, i.e. 1 September to 31 August. Payable in December.	Performance is measured over a period of three years. Vesting takes place on conclusion of three-year measurement period, during February of the year following the last measurement period.
Positioned to attract and retain talented individuals.	A cash bonus to reward individuals for high performance against predetermined company and individual criteria.	A retention mechanism and an incentive to individuals to deliver the Group's business strategy over the long term.

KPIs applied for the STI and CSP are the same.



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Remuneration review (continued)

Executive directors' service contracts

The CEO is seconded to Dipula through a service-level agreement with QVEST Consulting Proprietary Limited. The FD is a full-time employee of Dipula.

Total guaranteed package

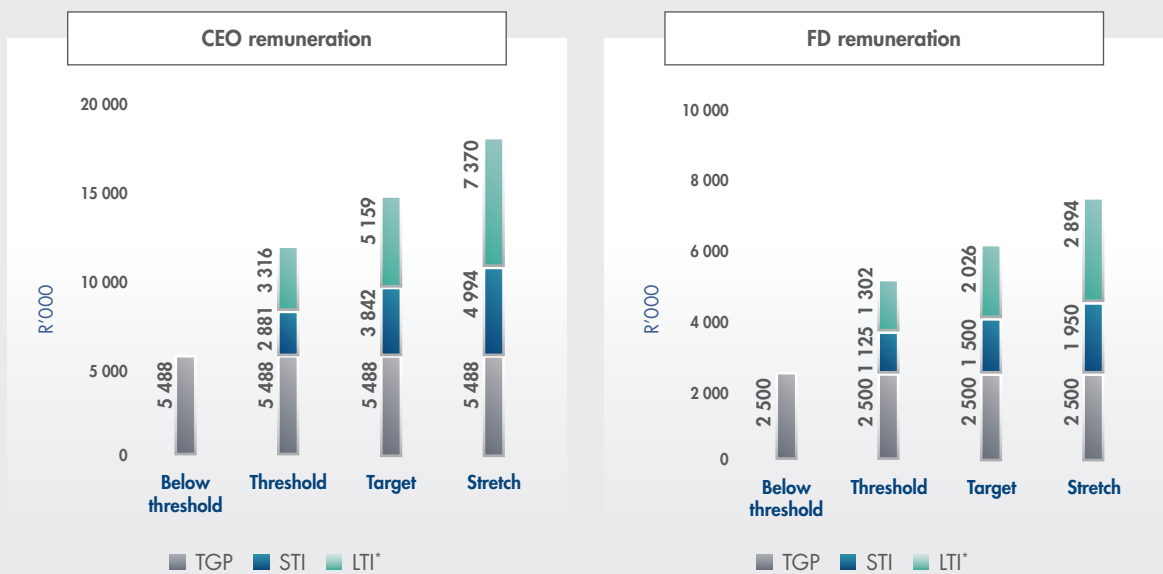
The committee approved average annual increases of 6.0% for executive management and for all other staff for the period under review to be reviewed based on individual KPI's achieved.

KPIs for variable pay

The achievement of predetermined KPIs are measured annually.

Potential consequence on total executive remuneration, assuming specific performance

The following graphs reflect the mix of remuneration for threshold (minimum requirement), target, stretch (outperformance) and below-threshold performance:



* Assumed market price at 31 August 2023 of R 4.82 on vesting of shares in February 2026.

Non-executive directors' fees

Non-executive directors are not subject to any other fixed terms of employment other than the conditions contained in the Company's MOI and, as such, no service contracts have been entered into with the Company.

Non-executive directors' fees are reviewed annually. Increases are based on inflation and are benchmarked at least every three years against a suitable comparator group of JSE-listed REITs.

Non-executive directors' fees are approved in advance by shareholders by special resolution at the Company's AGM.

Non-executive directors are reimbursed for travel expenses and official business where necessary and reasonable.

In order to avoid any conflicts of interest and to maintain their independence, no share options or other incentive awards geared to share price or corporate performance are made to non-executive directors.

Full remuneration policy for download

The full remuneration policy can be downloaded from the Company's website at www.dipula.co.za.

Remuneration implementation report

Executive directors' remuneration in 2023

The table below provides an analysis of total remuneration received by the executive directors in 2023.

	TGP R'000	STI per criteria** R'000	LTI# R'000	Total remuneration R'000
Executive				
IS Petersen	5 488	4 057	8 190	17 735
S Moodley##	1 458	962	–	2 420
R Asmal*	1 465	–	3 758	5 223
Total	8 411	5 019	11 948	25 378

* R Asmal resigned on 1 March 2023.

S Moodley was appointed on 1 March 2023.

** Paid in December 2023 relating to the 31 August 2023 financial year.

LTI conditional share plan – Tranche 2 allocation made in August 2020. On 22 February 2023, 2 844 561 shares were purchased on-market at a price of R4.20 per share for a total value of R11.95 million to settle the conditional awards which vested on 20 February 2023.

STI performance measures

Based on company performance and individual set KPIs. KPIs for executive directors are pre-approved by the committee. The tables overleaf show the STI outcomes against each element of the performance metric.



Remuneration implementation report (continued)

CEO

Short-term incentive (2023)

Key performance indicator	Weighting %	Threshold performance	Target performance
Financial			
Gearing	10.0	42%	40%
Interest cover ratio	5.0	2.6 times	2.8 times
Property valuations	15.0	0%	2.0%
Distributable Income	10.0	54 cents	57 cents
Vacancies	5.0	13%	10%
Addressing liquidity constraints	10.0		Increase in trading volumes and number of shareholders compared to prior year
Disposals	10.0	R150m	R200m
Total Financial	65.0		
Individual			
Leadership and ethics/governance	2.5		Staff retention and creating innovative culture
Risk management	7.5		Risk management process implemented and no major losses
Stakeholder management	10.0		Active engagement with stakeholders
Sustainability	7.5		Implement effective strategy and roll out per agreed targets
Strategic Projects	3.5		Implement pre-determined special projects
Integrated report	1.5		Timeous, accurate and relevant content
B-BBEE strategy	2.5	Level 7	Level 6
Total individual	35.0		
Grand Total	100.0		

FD

Short-term incentive (2023)

Key performance indicator	Weighting %	Threshold performance	Target performance
Financial			
Gearing	10.0	42%	40%
Interest cover ratio	5.0	2.6 times	2.8 times
Property valuations	15.0	0%	2.0%
Distributable income	10.0	54 cents	57 cents
Vacancies	5.0	13%	10%
Addressing liquidity constraints	10.0		Increase in trading volumes and number of shareholders compared to prior year
Disposals	10.0	R150m	R200m
Total Financial	65.0		
Individual			
Financial reporting and audit	5.0		Timeous and accurate delivery of internal and external financial reports
Systems and internal controls	7.5		Implementation of new systems
Strategic Projects	5.0		Implement pre-determined special projects
Cost efficiencies	1.5	42%	SA REIT Cost to income ratio – 41%
Risk management	6.5		Risk management process implemented and no major losses
Sustainability	2.0		Implement effective strategy and roll out per agreed targets
Relationships with funders and staff	2.5		Relationships with funders
Employee satisfaction and customer satisfaction	2.5		Improve and maintain staff satisfaction
B-BBEE strategy	2.5	Level 7	Level 6
Total individual	35.0		
Grand Total	100.0		

* Represents a pro rata allocation of the target STI for the year in line with the period employed for the August 2023 financial year.

Threshold: **75%**Target: **100%**Stretch: **130%**

Stretch performance	Actual performance	Total out of 100%	Weighted score %	Target STI
38%	35.7%	130	13.0	R499 407
3.0 times	2.8 times	100	5.0	R192 080
5.0%	2.7%	107	16.1	R616 575
60 cents	56.97 cents	100	10.0	R384 159
7.5%	6.4%	130	6.5	R249 703
		130	13.0	R499 407
R300m	R160m	80.5	8.1	R309 248
			71.7	R2 750 579
	Low staff turnover. Continuous drive to innovate. No major losses and risks adequately mitigated	50 100	1.3 7.5	R48 020 R288 119
	Continuous and positive engagement with stakeholders Strategy finalised and roll out scheduled for forthcoming year	130 67	13 4.8	R499 407 R182 476
	Completed the funds debt restructure	100	3.5	R134 456
	Completed to required standard	100	1.5	R57 624
Level 5	Level 6	100	2.5	R96 040
			34.1	R1 306 141
			105.8	R4 056 720

Stretch performance	Actual performance	Total out of 100%	Weighted score %	Target STI
38%	35.7%	130	13.0	R113 750
3.0 times	2.8 times	100	5.0	R43 750
5.0%	2.7%	107	16.1	R140 438
60 cents	56.97 cents	100	10.0	R87 500
7.5%	6.4%	130	6.5	R56 875
		130	13.0	R113 750
R300m	R160m	80.5	8.1	R70 438
			71.7	R626 500
	Completed to required standard	100	5.0	R75 000
	New utilities and procurement workflow systems and dashboard reporting implemented	100	7.5	R65 625
	Completed the funds debt restructure	100	5.0	R43 750
40%	39.5	100	1.5	R13 125
	No major losses and risks adequately mitigated	100	6.5	R56 875
	Strategy finalised and roll out subject to securing funding	67	1.3	R10 938
	Good relationship with funders.	100	2.5	R37 500
	Low staff turnover	50	1.3	R10 938
Level 5	Level 6	100	2.5	R21 875
			33.1	R335 625
			104.8	R962 125*

Remuneration implementation report (continued)

STI outcomes for 2023

Executive	Allocation %	TGP	Financial performance %	Non-financial performance %	Target STI	Total score %	Actual STI
CEO	70	R5 487 987	71.7	34.1	R3 841 591	105.6%	R4 056 720
FD	60	R2 500 000	71.7	33.1	R1 500 000	104.6%	R962 125*
Grand Total		R7 987 987			R5 341 591		R5 018 845

* Represents a pro rata allocation of the target STI for the year in line with the period employed for the August 2023 financial year.

LTI outcomes for 2023

The CSP provides participants with the opportunity to share in the success of the Company and to be incentivised to deliver the business strategy of the Company in the long term. This is achieved through the awarding of conditional Dipula shares (with no dividend rights or voting rights until the shares vest and become unrestricted) to executives and key staff, as identified by the Company, based on performance, measured over a period of three years. Vesting of the Dipula shares take place on conclusion of the three-year measurement period.

The nature and extent of performance conditions applicable to the award of Dipula shares will be approved by the committee annually and will be specifically included in the award letter to participants. The performance conditions applicable to the fifth award of Dipula shares are detailed on [page 119](#).

The CEO and FD can earn up to 116% and 100% of their TGPs, respectively, in CSP awards. The following CSP awards were made during the year subject to the respective performance conditions. The maximum allocated number of shares to the executive directors (assuming stretch performance conditions are met) will be 2 131 266 DIB shares valued at R8.87 million per below.

Executive	Allocation %	TGP	Face value of the allocation	Number of DIB shares allocated***
CEO	116	R5 487 987	R6 366 065	1 530 304
FD	100	R2 500 000	R2 500 000	600 962
Grand Total		R7 987 987	R8 866 065	2 131 266

*** Allocated based on 30-day VWAP DIB R4.16 on 14 February 2023.

The following performance conditions are applicable to the issue in 2023:

Performance conditions	Weighting	Threshold (37.5%)	Target (62.5%)	Stretch (100.0%)
Average distributable earnings per share growth relative to previous year (measured over a 3 year period)	40%	2%	3%	4%
Growth in dividend and share price versus peer group weighted by market cap (weighting at award date) over a three year period	20%	95% of Index	110% of Index	120% of Index
Growth in distributable earnings and NAV versus peer group weighted by total assets (weighting at award date) over a three year period	20%	95% of Index	110% of Index	120% of Index
KPI achievement (based on three-year KPI performance calculated for STI)	20%			
	100%			

Peer group comprises Accelerate, Emira, Fairvest, Octodec, SA Corporate, Safari and Exemplar REIT.

Termination policy

Reasons for termination

	Voluntary resignation	Dismissal	Normal and early retirement, retrenchment and death	Mutual separation
TGP	Paid over the notice period or as a lump sum	No payment	Paid for a defined period based on cause	Paid over the notice period or as a lump sum
STI	Paid if in employ on date of payment	None	None	By negotiation

Non-executive directors' fees for 2023

	Chairman (per annum) Rand	Increase %	Member (per annum) Rand	Increase %
Board	416 482	6.0	296 881	6.0
Audit and Risk Committee	138 235	6.0	80 637	6.0
Investment Committee	105 629	6.0	77 461	6.0
Social, Ethics and Sustainability Committee	101 788	6.0	74 644	6.0
Remuneration and Nomination Committee	101 788	6.0	74 644	6.0

ANNUAL FINANCIAL STATEMENTS



ANNUAL FINANCIAL STATEMENTS

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PREPARE OF FINANCIAL STATEMENTS

The consolidated and separate Annual Financial Statements of Dipula Income Fund Limited as approved by the Board of directors on 8 December 2023 were prepared by Mrs R Maree CA(SA) (Finance Executive) and Mr S Moodley CA(SA) (Financial Director). These financial statements were audited by Mazars in compliance with section 30 of the Companies Act.



Directors' responsibility and approval

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company and the Group as at the end of the financial year and the results of its operations and cash flows for the year ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board, the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, in conformity with the JSE Listings Requirements and the Companies Act. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied except for application of new accounting standards and supported by reasonable and prudent judgements and estimates.


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

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

The directors have reviewed the Group's cash flow forecast for the year to 31 December 2024 and, in light of this review and the current financial position, they are satisfied that the Company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on the Company's financial statements.

The financial statements have been examined by the Company's external auditors and their report is presented on  pages 129 to 132.

The financial statements set out on  pages 120 to 215, which have been prepared on the going concern basis, were approved by the Board of directors on 8 December 2023 and were signed on their behalf by:



IS Petersen
Chief Executive Officer




S Moodley
Financial Director

8 December 2023

CEO and FD responsibility statement

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

- The consolidated Annual Financial Statements set out on  pages 120 to 215 fairly present in all material respects the financial position, financial performance and cash flows of Dipula Income Fund Limited and its subsidiaries in terms of IFRS;
- To the best of our knowledge and belief, no facts have been omitted or untrue statements made that would make the Annual Financial Statements false or misleading;
- Internal financial controls have been put in place to ensure that material information relating to Dipula Income Fund Limited and its consolidated subsidiaries have been provided to effectively prepare the consolidated financial statements;
- The internal financial controls are adequate and effective and can be relied upon in compiling the Annual Financial Statements, having fulfilled our role and function as executive directors with primary responsibility for implementation and execution of controls;
- Where we are not satisfied, we have disclosed to the Audit Committee and the auditors any deficiencies in design and operational effectiveness of the internal financial controls, and remediated the deficiencies; and
- We are not aware of any fraud involving directors.



IS Petersen
Chief Executive Officer



S Moodley
Financial Director

8 December 2023

Certificate of the Company Secretary

In terms of section 88(2)(e) of the Companies Act 2008 we declare that to the best of our knowledge, for the year ended 31 August 2023, Dipula Income Fund Limited has lodged with the Companies and Intellectual Property Commission ("CIPC") all such returns as are required of a public company in terms of the Companies Act, and that all such returns are true, correct and up to date.



A Taylor
Acorim Proprietary Limited
Company Secretary

Johannesburg


8 December 2023

Audit and Risk Committee Report

for the year ended 31 August 2023

The Audit and Risk Committee has pleasure in submitting this report, as required by section 94 (7) of the Companies Act and incorporating the recommendations of the King IV™.

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 are reviewed and updated on a regular basis and approved by the Board. The committee assesses its performance and effectiveness 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, Z Adams, and further comprises Independent Non-Executive Directors BH Azizollahoff and N Khoele. 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 Officer, the Financial Director, the internal auditor and the external auditor attend meetings of the committee by invitation. The external auditor and internal auditor meets 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 103.

Responsibilities

The committee has performed the duties assigned to it by the Companies 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:

Integrated reporting and assurance in respect of financial expertise of the Financial Director and finance function

- Reviewed and recommended the Group's interim results, the Group's Integrated Report and Annual Financial Statements for approval by the Board;
- Reviewed and considered new and existing IFRS statements and guidelines;
- In compliance with paragraph 3.84(g)(i) of the JSE Listings Requirements, confirmed the expertise and experience of the Financial Director, S Moodley; in addition the committee confirmed its satisfaction with the composition, experience and skills of the Group's finance function; and
- Reviewed the quarterly financial report, including the financial performance against the budget, forecast and prior year performance.

Materiality Level

The committee was satisfied with the process followed by management in determining the materiality level for the Group at R35 million and recommended to the Board the materiality amount.

Engagement with the Group's external auditors

- Nominated and recommended to the directors the appointment of Mazars as external auditor of Dipula Income Fund Limited, as well as the appointment of the designated partner, Susan Truter, for the 2023 financial year;
- Reviewed the following requested information from the auditor: latest inspection reports addressing IRBA findings, a summary as approved by the internal head of risk internal monitoring, review procedures performed, conclusions, outcomes and summary of any legal disciplinary actions as prescribed by the Companies Act;
- Ensured that the appointment of the auditor complies with the Companies Act, the applicable JSE Listings Requirements and any other legislation relating to the appointment of the auditor;
- Considered the independence and objectivity of the external auditor and ensured that the scope of additional services provided did not impair their independence;
- Obtained an annual confirmation from the external auditor that their independence was not impaired;
- Reviewed the external audit plan and approved the external auditor's fee proposal for the 2023 financial year. Audit fees are described in note 24 to the financial statements;
- Pre-approved any proposed agreement with the auditor for the provision of non-audit services to the Group which is of a material nature. The only non-audit service rendered during the year was the issuance of turnover certificates for land rentals;
- Prepared this report in compliance with section 94(7)(f) of the Companies Act.

Audit and Risk Committee Report (continued)

for the year ended 31 August 2023

Internal financial controls, internal audit and combined assurance

- Considered and confirmed its satisfaction with the effectiveness of the outsourced internal audit function;
- Assessed internal financial controls and concluded that no material breakdowns in the functioning of the internal financial controls were noted during year under review. The results of the audit tests conducted indicated that the internal financial controls provided a sound basis for the preparation of financial statements;
- Considered any reported control weaknesses, management's response for their improvement and assessed their impact on the general control environment; and
- Ensured that in compliance with paragraph 3.84(g)(ii) of the JSE Listings Requirements, the Group has established appropriate financial reporting procedures and that these procedures are operating.

Oversight of risk management

- Reviewed and considered the activities and reports presented to the committee;
- Provided oversight of the regulatory compliance process and is assisted by the Social and Ethics Committee;
- Considered and monitored the key financial, information technology, operational and strategic risks facing the Group and the various mitigating controls thereof;
- Ensured that risk management requirements in accordance with the JSE Listings Requirements in respect of REITs were complied with;
- Reviewed and approved the specific risk management practices related to the use of various derivative instruments with the business;
- Reviewed compliance with the financial conditions of loan covenants and determined the capital of the Group was adequate; and
- Considered any problems identified and reviewed any significant legal and tax matters that could have a material impact on the financial statements.

Compliance with Companies Act requirements and JSE Listings Requirements

- Assisted the Board in overseeing the quality and integrity of the Group's Integrated Report process;
- Considered accounting treatments, significant financial transactions and other financial information;
- Reviewed the representation letter relating to the Annual Financial Statements that was signed by management;
- Reviewed the external auditor's report including the key audit matters included in the report;
- Confirmed that the REIT risk management policy has been complied with in all material respects, as further disclosed in the governance review included in the Integrated Report.
- Considered the JSE Pro-active Monitoring Report and its impact on the annual financial statements.

Reportable non-compliance of the JSE Listings Requirements

On 17 January 2023, the JSE opened an investigation into the sale by Mr B Azizollahoff of Dipula shares, which was effected on 19 October 2022 (coinciding with the company's closed period) and announced on SENS on 21 October 2022. This dealing was in breach of paragraphs 3.66 and 3.69 of the Listings Requirements, which prohibit directors from dealing in the company's securities without first seeking clearance to do so, and dealing in the company's securities during a closed period or when in possession of unpublished price-sensitive information.

On 24 May 2023, the JSE found Mr Azizollahoff to be in breach of the Listings Requirements and imposed a public censure and fine of R50 000. Mr Azizollahoff co-operated fully with the JSE's investigation, has apologised unreservedly for this unintentional error and remains a valued member of Dipula's board who has provided guidance to the company since its listing.

External auditors

In accordance with paragraphs 3.84(g)(iii) and 22.15(h) of the JSE Listings Requirements, the committee has satisfied itself that the external auditor, Mazars, is independent of the Group, as required by the Companies Act, which includes consideration of compliance with criteria relating to independence or conflicts of interest as prescribed by the IRBA. Requisite assurance was sought and provided by the auditor that internal governance processes within the audit firm support and demonstrate its claim to independence.

The committee has also satisfied itself with the quality of the external audit work being performed by Mazars in respect of the financial year-end under review.

There is a formal procedure that governs the process whereby the external auditor is considered for non-audit services. The committee approved the terms of the service agreement for the provision of non-audit services by the external auditor and approved the nature and extent of non-audit services that the external auditor provided in terms of the agreed pre-approval policy. For the year under review, non-audit service fees paid to Mazars were immaterial relative to the audit fees.

The committee nominated and recommended the re-appointment of Mazars as the external auditor of Dipula Income Fund Limited, as well as the re-appointment of the designated partner, Susan Truter. The 31 August 2024 financial year will be the fifth year of Mazars' appointment as the Company's external auditor and Susan Truter as the lead partner.

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 risk management framework. Internal audit reports directly to the committee and operates in terms of the internal audit plan approved by the 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.

Tax and treasury oversight

The committee receives regular feedback on both tax compliance and tax risk matters of the Group from management and is satisfied that the Group faces no material tax risks or that a material non-compliance event has occurred.

In respect of the treasury function, the committee receives regular feedback on the Group debt, debt covenants and interest rate hedge position and is satisfied that treasury risks are adequately managed.

IT governance

The committee periodically reviews the Group's management and operation of IT and considers it appropriate to enable the Group to function optimally and securely.

Going concern

The committee, through its review of the 2024 budget, cash flows and consideration of the solvency and liquidity assessments together with discussions with management, reported to the Board that it supported management's view that the Group will be a going concern for the next financial year.

Annual financial statements

The committee assists the Board with all financial reporting and reviews the Annual Financial Statements, as well as results announcements and interim financial information.


The committee was satisfied with adequate accounting treatment of the matter.

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 2023 to the Board for approval.

Audit and Risk Committee Report (continued)

for the year ended 31 August 2023

Risk management

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 55 to 59 of this Integrated 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. The committee confirms that it has monitored compliance with the Company's risk management policy and confirms that the Company has complied with the policy in all material respects.

Subsidiary companies

The functions 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 and reports to this committee and the Board on a Group basis.

External audit: Key audit matters and significant risks

At the start of the audit cycle, Mazars presented their audit strategy, identifying their assessment of the key risks for the purposes of the audit and the scope of their work.

The Group's investment property comprises properties which are measured at fair value using significant judgements and estimates regarding vacancies, discount rates and future cash flows from leases which are determined by management and independent professional valuers in their valuation of each property. Due to the significance of this amount to the financial statements as a whole and combined with the judgement associated with determining the fair value, Mazars have identified the valuation of investment property as a key audit matter. The committee has assessed that the Group's policy and procedures in valuing investment property is adequate and considers the carrying value of investment property to be fairly stated.

The recoverability of long outstanding debtors has been identified as one of the key audit risks. The Group has assessed the total recoverability and feel an appropriate provision has been raised.

IFRS 9 was adopted for the first time in the financial year beginning 1 September 2018. Management has elected to apply the simplified approach to impairment of trade receivables where a specific identification and provision matrix process is used to identify and measure the expected credit losses on the trade receivables. Following the stratification of accounts receivable balances within the defined provision matrix (industry, average collection days, account balance) a provision for the doubtful recovery of trade receivables was provided at R33.2 million (2022: R33.9 million). Refer to note 10 of the consolidated financial statements.

The committee is satisfied that it has complied with its statutory responsibilities and the responsibilities assigned to it by the Board.



Z Adams
Chairman

8 December 2023

Independent Auditors' Report

for the year ended 31 August 2023

Dipula Income Fund Limited

16 Baker Street

Rosebank

Johannesburg

2132

Company Registration Number: 2005/013963/06

To the Shareholders of Dipula Income Fund Limited

Report on the Audit of the Consolidated and separate Financial Statements

Opinion

We have audited the consolidated and separate financial statements of Dipula Income Fund Limited and its subsidiaries (the Group) set out on pages 138 to 215, which comprise the consolidated and separate statement of financial position as at 31 August 2023, and the consolidated and separate statement of profit or loss and other comprehensive income, the consolidated and separate statement of changes in equity and the consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of Dipula Income Fund Limited and its subsidiaries as at 31 August 2023, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors* (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Independent Auditors' Report (continued)

for the year ended 31 August 2023

Matter	Audit response
<p>Investment property valuation (note 3)</p> <p>The Group's and the company's accounting policy in note 2.8 states that investment property is measured at fair value. The carrying value of investment properties amounted to R9.7 billion (2022: R9.6 billion) for the Group and R261.5 million (2022: R253.1 million) for the company at year-end.</p> <p>The property valuations incorporate property-specific details, including current tenancy agreements and rental income. The valuation process involves making assumptions for capitalization rates, property-specific expense ratios, and estimated market rent, which are influenced by prevailing market capitalization rates and comparable transactions, culminating in the determination of final property valuations.</p> <p>Detailed in Note 3 of the consolidated and separate financial statements, the valuation of the Group's and company's investment properties requires significant judgments from external valuation experts and management. This includes decisions regarding the selection of valuation models, input parameters, current market conditions, and rental levels. Note 35 provides a breakdown of key inputs with the most substantial impact on these valuations and include the following:</p> <ul style="list-style-type: none"> ■ market-related income ■ capitalisation rates ■ escalation rates ■ expense growth ratios ■ discount rates, and ■ vacancy rates. <p>It is essential to acknowledge the significance of these valuations at year-end, recognizing the inherent estimates and judgments involved. Notably, even a minor difference in the valuation of an individual property, when aggregated, has the potential to result in a material misstatement. This underscores the need for specific audit focus on the accuracy and reliability of these valuations.</p>	<p>The audit procedures we performed included among others, the following:</p> <ul style="list-style-type: none"> ■ We have assessed the controls over the property valuations, where the controls are in place and are operating effectively. <p>We have evaluated the valuations performed by independent valuation expert of investment property specifically testing a selection of data inputs underpinning investment property valuations, including:</p> <ul style="list-style-type: none"> ■ Market related income ■ Capitalisation rates ■ Escalation rates ■ Expense growth rates ■ Discount rates ■ Vacancy rates <p>We assessed the significant judgements relating to the assumptions of market related income, capitalisation rates, escalation rates, expense growth ratios, discount rates and vacancy rates that were used by the independent valuers by comparing them to market data.</p> <p>We compared selected inputs used by the independent valuers in their reports to market data and entity specific historical information to confirm the appropriateness of inputs on a sample basis.</p> <ul style="list-style-type: none"> ■ We assessed the independent valuation expert's competence, experience, qualifications, and independence. ■ We assessed a sample of models used by directors and the independent valuers and confirmed that the valuation approaches used are in accordance with International Financial Reporting Standards and industry norms. ■ Discussions were held with management regarding the valuation process, the yield and capitalisation rates utilised, the sources of their data and future renovation work. ■ We evaluated the adequacy of the disclosure in the financial statements in terms of IAS 40: <i>Investment Properties</i> and IFRS 13: <i>Fair Value Measurement</i> including the disclosure of how sensitive the most unobservable inputs are to change.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled Dipula Income Fund Limited Integrated Report 2023 which includes the Directors' Report, the Audit Committee's Report and the Company Secretary's Certificate as required by the Companies Act of South Africa. The other information does not include the consolidated or the separate financial statements and our auditor's reports thereon.

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

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

Responsibilities of the Directors for the Consolidated and Separate Financial Statements

The directors are responsible for the preparation and fair presentation of the 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.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

Independent Auditors' Report (continued)

for the year ended 31 August 2023

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Mazars has been the auditor of Dipula Income Fund Limited for four years.



Mazars

Partner: Susan Truter

Registered Auditor

8 December 2023

Johannesburg

Directors' report

The directors have pleasure in submitting their report for the year ended 31 August 2023.

Nature of business

Dipula Income Fund Limited 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.

The information presented for the year ended 31 August 2023 has been prepared in accordance with IFRS. The presentation of the results also complies with the relevant section of the Companies Act, the JSE Listings Requirements and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council. Dipula is operating in compliance with the Companies Act and conforming with its MOI. The Annual Financial Statements have been audited by Mazars for the fourth consecutive year.

Given the nature of its business, Dipula uses dividend per share as its key performance measure instead of earnings or headline earnings per share.

The Group owns a diversified property portfolio of retail, residential, offices, industrial, corporate properties and land.

Group entities

The Group includes the following 100% held subsidiaries:

- Asakhe Realty Investment Fund Proprietary Limited
- Dipula Asset Management Trust
- Dipula Property Management Proprietary Limited
- Emerald Fire Investments Proprietary Limited
- Gillwell Taxi Retail Park Proprietary Limited
- Hynorex Proprietary Limited
- Jarrabilla Investments Proprietary Limited
- Lizinex Proprietary Limited
- Luxanio Trading 181 Proprietary Limited
- Mergence Africa Property Fund Proprietary Limited
- Mergence Africa Property Investment Trust
- Phepha Prop 006 Proprietary Limited
- The Dipula Property Investment Trust
- Unlocked Properties 18 Proprietary Limited

And the following subsidiaries with less than 100% interest:

- 50.01% in Bajascape Proprietary Limited

And the following undivided interest in joint operations:

- Harding Shopping Centre – 50%
- Fairways on Main – 50%
- Seshego – 50%
- Detnet – 66.67%

Information relating to the Company's interest in its subsidiaries is detailed in note 8 of the Annual Financial Statements.

Directors' report (continued)

for the year ended 31 August 2023

Review of operations and acquisitions

The results of the Group and the Company are set out in the attached financial statements and accompanying notes.

Disposals

In line with the strategy to dispose of non-core assets to improve the quality of its portfolio, Dipula disposed of 13 properties with a carrying value of R154 million during the year.

A further 5 properties were transferred to held-for-sale at the end of August 2023. The sales proceeds for these properties will amount to a gross cash inflow of R39 million.

Acquisitions

There were no material acquisitions in the current financial year.

Distributable earnings

Distributable earnings for the 31 August 2023 year amounted to 56.96098 cents (2022: 73.19430 cents) per B share, no A-shares present in current year (2022: 61.97130 cents).

Directors' remuneration

Please refer to note 37.2 in the Annual Financial Statements.

Stated capital

The authorised share capital of the Company consists of 6 billion B ordinary shares of no par value at 31 August 2023 (2022: 6 billion B ordinary shares of no par value).

There were 911 918 399 B ordinary shares in issue at 31 August 2023 (2022: 893 664 473 B ordinary shares in issue).

On 17 May 2023 Dipula declared a cash dividend of 25.84695 cents per share and shareholders were presented with the election to re-invest the cash dividend in return for new ordinary shares. By electing the re-investment option, shareholders were able to increase their shareholding in Dipula without incurring dealing costs. In turn, Dipula benefited from an increase in the amount of shareholders' funds available to support continued growth.

Participation in the re-investment option resulted in shareholders holding 250 861 411 Dipula shares or 28.07% of Dipula shares (prior to the election) qualifying to receive the cash dividend elected to receive the re-investment option, resulting in the issue of 18 253 926 new shares, retaining R64 253 820 in new equity for Dipula. Accordingly, the total number of shares in issue post the issue of the new shares pursuant to the dividend re-investment plan is 911 918 399.

Further details on stated capital are set out in note 13.

Property valuations

The portfolio was valued at 31 August 2023 as per the Investment Property accounting policy (note 2.8) at R9.8 billion (2022: R9.7 billion) and the net asset value per share was R6.64 (2022: R6.63) at year-end.

Borrowings

As at 31 August 2023, the all-in blended interest rate of the Group's debt was 9.24% (2022: 8.35%). The Group has total debt facilities of R3.7 billion with R3.6 billion utilised at year-end (2022: R3.6 billion, with R3.5 billion utilised).

All debt was Rand denominated and 65% (2022: 75%) of the Group's interest rate exposure was hedged at year-end.

Directorate

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

Independent Non-Executive

Y Waja	South African	Resigned 31 May
E Links	South African	Resigned 31 May
S Halliday	South African	Resigned 31 May
ZJ Matlala (Chairperson)	South African	
BH Azizollahoff	British	
Z Adams	South African	Appointed 1 February
N Khoele	South African	Appointed 1 February
K Teeroovengadum	Mauritian	Appointed 1 February

Executive

IS Petersen (Chief Executive Officer)	South African	
R Asmal (Financial Director)	South African	Resigned 1 March
S Moodley (Financial Director)	South African	Appointed 1 March

R Asmal and S Moodley have the same terms of employment as normal employees.

IS Petersen is seconded to Dipula Income Fund Limited through a service level agreement with Qvest Consulting Proprietary Limited.

Refer to note 37.2 for remuneration.

Directors' interests

The interest of the directors in the shares of Dipula Income Fund at 31 August 2023 were as follows:

B-shares (number of shares)

	Direct beneficial 2023	Indirect beneficial 2023	Total 2023	Direct beneficial 2022	Indirect beneficial 2022	Total 2022
IS Petersen	1 067 830	34 341 924	35 409 754	867 830	31 700 709	32 568 539
R Asmal	1 579 300	–	1 579 300	383 696	–	383 696
ZJ Matlala (Chairperson)	102 072	–	102 072	95 090	–	95 090
SA Halliday	89 000	59 000	148 000	89 000	59 000	148 000
Y Waja	130 000	–	130 000	90 500	–	90 500
BH Azizollahoff	–	–	–	28 116	–	28 116
	2 968 202	34 400 924	37 369 126	1 554 232	31 759 709	33 313 941


All shares acquired by the directors were at open market value. The above number of shares are stated in whole numbers and are not rounded figures. There have been no changes to the directors' interests between the end of the financial year and issue date of the Annual Financial Statements.

During the year under review, the directors had no interest in material contracts or transactions, other than those directors involved in the operation of the Company as set out in this report. There have been no bankruptcies or voluntary arrangements of the above mentioned persons. The directors have not been the subject of public criticism by statutory or regulatory authorities (including professional bodies) and have not been disqualified by a court from acting as directors of a company or from acting in the management or conduct of the affairs of any company. There have been no offences involving dishonesty by the directors.

Directors' report (continued)


for the year ended 31 August 2023

Corporate governance and internal controls

The Group's status with regard to corporate governance and internal controls is set out in a separate statement in the Integrated Report. (See  pages 92 to 107.)

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 104 of this Integrated Report.

Going concern

Although the Group is in a net current liability position of R1 330 million (2022: R1 151 million) and the Company is in a net current liability position of R1 247 million (2022: R1 183 million) as at 31 August 2023, the directors are of the opinion that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the consolidated and separate Annual Financial Statements. The directors have satisfied themselves that the Group and the Company are in a sound financial position and that they have access to sufficient borrowing facilities to meet their foreseeable cash requirements.

The net current liability position in the Group and the Company is largely due to the short-term portion of interest-bearing liabilities amounting to R1 418 million (2022: R1 165 million) in the Group and R1 293 million (2022: R1 163 million) in the Company.

Subsequent to year end, the Group has entered into a debt syndication programme aimed at diversifying its funding sources and ensuring competitive funding rates and terms are secured. The programme includes the refinance of the Group's entire debt portfolio including all interest-bearing liabilities falling due within the next 12 months in line with the REIT funding structure framework. The debt restructure programme is in the conclusion phase, resulting in the renewal of R3.6 billion (2022: R711 million) in facilities at a weighted average margin of 1.76% (2022: 2.02%) for a weighted average period of 4.07 years (2022: 3.6 years) at issue date.

Based on the above, it would appear that the Group and the Company would be able to service all liabilities as they fall due. Refer note 40.

Subsequent events

Refer to note 39 of the financial statements.

Auditors

Mazars, together with Susan Truter as the designated partner, were the appointed auditors during the year under review.

This was the fourth year that Mazars, together with Susan Truter as the designated partner, performed the Group audit.

Company Secretary

Acorim Proprietary Limited acted as the as Company Secretary during the year under review.

In terms of section 3.84(h) of the JSE Listings Requirements, the Board of directors have executed their duty in ensuring that the Company Secretary is competent, is suitably qualified and experienced. The Company Secretary also has unfettered access to the Board, is not a member of the Board and maintains an arm's length relationship with the Board.

Business address

Firestation Rosebank
12th floor
16 Baker Street
Rosebank

Postal address

Private Bag X3
Rosebank
2132

Statements of financial position

as at 31 August 2023

		Consolidated		Company	
Note	2023 R'000	2022 R'000	2023 R'000	2022 R'000	
ASSETS					
Non-current assets					
	9 786 862	9 661 061	7 618 146	7 618 252	
Investment property	9 733 570	9 583 856	261 500	253 100	
Fair value of property portfolio	3 9 420 470	9 264 087	259 711	251 157	
Right-of-use asset	3 88 756	86 794	–	–	
Straight-line rental income adjustment	4 224 344	232 975	1 789	1 943	
Property, plant and equipment	2 501	2 660	2 214	2 237	
Deferred taxation	5 6 058	6 281	–	–	
Derivative financial instruments – swaps	6 39 023	61 836	39 023	61 836	
Loans receivable	7 5 710	6 428	–	–	
Loans to subsidiaries	8 –	–	6 458 054	6 429 448	
Interest in subsidiaries	8 –	–	857 355	871 631	
Current assets					
	282 337	275 052	48 613	57 152	
Trade and other receivables	10 206 835	209 273	9 735	17 538	
Loans receivable	7 412	1 537	–	–	
Derivative financial instruments – swaps	6 13 539	–	13 539	–	
Cash and cash equivalents	11 61 551	64 242	25 339	39 614	
Non-current assets held-for-sale					
Investment property held-for-sale	12 39 081	37 445	–	27 000	
Total assets					
	10 108 280	9 973 558	7 666 759	7 702 404	
EQUITY AND LIABILITIES					
Shareholders' interest					
	6 050 615	5 926 588	4 631 529	4 646 388	
Stated capital	13 4 251 568	4 197 351	4 327 011	4 272 794	
Fair value reserve	14 1 663 819	1 519 831	39 902	65 243	
Share-based payment reserve	15 8 096	12 518	8 096	12 518	
Retained income	127 132	196 888	256 520	295 833	
Non-controlling interests					
	198 969	151 694	–	–	
Non-current liabilities					
	2 246 004	2 469 043	1 739 693	1 815 725	
Interest-bearing liabilities	17 2 134 183	2 351 793	1 734 944	1 809 949	
Lease liabilities	18 107 072	111 474	–	–	
Derivative financial instruments – swaps	6 4 749	5 776	4 749	5 776	
Current liabilities					
	1 612 692	1 426 233	1 295 537	1 240 291	
Interest-bearing liabilities	17 1 418 410	1 164 953	1 293 285	1 163 014	
Lease liabilities	18 11 061	4 360	–	–	
Derivative financial instruments – swaps	6 –	3 518	–	3 518	
Trade and other payables	19 183 221	253 402	2 252	73 759	
Total equity and liabilities					
	10 108 280	9 973 558	7 666 759	7 702 404	

Statements of comprehensive income

for the year ended 31 August 2023

	Note	Consolidated		Company	
		2023 R'000	Restated* 2022 R'000	2023 R'000	2022 R'000
Revenue		1 395 041	1 351 977	840 543	860 352
Contractual rental income	20	1 111 308	1 083 119	26 557	22 453
Municipal and property recoveries	20	292 393	282 174	21 433	19 443
Management fees	21	–	–	56 566	54 332
Dividends received from group companies	37	–	–	736 170	764 038
Straight-line rental income accrual	4	(8 660)	(13 316)	(183)	86
Property-related expenses	22	(482 662)	(466 744)	(47 878)	(46 112)
Impairment of trade receivables	23	(11 118)	(5 468)	(538)	(299)
Net property income		901 261	879 765	792 127	813 941
Administration and corporate costs	24	(61 083)	(46 583)	(57 877)	(43 069)
Fair value adjustments		152 649	519 919	(25 157)	151 141
Investment properties and properties held-for-sale	14	148 718	368 761	(20 611)	13 385
Straight-line rental income accrual	4	8 660	13 316	183	(86)
Interest rate swaps	14	(4 729)	134 274	(4 729)	134 274
Options		–	3 568	–	3 568
Net profit before finance cost		992 827	1 353 101	709 093	922 013
Net finance cost		(314 114)	(275 244)	(259 929)	(236 192)
Finance income	25	15 549	15 273	6 994	6 591
Finance cost	26	(329 663)	(290 517)	(266 923)	(242 783)
Profit before taxation		678 713	1 077 857	449 164	685 821
Taxation	27	(261)	–	–	–
Profit for the year after taxation		678 452	1 077 857	449 164	685 821
Other comprehensive income		–	–	–	–
Total comprehensive income for the year		678 452	1 077 857	449 164	685 821
Total profit and comprehensive income for the year attributable to:					
Shareholders of the Company		588 031	1 080 512	449 164	685 821
Non-controlling interests		90 421	(2 655)	–	–
		678 452	1 077 857	449 164	685 821
Earnings per share (cents)	28	65.41	120.68*	–	–
Diluted earnings per share (cents)	28	64.41	119.09*	–	–

* The previous year's basic earnings and diluted earnings have been restated to account for the adjusted weighted average number of shares as detailed in note 28.

Statements of changes in equity

for the year ended 31 August 2023

		Consolidated					
	Note	Stated capital R'000	Fair value reserve R'000	Share-based payment reserve R'000	Retained income R'000	Non- controlling interests R'000	Total equity R'000
Balance at 31 August 2021		4 243 513	1 016 796	5 952	184 544	210 224	5 661 029
Total profit and comprehensive income for the year		–	–	–	1 080 512	(2 655)	1 077 857
Dividends declared	30	–	–	–	(550 504)	(28 702)	(579 206)
Repayment of subsidiary stated share capital	8	–	–	–	–	(5 986)	(5 986)
Additional acquisition of non-controlling interest	19	–	–	–	(14 629)	(21 187)	(35 816)
Share issue expenses	13	(21 807)	–	–	–	–	(21 807)
Appraisal rights exercised	13	(24 355)	–	–	–	–	(24 355)
Recognition of share-based payments expense	15	–	–	6 566	–	–	6 566
Transfer to fair value reserve – investment properties	14	–	368 761	–	(368 761)	–	–
Transfer to fair value reserve – interest rate swaps	14	–	134 274	–	(134 274)	–	–
Balance at 31 August 2022		4 197 351	1 519 831	12 518	196 888	151 694	6 078 282
Total profit and comprehensive income for the year		–	–	–	588 031	90 421	678 452
Appraisal rights settlement	13	(9 645)	–	–	–	–	(9 645)
Dividends declared	30	–	–	–	(507 847)	(28 537)	(536 385)
Share issue expenses	13	(392)	–	–	–	–	(392)
Repayment of subsidiary stated share capital	8	–	–	–	–	(13 993)	(13 993)
Reclassification of NCI loan		–	–	–	–	(616)	(616)
Share-based payments vested	15	–	–	(16 103)	–	–	(16 103)
Recognition of share-based payments expense	15	–	–	11 680	(5 951)	–	5 729
Dividend re-investment plan share issue	13	64 254	–	–	–	–	64 254
Transfer to fair value reserve – investment properties	14	–	148 718	–	(148 718)	–	–
Transfer to fair value reserve – interest rate swaps	14	–	(4 729)	–	4 729	–	–
Balance at 31 August 2023		4 251 568	1 663 819	8 096	127 132	198 969	6 249 584

Statements of changes in equity (continued)

for the year ended 31 August 2023

	Company						
	Note	Stated capital R'000	Fair value reserve R'000	Share-based payment reserve R'000	Retained income R'000	Non-controlling interests R'000	Total equity R'000
Balance at 31 August 2021		4 318 956	(82 416)	5 952	308 175	–	4 550 667
Total profit and comprehensive income for the year		–	–	–	685 821	–	685 821
Dividends declared	30	–	–	–	(550 504)	–	(550 504)
Recognition of share-based payments expense	15	–	–	6 566	–	–	6 566
Share issue expenses	13	(21 807)	–	–	–	–	(21 807)
Appraisal rights exercised	13	(24 355)	–	–	–	–	(24 355)
Transfer to fair value reserve – investment properties	14	–	13 385	–	(13 385)	–	–
Transfer to fair value reserve – interest rate swaps	14	–	134 274	–	(134 274)	–	–
Balance at 31 August 2022		4 272 794	65 243	12 518	295 833	–	4 646 388
Total profit and comprehensive income for the year		–	–	–	449 164	–	449 164
Appraisal rights settlement	13	(9 645)	–	–	–	–	(9 645)
Dividends declared	30	–	–	–	(507 865)	–	(507 865)
Share issue expenses	13	(392)	–	–	–	–	(392)
Share-based payments vested	15	–	–	(16 103)	–	–	(16 103)
Recognition of share-based payments expense	15	–	–	11 680	(5 951)	–	5 729
Dividend re-investment plan share issue	13	64 254	–	–	–	–	64 254
Transfer to fair value reserve – investment properties	14	–	(20 611)	–	20 611	–	–
Transfer to fair value reserve – interest rate swaps	14	–	(4 729)	–	4 729	–	–
Balance at 31 August 2023		4 327 011	39 902	8 096	256 520	–	4 631 529

Statements of cash flows

for the year ended 31 August 2023

	Note	Consolidated		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Cash generated from/(utilised in) operations	29	846 906	864 995	(29 109)	(4 791)
Finance income	25	15 549	15 273	6 994	6 591
Finance cost	26	(314 424)	(279 832)	(262 541)	(242 849)
Dividends received from group companies		–	–	736 170	773 160
Dividends paid	30	(536 385)	(588 292)	(507 865)	(550 504)
Net cash generated from/(utilised in) operating activities		11 646	12 144	(56 351)	(18 393)
CASH FLOWS FROM INVESTING ACTIVITIES					
Capital expenditure on investment property		(160 614)	(105 740)	(2 819)	(2 621)
Acquisition of property, plant and equipment		(832)	(804)	(900)	(659)
Additional acquisition of shares in subsidiary*		–	–	–	(46 396)
Proceeds on disposal of investment properties		153 580	97 037	–	–
Net movement in loans receivable	7	1 843	1 537	–	–
Loans repaid by subsidiaries		–	–	1 578	7 315
Net cash utilised in investing activities		(6 023)	(7 970)	(2 141)	(42 361)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of lease liabilities	18	(8 564)	(8 088)	–	–
Capital portion		2 299	2 554	–	–
Interest payment		(10 863)	(10 642)	–	–
Share issue expenses paid	13	(392)	(21 807)	(392)	(21 807)
Acquisition of additional interest in subsidiary*	19	(25 313)	(46 396)	–	–
Settlement appraisal rights shares	13	(34 000)	–	(34 000)	–
Shares acquired in terms of share-based payment	15	(16 103)	–	(16 103)	–
Dividend re-investment plan share exercise price proceeds	13	64 254	–	64 254	–
Repayment of stated share capital	8	(13 993)	(5 986)	–	–
NCI loan repayment		6 562	–	–	–
Net movement in interest-bearing liabilities	17	19 236	79 769	30 458	87 415
Interest-bearing liabilities movement in access facility		(100 154)	163 980	(110 003)	178 576
Interest-bearing liabilities raised		200 000	59 070	200 000	59 070
Permanent repayment of borrowings		(80 610)	(143 281)	(59 539)	(150 231)
Net cash (utilised in)/generated from financing activities		(8 313)	(2 508)	44 217	65 608
Net (decrease)/increase in cash and cash equivalents		(2 691)	1 666	(14 275)	4 854
Cash and cash equivalents at the beginning of the year		64 242	62 576	39 614	34 760
Cash and cash equivalents at the end of the year	11	61 551	64 242	25 339	39 614

* Relates to the settlement of the additional 19.9% (2021: 30% settled in 2022) acquired in Unlocked Properties 18 Proprietary Limited by Dipula at 31 August 2022 through the exercise of an NCI put option. Amount settled in the 2023 financial year. Refer note 19.

Notes to the Annual Financial Statements

for the year ended 31 August 2023

1. Standards and interpretations issued and not yet effective

At the date of approval of these Annual Financial Statements, certain new accounting standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

All of the pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group financial statements is provided on the following pages. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group financial statements.

Accounting standard or interpretation	Amendment	Impact on financial statement
IAS 1: <i>Presentation of Financial Statements</i> amendment: "Disclosure of Accounting Policies" effective for annual reporting periods beginning on or after 1 January 2023	Amendment: Accounting policies to be disclosed where the information is material, by nature or amount. Explains when accounting policy information is considered material. Clarifies that when an entity chooses to disclose an immaterial accounting policy, it must not obscure or affect other material or required disclosures.	Not expected to have a significant impact on the financial statements as the concepts included in this amendment is currently being applied by the Group.
IAS 1: <i>Presentation of Financial Statements</i> : Amendments are effective for annual reporting periods beginning on or after 1 January 2024. Earlier application is permitted.	The amendment: Classification of liabilities as current or non-current; classification to be based on whether the right to defer settlement by at least 12 months exists at the end of the reporting period; classification is unaffected by expectation of settlement.	Not expected to have a significant impact on the financial statements as the concepts included in this amendment is currently being applied by the Group.
IAS 1: <i>Presentation of Financial Statements</i> amendment: "Disclosure of Accounting Policies" effective for annual reporting periods beginning on or after 1 January 2024	Amendment: Classification of Long-term Debt Affected by Covenants: <ul style="list-style-type: none"> ▪ Classify debt as non-current only if the Company can avoid settling the debt within 12 months after the reporting date. ▪ Specify that covenants to be complied with after the reporting date do not affect the classification of debt as current or non-current at the reporting date. ▪ The amendments require a company to disclose information about these covenants in the notes to the financial statements. 	Not expected to have a significant impact on the financial statements as the concepts included in this amendment is currently being applied by the Group.
IAS 8: <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> amendment: "Definition of Accounting Estimates" effective for annual reporting periods beginning on or after 1 January 2023	Amendment: The amendment distinguishes clearly between a change in accounting policy and a change in accounting estimate. It also revised the definition of an accounting estimate and provides specific examples of accounting estimates. It also clarifies that the measurement techniques and inputs used in developing accounting estimates are not accounting policies.	Not expected to have a significant impact on the financial statements as the concepts included in this amendment is currently being applied by the Group.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

1. Standards and interpretations issued and not yet effective (continued)

Accounting standard or interpretation	Amendment	Impact on financial statement
IAS 12: <i>Income Taxes – amendment</i> : Deferred tax related to assets and liabilities arising from a single transaction is effective for annual periods beginning on or after 1 January 2023.	The amendment narrows the scope of exemption for recognition of taxable/deductible temporary differences that arise on certain transactions. The transaction should not give rise to equal taxable and deductible temporary differences: clarifies that deferred tax must be recognised on initial recognition of IFRS 16 leases and similar types of transactions that give rise to the recognition of an asset and a liability, such as decommissioning, restoration and similar liabilities with corresponding amounts recognised as part of the related assets.	Not expected to have an impact on the financial statements as the concepts included in this amendment has previously been correctly applied by the Group.
IAS 12: <i>Income Taxes – amendment</i> : International Tax Reform – Pillar Two Model Rules is effective for annual periods beginning on or after 1 January 2023.	Amendment: International Tax Reform – Pillar Two Model Rules: <ul style="list-style-type: none"> ■ Temporary exemption introduced to the accounting for deferred taxes arising from the Organisation for Economic Co-operation and Development’s (“OECD”) international tax reform. ■ The targeted disclosure requirements improve understanding of an entity’s exposure to income taxes (subject to a minimum 15% tax rate) arising from the reform, particularly before legislation implementing the rules is in effect. 	Not expected to have an impact on the financial statements as all entities within the Group operate within South Africa.
IAS 7: <i>Statement of Cash Flows</i> and IFRS 7: <i>Financial Instruments: Disclosures</i> . Amendment: Supplier finance arrangements is effective for annual periods beginning on or after 1 January 2024.	Amendment: Supplier finance arrangements requiring disclosure: <ul style="list-style-type: none"> ■ about how supplier finance arrangements affect an entity’s liabilities and cash flow. ■ as to whether supplier finance agreements have been accessed providing extended payment terms or early payment terms for suppliers. ■ of the effects of exposure to liquidity risk including the impact if the supplier finance arrangements are no longer available. 	Not expected to have a significant impact on the financial statements as the Group is not party to significant supplier finance arrangements.
IFRS 16: <i>Leases</i> : Narrow scope amendment: Lease Liability in a Sale and Leaseback is effective for annual periods beginning on or after 1 January 2024.	The amendment narrows the scope of lease liability in a sale and leaseback transactions. <ul style="list-style-type: none"> ■ Subsequent measurement for sale and leaseback transactions meeting the IFRS 15 requirements for sale only. ■ Seller-lessee to measure the lease liability in such a manner so that any gain or loss recognised relates only to rights transferred to buyer-lessor. No gain or loss must be recognised on the right of use retained. 	Not expected to have a significant impact on the financial statements as the Group is not party to significant sale and lease back transactions.

1. Standards and interpretations issued and not yet effective (continued)

Accounting standard or interpretation	Amendment	Impact on financial statement
<p>IFRS S1: <i>General Requirements for Disclosure of Sustainability-related Financial Information</i> is effective for annual periods beginning on or after 1 January 2024.</p>	<p>New Standard: requiring entities to disclose information about sustainability-related risks and opportunities that are useful to users relating to providing resources to the entity.</p> <ul style="list-style-type: none"> ■ Entities are required to disclose information about sustainability-related risks and opportunities reasonably expected to affect their prospects. ■ Prescribes how the entity prepares and reports its sustainability-related disclosures, setting out general requirements for content and presentation thereof. ■ To provide an understanding of the entity's governance processes and controls, strategy to manage, identification processes and controls and performance in relation to the sustainability-related risks and opportunities and targets set. 	<p>The Group is in the process of assessing the impact of this new standard on the financial statements.</p>
<p>IFRS S2: <i>Climate-related Disclosures</i> is effective for annual periods beginning on or after 1 January 2024.</p>	<p>New Standard: requiring entities to disclose information about the climate-related risks (physical and transition) an entity is exposed to and the opportunities available to that may be useful to investors and capital providers.</p> <ul style="list-style-type: none"> ■ Entities are required to disclose information about climate-related risks and opportunities reasonably expected to affect their cash flows, access to finance or cost of capital over the short-, medium or long term. ■ To provide an understanding of the entity's governance processes and controls, strategy, identification processes and controls and performance in relation to the climate-related risks and opportunities and targets set. 	<p>The Group is in the process of assessing the impact of this new standard on the financial statements.</p>

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

2. Significant accounting policies

The Annual Financial Statements have been prepared on a going concern basis, in accordance with International Financial Reporting Standards ("IFRS"), Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, the JSE Listings Requirements and the Companies Act of South Africa, 2008, as amended.

2.1 Reporting entity

Dipula Income Fund Limited is a Company domiciled in South Africa.

The consolidated and separate financial statements for the year ended 31 August 2023 comprise of 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 8 December 2023.

2.2 Basis of preparation

The consolidated and separate financial statements ("financial statements") are prepared on the historical cost basis, except for the measurement of investment property and certain financial instruments which are measured at fair value and incorporate the principal accounting policies set out below and in the individual notes to the financial statements. 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.

Except for the amendments adopted as set out below in point 2.5, all accounting policies applied by the Group and the Company in the preparation of these consolidated financial statements are consistent with those applied by the Group and the Company in its consolidated financial statements as at and for the year ended 31 August 2022.

The financial statements are prepared on the going-concern basis. The Company's financial statements are presented in South African rand, which is the functional and presentation currency.

2.3 Statement of compliance

The accounting policies of the Group comply with IFRS as issued by the International Accounting Standards Board and IFRIC interpretations effective for the Group's financial year as well as Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council, and the Companies Act, applicable to companies reporting under IFRS and the JSE Listings Requirements.

2.4 Use of significant 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.

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.

Actual results may differ from these estimates.

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 2.24.

2. Significant accounting policies (continued)

2.5 New and amended standards

The Group has adopted the following new standards, amendments and interpretations effective for the first time for the current financial period year. The impact of the adoption of these standards and amendments has been considered and deemed immaterial.

- IFRS 3: *Business Combinations* – amendment: Reference to the Conceptual Framework. Effective for annual periods beginning on or after 1 January 2022.
- IAS 37: *Provisions, Contingent Liabilities and Contingent Assets*: Amendments are effective for annual periods beginning on or after 1 January 2022.
- IFRS 9: *Financial Instruments* – amendment: “Fees in the 10% test for derecognition of financial liabilities” effective for annual reporting periods beginning on or after 1 January 2022. The Group did not renegotiate any financial liabilities that required making use of the 10% test during the current year.
- IAS 16: *Property, Plant and Equipment* – amendment: Proceeds Before Intended Use effective for annual reporting periods beginning on or after 1 January 2022.

2.6 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the subsidiaries.

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 property, plant and equipment, 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.

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.

Control is achieved when the Group:

- Has power over the investee
- Is exposed, or has rights, to variable returns from its involvement with the investee
- Has the ability to use its power to affect its returns

The Group reassesses whether or not it controls an investee if facts or circumstances indicate that one or more of the elements listed above have changed during the year.

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

Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree’s identifiable net assets at the date of acquisition and adjusted in the same proportion for the profit or loss at each reporting date.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Group considers the non-controlling interests to be material if they are greater than 10% of Group net assets.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

2. Significant accounting policies (continued)

2.7 Joint operations

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

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

When a Group entity transacts with its joint operation, profits and losses resulting from the transactions with the joint operation are recognised in the Group's consolidated Annual Financial Statements only to the extent of interests in the joint operation that are not related to the Group.

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.

2.8 Investment property

Investment properties are initially measured at cost with inclusion of transaction costs. Investment properties are properties held to earn rental income 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.

Major improvements and renovations to properties subsequent to the purchase of properties are capitalised.

Investment property is maintained, upgraded and refurbished, where necessary, in order to preserve or improve the capital value as far as it is possible to do so. Maintenance and repairs which neither materially add to the value of the properties nor prolong their useful lives are charged against profit or loss.

Tenant installation and letting commission costs are capitalised to the cost of a building and amortised over the period of the tenant's lease. All these items are included in the fair value of investment property.

If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

After initial recognition, investment properties are measured at fair value.

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.

2. Significant accounting policies (continued)

2.8 Investment property (continued)

One third of the properties below R12 million in value (at the last valuation date) are valued externally while the remaining two-thirds are valued internally by directors. Independent valuations for those below R12 million in value properties are obtained on a rotational basis, ensuring that every property below the threshold is valued at least once every three years by an external independent valuer.

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. Such gains or losses are transferred to a non-distributable fair value reserve in the statement of changes in equity and excluded from the calculation of distributable earnings.

The straight-lining of lease income is deducted from investment property as the discounted value of future rental cash flows forms part of the valuation methodology of investment property.

Gains or losses on the disposal of investment property are recognised as a fair value adjustment in profit or loss, and are calculated as the difference between the net selling price and the fair value of the property as valued in the most recent Annual Financial Statements. Such gains or losses are excluded from the calculation of distributable earnings.

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 12 months. 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 12 months.

Measurement

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

2.9 Leases

Group as lessor

The Group is party to leasing contracts as the lessor of property. All leases are operating leases and the majority of the risks and rewards of ownership is retained by the Group.

Rental income is recognised on a straight-line basis over the period of the lease term.

The Group provides certain incentives for the lessee to enter into lease agreements. Initial periods of the lease is recognised as an integral part of the net consideration agreed for the use of the leased property, irrespective of the nature, form or timing of payments of the incentives provided.

The Group recognises the aggregate cost of incentives as a reduction of rental income over the lease term, on a straight-line basis.

Group as lessee

The Group is a party to leasehold land in respect of properties located in Gauteng, KwaZulu-Natal and Eastern Cape.

Land leases are initially recognised as a right-of-use asset in the statement of financial position, at the same measurement as the corresponding lease liability. The right-of-use asset is subsequently measured at fair value. Changes in fair value are transferred to a non-distributable reserve in the statement of changes in equity and excluded from the calculation of distributable earnings.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

2. Significant accounting policies (continued)

2.9 Leases (continued)

Lease liability

Lease liabilities are initially measured at the present value of the lease payments and subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made. Lease liabilities are presented as a separate line item on the statement of financial position.

The liability was measured at the present value of the remaining lease payments, discounted using the incremental borrowing rate at 1 September 2019.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed lease payment
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option

Leases with variable lease payments that are linked to the performance are excluded from the definition of lease payments and consequently no lease liability is recognised for those variable lease payments. These variable lease payments are expensed through profit or loss.

The Group re-measures the lease liability when there has been a change to the lease term or a lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payment using a revised discount rate. Where the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the underlying right-of-use asset.

Short-term leases (less than a year) or a lease of a low-value asset (less than R100 000) are expensed to profit or loss in terms of the recognition exemption, i.e. the simplified approach.

Right-of-use asset

The Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is measured at the initial amount of the lease liability adjusted for any lease payments made in advance, plus any initial direct costs incurred less any lease incentives received.

A right-of-use asset in relation to leased land is recognised as investment property (note 2.8).

2.10 Financial instruments

Financial instruments include loans receivable, cash and cash equivalents, derivative financial assets, interest-bearing liabilities, loans with subsidiaries, trade and other receivables, trade and other payables and lease liabilities.

Financial assets and financial liabilities are recognised when the Group and Company becomes a party to the contractual provision of the instrument.

Financial assets and liabilities are measured at fair value at the time of initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets and issuance of financial liabilities other than financial assets and liabilities measured at fair value through profit or loss ("FVTPL") are added to the fair value of the financial assets or deducted from the fair value of financial liabilities. Transaction costs that are directly attributable to the acquisition or issuance of the financial assets at FVTPL or financial liabilities at FVTPL are recognised in profit or loss.

Non-derivative financial assets are classified as "financial assets at amortised cost".

Financial assets are classified as "financial assets at amortised cost" if both of the following conditions are met:

- the financial assets are held within a business model for which the objective is to hold financial assets to collect contractual cash flows; and
- the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2. Significant accounting policies (continued)

2.10 Financial instruments (continued)

Subsequent to initial recognition, financial assets at amortised cost are measured at amortised cost using the effective interest method, less any impairments. Interest income based on the effective interest rate is recognised in profit or loss.

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

Trade receivables and other receivables

Trade receivable and other receivables are classified as financial instruments held at amortised cost.

Trade receivables includes lease receivables recognised in accordance with of IFRS 16: *Leases* and revenue transactions are initially recognised at the transaction price in accordance with IFRS 15: *Revenue* from contracts with customers and subsequently measured at amortised cost.

The Group is following the simplified approach for impairment in terms of the practical expedient in IFRS 9 where impairment losses are measured at lifetime expected credit loss for trade receivables as there are no significant financing component to trade receivables.

In considering any impairments, the Group assesses each tenant individually and takes into account a significant increase in credit risk, deposits held, bank guarantees issued by the debtor, additional sureties provided by the principals of the debtors and running credit checks on debtors and their principals. The Group has the right to call on any surety should it be needed. The Group considers a debtor to be in default where repayment is 90 days or more past due and/or once all legal routes to recover the outstanding amounts have been exhausted and the amount is then written off to profit or loss.

The carrying amount of the asset is reduced and the amount of the loss is recognised profit or loss on the face of the statement of comprehensive income. When a trade receivable is uncollectible it is written off to profit or loss.

A reversal of an impairment loss is recognised in the profit or loss and is shown on the face of the statement of comprehensive income.

No adjustment is made for the effect of time value of money as receivables have a short term profile as is applicable when applying the significant financing component practical expedient under IFRS 15.

Cash and cash equivalents

Cash and cash equivalents are carried subsequently at amortised cost.

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.

Loans receivable

Loans receivable are carried at amortised cost using the effective interest rate method net of expected credit losses.

The Group considers any expected credit losses on all loans receivable at the end of each reporting period.

The loss allowance is measured using what is referred to as the general approach, at an amount equal to lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition.

If the credit risk has not increased significantly since initial recognition, then the loss allowance is measured at 12 month expected credit losses. The Group considers a significant increase in credit risk when a debt is 30 days past due. The Group considers a debt to be in default where repayment is 90 days or more past due.

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

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

2. Significant accounting policies (continued)

2.10 Financial instruments (continued)

Loans with subsidiaries

Loans with subsidiaries are carried at amortised cost using the effective interest rate method.

The expected credit losses for loans with subsidiaries are calculated on a subsidiary level at the end of each reporting period. The ECL is determined using the general approach per IFRS 9: *Financial Instruments*.

Expected credit losses are measured individually for each loan to subsidiaries or loans to group companies and the loss allowance is measured using the general approach.

For loans with subsidiaries that have no fixed terms of repayment, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. If the subsidiary has sufficient accessible liquid assets in order to repay the loan if demanded at the reporting date, the probability of default is usually assessed as low and the ECL is immaterial.

If the subsidiary could not repay the loan if demanded at the reporting date, the Group classifies this loan as non-performing and considers the manner of recovery to measure ECL. If the recovery strategies indicate that the lender would fully recover the outstanding debt, the ECL is limited to the effect of discounting the amount owing on the loan (at the loan's effective rate, which is regarded at 0% where the loan is interest free) over the period until the cash is realised. If the effective interest rate is 0% and all strategies indicate the lender will fully recover the outstanding debt, no impairment loss is recognised.

The Group writes off a loan when there is information indicating that the subsidiary is in severe financial difficulty and there is no realistic prospect of recovery.

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

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

Derivative financial instruments comprise interest rate swaps – Classified as at fair value through profit or loss. (Refer to policy 2.12.)

2.11 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.

An impairment loss is recognised whenever the carrying amount of an asset 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 at CGU level and then to reduce the carrying amounts of the other assets on a pro rata basis.

The recoverable amount of an asset is the greater of their fair value less cost of disposal 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.

In respect of other assets except goodwill, 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 or has decreased.

2. Significant accounting policies (continued)

2.11 Impairment (continued)

Non-financial assets (continued)

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.

All impairment losses and the reversal of impairment losses are recognised in profit or loss.

2.12 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. Derivative financial instruments are initially recognised at fair value.

Subsequent to initial recognition derivative financial instruments are measured at fair value through profit or loss. 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 fair value of an interest rate swap and an interest rate cap is the estimated amount that the Group would receive or pay to terminate the swap or cap at the reporting date, taking account of current interest rates and the current creditworthiness of the swap counterparties.

2.13 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.

Treasury shares

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.

All costs relating to the acquisition of treasury shares as well as gains or losses on disposal or cancellation of treasury shares are recognised directly in equity.

Dipula shares held by its subsidiary, The Dipula Investment Trust, are treated as treasury shares on consolidation. These shares are deducted from the weighted average shares in issue. Dividends received on treasury shares are eliminated on consolidation.

Dividend re-investment plan

When declaring a dividend re-investment plan, shareholders are granted the option to elect receiving a cash dividend or an issue of shares at a discount. The shares issued at a discount are recognised and treated as a rights issue for the purposes of the stated capital discourses as well as the implications on earnings per share.

2.14 Revenue

Group

Revenue comprises gross rental revenue and recoveries of rates, operating costs and municipal recoveries, excluding VAT. Rental income excludes tenant deposits which represent financial advances made by tenants as guarantees during the lease and are repayable by the Group upon termination of the lease contracts.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

2. Significant accounting policies (continued)**2.14 Revenue** (continued)

Rental revenue from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

When a contract includes both lease and non-lease components, the Group accounts for the non-lease component in accordance with the relevant standard.

Types of revenue	Recognition	Period
Contractual rental income	Recognised as income on a straight-line basis over the lease term.	Over time
Tenant recoveries	Tenant recoveries are recognised over the period for which the services are rendered. The Group acts as its own principal on its own account when recovering operating costs such as utilities from tenants. Tenants recoveries are accounted for in accordance with IFRS 15: <i>Revenue from contracts with customers</i> .	Over time
Contingent rents (turnover rental)	Included in revenue when the amounts can be reliably measured.	Over time
Dividends	Recognised when the Group's right to receive payment is established, usually upon declaring a dividend.	At a point in time

Company

Revenue from contracts with customers comprises the below and are recognised over time:

- Asset management fees which is based on a percentage of enterprise value and is invoiced monthly
- Property management fees which is based on a collection of revenue collected and is invoiced monthly
- Building recoveries is based on recovery of salary costs incurred by property management and is invoiced monthly

2.15 Expenses

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

2.16 Finance costs and finance income

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, as well as interest on the lease liability and is recognised in profit or loss as it accrues.

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.

Finance costs and finance income are recognised in profit and loss.

Borrowing costs are capitalised using the Group's weighted average cost of capital 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.

2.17 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.

2. Significant accounting policies (continued)

2.17 Income tax (continued)

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 operations 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.

Current tax is the expected tax payable on taxable income, after deducting the qualifying distribution for the year of assessment, using tax rates that have been enacted or substantively enacted by the reporting dates and includes adjustments for tax payable in respect of the previous years. In accordance with the REIT status, dividends declared are treated as a qualifying distribution in terms of section 25BB of the Income Tax Act.

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 recoups is 27%. 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 entity's expectation that it will pay dividends and will receive a tax deduction making it in substance exempt.

2.18 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. All operations are located in South Africa. The business segments are determined based on the Group's management and internal reporting structure.

For each strategic business segment, the entity's Chief Executive Officer, who is the chief operating decision maker reviews the internal management reports on a monthly basis.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

2. Significant accounting policies (continued)

2.18 Segmental reporting (continued)

The Group operates in the following segments:

- **Retail** – properties comprising of shopping centres;
- **Offices** – properties which includes high rise and low rise offices, office parks, as well as mixed-use properties comprising both office and retail;
- **Industrial** – properties which includes warehousing, industrial parks, low and high grade industrial, land zoned for developments as well as mini, midi and maxi units;
- **Land** – undeveloped land;
- **Residential** – property used for tenants to live in;
- **Corporate** – management of the Group.

The Group will from time to time invest in/divest from certain 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.

2.19 Employee benefits

The cost of all short-term employee benefits (expected to be settled wholly within 12 months), is recognised during the period in which the employee renders the related service. Short-term employee benefits are measured on an undiscounted basis.

Employees of the Group belong to a defined contribution plan.

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 at the reporting date.

2.20 Share-based payments

Services received or acquired in a share-based payment transaction are recognised as the services are received.

A corresponding increase in equity is recognised if the services were received in an equity-settled share-based payment transaction. For equity-settled share-based payment transactions, the goods or services received, and the corresponding increase in equity, are measured directly at the fair value of the goods or services received, unless that fair value cannot be estimated reliably.

If the fair value of the goods or services received cannot be estimated reliably, their value and the corresponding increase in equity are measured indirectly by reference to the fair value, at grant date, of the equity instruments granted. When the services received or acquired in a share-based payment transaction do not qualify for recognition as assets, they are recognised as expenses.

As the share-based payments granted do not vest until the counterparty completes a specified period of service and also meets various performance hurdles, the Group accounts for those services on a straight-line basis over the vesting period. If the share-based payments vest immediately, the services received are recognised immediately in full.

As reported previously, shareholders have approved a long-term retention and incentive scheme which is based on individual performance relative to personal critical performance area targets, the Group's performance relative to industry benchmarks and relative to an inflation-linked target. As the above are equity-settled share-based payments, the accounting treatment is to recognise the share-based payments on a straight-line basis over the vesting periods.

Under the scheme senior management and executives of Dipula Income Fund Limited are provided with performance shares. These shares have no dividends or voting rights until the shares vest and become unrestricted.

2. Significant accounting policies (continued)

2.20 Share-based payments (continued)

The vesting of the share options are based on a three-year vesting period with the performance conditions attached to the vesting of the shares. The performance conditions are reviewed with each tranche that is issued.

The following conditions are taken into account:

- Average combined distributable earnings per share growth relative to CPI
- Average combined distributable earnings per share growth relative to peers over the three-year period (weighted by market value)
- KPI achievement

Modifications to the Conditional Share Plan ("CSP") are only accounted for if the modification results in an increase of benefits to CSP participants.

Under or overprovisions realised at vesting date of equity-settled instruments are recognised in equity as a direct transfer from the share-based payment reserve to retained income.

2.21 Related parties

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

2.22 Accounting estimates and judgements

Estimates and judgements are an integral part of financial reporting and, as such, have an impact on the amounts reported in the Group's income, expenses, assets and liabilities.

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. Actual results may differ from these estimates.

Information on the key estimations and uncertainties that have had the most significant effect on the amounts recognised in the financial statements are set out in the following notes in the financial statements:

Application of the following accounting policies, namely:

- Fair value of investment properties (note 35.4)
- Non-current assets held-for-sale (note 12)
- Deferred taxation and taxation (note 5 and note 27)
- Impairment of non-financial assets (note 2.11)
- Trade and other receivables (note 10)
- Loans advanced to subsidiaries (note 8)
- Expected credit losses (note 35.1)
- Preparation of cash flow forecasts (note 40)
- Control versus joint operation – Detnet (note 9)

Investment property

The revaluation of investment property requires judgement in the determination of an appropriate discount rate and reversionary capitalisation rate.

Deferred tax and taxation

Deferred tax assets are raised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. Assessment of future taxable profit is performed at every reporting date in the form of future cash flows using a suitable growth rate for a five-year period, incorporating the 80/20 principle. As the Company has obtained REIT status effective 1 September 2013, the Company and its controlled property company subsidiaries are not liable for capital gains tax on the disposal of directly held properties and local REIT securities.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

2. Significant accounting policies (continued)

2.22 Accounting estimates and judgements (continued)

Deferred tax and taxation (continued)

Deferred tax is not recognised on the fair value of investment property as capital gains tax on investment property is not applicable to REITs in terms of section 25BB of the Income Tax Act nor is deferred taxation calculated on the straight-line rental income accrual as it affects neither the Group's distributable income nor taxable profit.

Impairment of non-financial assets

The Group tests whether non-financial assets have suffered any impairment in accordance with the accounting policy stated in note 2.11.

The recoverable amounts have been determined based on future cash flows discounted to their present value using appropriate pre-tax rates. Estimates are based on interpretation of generally accepted industry-based market forecasts.

Trade and other receivables

Management identifies impairment of trade and other receivables on an ongoing basis, taking into account the financial position of the tenant, past experience and other factors. Impairment adjustments ("ECL") are raised against trade receivables when the collectability is considered to be doubtful. 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;
- The industry the tenant operates in;
- Security held; and
- Forward looking estimates of the economy.

Loans to subsidiaries

Loans to subsidiaries are tested for impairment using the general model per IFRS 9: *Financial Instruments*, as detailed above in accounting policy 2.11: Financial instruments.

Expected credit losses

Management performs ECL assessments at each reporting period by estimating the probability of default and loss given default. Refer to note 35: Credit risk management for the key assumptions used in the ECL calculations

Preparation of cash flow forecasts

The application of judgement is inherent in the preparation of cash flow forecasts which are used by the Group and the Company in support of the going-concern assumption, the recoverability of rental income from tenants, the anticipated operational costs, capital expenditure relating to properties, the servicing of interest on interest-bearing borrowings and interest rate swaps. The forecast assumes no property acquisitions but includes disposal of certain non-core properties.

The forecasts are based on the expected cash generated by the Group and reviewed by the Board of directors on a quarterly basis.

Classification of the Detnet co-ownership as joint operation

The Group has assessed the 66.67% held in Detnet in terms of IFRS 10. The Group has recognised the investment in Detnet as a joint operation rather than a subsidiary or joint venture in line with the signed co-ownership agreement in place which provide equal power and exposure for both parties to the agreement.

Modification of share-based CSP

There is judgement involved in assessing whether changes to the existing CSP should be accounted for as a modification in line with accounting policy: 2.20.


3. Investment property

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Net fair value				
Property acquisitions and capital expenditure	7 966 958	7 980 822	269 411	240 400
Right-of-use assets	88 756	86 794	–	–
Fair value reserve	1 677 856	1 516 240	(7 911)	12 700
	9 733 570	9 583 856	261 500	253 100
Movement for the year				
Investment properties at the beginning of the year	9 497 062	9 024 364	253 100	264 750
Additions at cost	146 907	93 247	2 304	1 747
– arising from subsequent expenditure	131 176	86 622	2 304	1 747
– arising from capitalised interest	12 752	6 625	–	–
– arising from capitalised costs	2 979	–	–	–
Transferred to non-current assets held-for-sale (note 12)	(196 731)	(47 118)	–	(27 000)
Transferred from non-current assets held-for-sale (note 12)	27 000	56 263	27 000	–
Change in fair value	161 616	368 714	(20 611)	13 385
Profit or loss on sale included in fair value	–	(2 733)	–	–
Tenant installations cost	12 243	6 853	277	628
Tenant installations amortisation	(6 012)	(4 682)	(499)	(402)
Lease commissions cost	13 871	12 264	238	245
Lease commissions amortisation	(11 142)	(10 110)	(309)	(253)
Investment properties at the end of the year	9 644 814	9 497 062	261 500	253 100
Less: Straight-line rental income accrual – per the statement of financial position (note 4)	(224 344)	(232 975)	(1 789)	(1 943)
Net investment properties at year end	9 420 470	9 264 087	259 711	251 157
Right-of use assets				
Right-of-use assets at the beginning of the year	86 794	84 606	–	–
Right-of-use assets fair value adjustment	1 962	2 188	–	–
Right-of-use assets at the end of the year	88 756	86 794	–	–
Total investment properties at year end	9 509 226	9 350 881	259 711	251 157
Reconciliation to independent and directors' valuations				
Investment properties at valuation at the end of the year	9 509 226	9 350 881	259 711	251 157
Straight-line rental income accrual – per the statement of financial position	224 344	232 975	1 789	1 943
Independent and directors' valuations	9 733 570	9 583 856	261 500	253 100
Total valuations	9 733 570	9 583 856	261 500	253 100
Per independent valuations	9 315 000	9 160 730	261 500	253 100
Acquired in last six months at fair value	–	–	–	–
Per directors' valuations	329 814	336 332	–	–
Right-of-use assets	88 756	86 794	–	–

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

3. Investment property (continued)

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 225 of the Integrated Report.

The properties valued by independent registered valuers on 31 August 2023 were performed by:

- Asset Valuation Services CC
- Real Insight Proprietary Limited
- Yield Enhancement Solutions Proprietary Limited
- Broll Valuation and Advisory Services Proprietary Limited
- Premium Valuation Services Proprietary Limited

These external, independent property valuers have the appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. They 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 8% and 13.5% (2022: between 8% and 14%). Investment properties held-for-sale were valued at the net sale price, which is considered to be the fair value. Refer to note 35 for more details on fair value measurement.

Included in investment property is industrial property to the value of R85.4 million (2022: R74 million) and retail property to the value of R1.2 billion (2022: R529 million) that are currently under development.

Investment properties are encumbered as set out in note 17. The Group has no restrictions on the realisability of its investment properties, or the remittance of income and proceeds of disposal.

Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance of enhancements is disclosed in note 32.

For rental income and direct operating expenses (including repairs and maintenance) arising from investment property that generated rental income during the period refer to note 38.

4. Straight-line rental income adjustment

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Balance at the beginning of the year	232 975	246 320	1 943	1 886
Current year movement	(8 660)	(13 316)	(183)	86
Transferred from/(to) held-for-sale	29	(29)	29	(29)
Balance at the end of the year	224 344	232 975	1 789	1 943

5. Deferred taxation

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Deferred taxation				
Balance at the beginning of the year	6 281	6 281	–	–
Current year movement	(223)	–	–	–
Balance at the end of the year	6 058	6 281	–	–
Balance is made up of:				
Assessed loss balance	8 157	8 157	–	–
Section 13s residential property allowance	(2 195)	(2 195)	–	–
Deferred income current period	106	106	–	–
Bad debt provision adjustment	213	213	–	–
Change in tax rate from 28% to 27%	(223)	–	–	–
	6 058	6 281	–	–

6. Derivative financial instruments – swaps

All interest rate swaps and cap transactions are accounted for in Dipula Income Fund Limited. The below reflects the Group and Company interest rate swap agreements at the reporting date:

	Trade date	Maturity date	Amount R'000	Nominal %	Consolidated and Company	
					Mark-to-market 2023 R'000	Mark-to-market 2022 R'000
STANDARD BANK						
Interest rate swaps						
Expired during the year	01-Oct-19	03-Oct-22	400 000	6.62%	–	(1 609)
	01-Oct-19	03-Oct-22	400 000	7.20%	–	(102)
			800 000		–	(1 711)
Current interest rate swaps	03-Jun-19	30-Nov-23	325 000	7.24%	897	100
	26-Jul-21	28-Jul-25	150 000	5.44%	7 110	8 997
	08-Dec-21	07-Dec-24	300 000	5.90%	9 856	9 997
	29-Aug-23	29-Aug-26	300 000	7.85%	485	–
			1 075 000		18 348	19 094
Interest cap related transactions						
Cap spread 1 – cap bought	29-Mar-21	31-Mar-25	200 000	6.50%	5 348	6 332
Cap spread 1 – cap sold	29-Mar-21	31-Mar-25	200 000	9.00%	(366)	(1 819)
Cap spread 2 – cap bought	11-Aug-21	11-Aug-26	50 000	9.00%	(390)	(953)
Cap spread 2 – cap sold	11-Aug-21	11-Aug-26	50 000	7.50%	1 096	1 700
Caprate	11-Aug-21	11-Aug-26	100 000	7.50%	2 193	3 400
Caprate	29-Aug-23	29-Aug-26	300 000	8.75%	(2 721)	–
			900 000		5 160	8 660

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

6. Derivative financial instruments – swaps (continued)

						Consolidated and Company	
	Trade date	Maturity date	Amount R'000	Nominal %	Mark-to-market 2023 R'000	Mark-to-market 2022 R'000	
NEDBANK							
Interest rate swaps							
Expired during the year	02-Jul-18	02-Jul-23	300 000	7.20%	–	(1 807)	
			300 000		–	(1 807)	
Current interest rate swaps							
	29-Mar-21	27-Mar-24	200 000	5.04%	4 881	7 024	
	27-May-21	27-May-26	200 000	5.95%	9 677	12 635	
	01-Dec-21	02-Dec-24	300 000	6.40%	7 761	6 607	
			700 000		22 319	26 266	
Current cap transactions							
Caprate	11-Aug-22	11-Aug-26	150 000	9.00%	(1 272)	(3 004)	
Caprate	11-Aug-22	11-Aug-26	150 000	7.50%	3 258	5 044	
			300 000		1 986	2 040	
Total					47 813	52 542	

Disclosed as follows in the Annual Financial Statements:

			Consolidated and Company	
			2023 R'000	2022 R'000
Non-current assets			39 023	61 836
Current assets			13 539	–
Non-current liabilities			(4 749)	(5 776)
Current liabilities			–	(3 518)
			47 813	52 542

Financial risk refer to note 35.

7. Loans receivable

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Sakhumzi Restaurant CC	6 122	7 965	–	–
Total loan receivable	6 122	7 965	–	–
Disclosed as follows:				
Loan receivable – non-current	5 710	6 428	–	–
Loan receivable – current	412	1 537	–	–
	6 122	7 965	–	–
Reconciliation of loans receivable				
Balance at 1 September 2022	7 965	9 502	–	–
Interest earned	685	991	–	–
Repayment of interest	(685)	(991)	–	–
Repayment of loan receivable	(1 843)	(1 537)	–	–
Balance at 31 August 2023	6 122	7 965	–	–

Refer to note 35 for financial risk disclosure.

Sakhumzi Restaurant CC

The loan agreement between Mergence Africa Property Investment Trust and Sakhumzi Restaurant CC arose as a result of the sale of Portion 7 of Erf 146 Bruma Township known as Bruma 146 South.

During the current year the loan agreement has been renegotiated with the following loan terms effective as of 01 July 2023. The loan bears interest at 0%, is repayable in monthly instalments of R37 563 with the balance due on maturity date 01 July 2033.

The Company has assessed the expected credit loss in terms of IFRS 9 to be nil on the loan receivable due to the mortgage bond in place on the property.

8. Interest in subsidiaries

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Shares at cost	–	–	857 355	871 631
Loans to subsidiaries	–	–	6 458 054	6 429 448
	–	–	7 315 409	7 301 079

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

8. Interest in subsidiaries (continued)**8.1 Shares at cost**

	Effective interest		Investment	
	2023	2022	2023	2022
The Company has interests in the following subsidiaries: (All incorporated in South Africa)				
Asakhe Realty Investment Fund Proprietary Limited	100.00%	100.00%	162 895	162 895
Bajascape Proprietary Limited	50.01%	50.01%	131 348	145 624
Dipula Asset Management Trust***	100.00%	100.00%	#	#
Dipula Property Management Proprietary Limited	100.00%	100.00%	#	#
Emerald Fire Investments Proprietary Limited*	100.00%	100.00%	#	#
Gillwell Taxi Retail Park Proprietary Limited	100.00%	100.00%	#	#
Hynorex Proprietary Limited**	100.00%	100.00%	#	#
Jarrabilla Investments Proprietary Limited**	100.00%	100.00%	#	#
Lizinex Proprietary Limited**	100.00%	100.00%	#	#
Luxanio Trading 181 Proprietary Limited	100.00%	100.00%	399 308	399 308
Mergence Africa Property Fund Proprietary Limited	100.00%	100.00%	41 856	41 856
Mergence Africa Property Investment Trust	100.00%	100.00%	#	#
Phepha Prop 006 Proprietary Limited	100.00%	100.00%	11 881	11 881
The Dipula Property Investment Trust	100.00%	100.00%	#	#
Unlocked Properties 18 Proprietary Limited	100.00%	100.00%	110 067	110 067
			857 355	871 631

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

** Held through Mergence Africa Property Fund Proprietary Limited.

*** Dipula Asset Management Trust has a February year end.

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 and Dipula Asset Management Trust which is an asset management trust.

Movement in shares at cost

	Investment	
	2023	2022
Opening balance	871 631	851 127
Acquisition of 19.9% – Unlocked (2021: 30%)	–	26 490
Repayment of stated capital - Bajascape*	(14 276)	(5 986)
Closing balance	857 355	871 631

8. Interest in subsidiaries (continued)

8.2 Loans – subsidiaries

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Loans to subsidiaries				
Asakhe Realty Investment Fund Proprietary Limited	–	–	193 080	182 145
Bajascap Proprietary Limited	–	–	7 072	329
Dipula Asset Management Trust	–	–	5 804	5 785
Dipula Property Management Proprietary Limited	–	–	36	57
Gillwell Taxi Retail Park Proprietary Limited	–	–	155 851	138 268
Luxanio Trading 181 Proprietary Limited	–	–	718 083	691 861
Mergence Africa Property Fund Proprietary Limited	–	–	688 628	706 029
Mergence Africa Property Investment Trust	–	–	3 782 647	3 755 936
Phepha Prop 006 Proprietary Limited	–	–	140 701	141 385
The Dipula Property Investment Trust	–	–	716 582	760 712
Unlocked Properties 18 Proprietary Limited	–	–	49 568	46 941
Disclosed in non-current assets	–	–	6 458 054	6 429 448

The loans are advanced to subsidiaries to purchase properties. The loans will only be repayable when the properties are sold.

The above loans are all unsecured and there has been no impairment on the loans.

No fixed terms of repayment have been determined and no interest is incurred on these loans.

The fair value of the subsidiary loans based on a market interest rate of 11.75% (2022: 8.3%) (being prime overdraft rate) and assuming below repayment date amounts to:

The below fair value hierarchy is a level 2.

	2023 R'000	2022 R'000
– 31 August 2025	3 705 735	4 315 503
– 31 August 2030	2 967 422	3 679 379
– 31 August 2035	1 523 681	2 280 362

The net asset value of each of the entities was assessed and there is no impairment loss in the current financial year.

* Movement in investment is made up of the repayment of share capital related properties disposed of during the current year (R13.9 million) and adjustment to the repayment of capital related to properties disposed of in the prior year (R283 thousand) in Bajascap Proprietary Limited.

For ECL consideration refer to note 35.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

9. Joint operations

	Consolidated		Company	
	2023 %	2022 %	2023 %	2022 %
The Company has the following interests in joint operations: <i>(All incorporated in South Africa)</i>				
Harding Corner Shopping Centre*	50.00	50.00	50.00	50.00
Fairways on Main**	50.00	50.00	–	–
Seshego Circle***	50.00	50.00	–	–
Detnet Co-ownership#	66.67	66.67	–	–

* Held through Dipula Income Fund Limited.

** Held through Mergence Africa Property Investment Trust.

*** Held through Jarrabilla Investments Proprietary Limited.

Held through Luxanio Trading 181 Properties Proprietary Limited. Although percentage held is greater than 50%, the investment is still considered to be a joint operation due to the co-ownership agreement entered into between the parties.

All the joint operations are unincorporated entities which operate in the Retail segment except for Detnet which operates in the Office segment.

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
The Group's share of:				
Extracts from statement of comprehensive income				
Revenue	45 536	41 914	11 496	10 647
Property expenses	(16 511)	(14 365)	(3 975)	(3 745)
Net property income	29 025	27 549	7 521	6 902
Net finance income	274	204	51	22
Fair value adjustments	4 636	5 529	(1 422)	2 853
Profit before taxation	33 935	33 282	6 150	9 777
Extracts from statement of financial position				
Non-current assets	303 616	296 329	67 200	68 500
Current assets	6 124	3 078	540	788
Non-current liabilities	(169 530)	(172 449)	(25 268)	(32 776)
Current liabilities	(7 139)	(7 438)	(514)	(704)
Net assets	133 071	119 520	41 958	35 808

The above operations are classified as joint operations, whereby the Group recognises its share of the assets, liabilities, income and expenses of the joint operation.

10. Trade and other receivables

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Financial instruments	203 501	204 371	9 582	16 944
Trade receivables	145 797	132 729	2 317	2 954
Less: Rental discounts accrued	(11 990)	(13 958)	–	(21)
Less: Impairments (ECL)	(33 211)	(33 924)	(1 184)	(625)
Net trade receivables	100 596	84 847	1 133	2 308
Intercompany receivables	–	–	6 839	4 108
Other receivables	37 808	35 514	1 329	2 481
Put premium receivable	–	7 500	–	7 500
SASRIA riot claim**	–	14 278	–	223
Municipal recoveries	42 936	42 452	280	324
Deposits	22 161	19 780	–	–
Non-financial instruments	3 333	4 902	153	594
Prepayments	3 333	4 902	153	594
	206 835	209 273	9 735	17 538

** SASRIA riot claim was received in full during the current financial year.

Above amounts are all short term and discounting is omitted when the effect of discounting is immaterial.

The net carrying value of trade and other receivables is considered a reasonable approximation of fair value due to its short-term nature.

Further information on the credit risk of trade receivables are set out in note 35.1.

11. Cash and cash equivalents

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

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Standard Bank	38 240	43 347	9 211	24 663
First National	6 097	4 494	–	–
Nedbank	4 789	4 272	4 404	3 980
Investec	12 401	12 117	11 719	10 969
Petty cash	24	12	5	2
Bank balances	61 551	64 242	25 339	39 614

Cash and cash equivalents comprise amounts which are immediately available and the carrying amounts are equivalent to fair values.

The credit risk on cash and cash equivalents is considered low or immaterial due to all cash and cash equivalents being held with reputable financial institutions.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

12. Investment property held-for-sale

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
At the beginning of the year	37 445	101 242	27 000	–
Transferred from investment property (refer to note 3)	196 731	47 118	–	27 000
Transferred to investment property (refer to note 3)	(27 000)	(56 263)	(27 000)	–
Additional costs incurred	1 165	–	–	–
Fair value adjustment	(14 860)	(2 141)	–	–
Disposals	(154 400)	(52 511)	–	–
At the end of the year	39 081	37 445	–	27 000

The investment property classified as property held-for-sale are properties that the directors have decided will be recovered through sale rather than through use.

The directors are committed to sell the properties within the next 12 months.

The following properties are included in disposals:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Retail segment	(78 825)	(32 000)	–	–
41&43 Pretoria Road	–	(12 800)	–	–
Standard Bank Meyerton	–	(6 500)	–	–
Portion of Giyani Shopping Centre – Retail	–	(12 700)	–	–
22 Palm Street Phalaborwa	(2 000)	–	–	–
Kotze Place Hillbrow	(8 200)	–	–	–
Palm Street Mall	(14 500)	–	–	–
Standard Bank Brakpan	(1 900)	–	–	–
Heritage House Mafikeng	(4 850)	–	–	–
31 & 33 Third Street Springs	(6 050)	–	–	–
Amethyst	(5 500)	–	–	–
Fastfood Corner Springs	(7 000)	–	–	–
51 Joubert Street	(5 300)	–	–	–
Dulux Polokwane	(14 625)	–	–	–
Excelsior – Polokwane	(8 900)	–	–	–
Industrial segment	(75 575)	(19 023)	–	–
Reclam Alrode Erf 659	–	(6 100)	–	–
Leeuwenhoek Industrial	–	(3 250)	–	–
Reclam – Portion 24 Farm Rooikop	–	(9 673)	–	–
Vana Road Germiston	(35 000)	–	–	–
Reclam – Erf 1479 Portion 2	(40 575)	–	–	–
Land segment	–	(1 488)	–	–
Virgin Active land	–	(1 488)	–	–
Total disposals	(154 400)	(52 511)	–	–

12. Investment property held-for-sale (continued)

The following properties are included in held-for-sale:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Retail segment	19 181	10 445	–	–
Amethyst	–	6 045	–	–
Heritage House Mafikeng	–	4 400	–	–
Standard Bank Doornfontein	7 000	–	–	–
33 Pretoria Road	9 556	–	–	–
Seventh Avenue Alberton (Trentyre Alberton)	2 625	–	–	–
Office segment	19 900	27 000	–	27 000
Hyde West	–	27 000	–	27 000
Perm East London	16 500	–	–	–
Witbank Hoskins House	3 400	–	–	–
	39 081	37 445	–	27 000

13. Stated capital

Authorised

B ordinary share: 6 000 000 000 ordinary shares of no par value (2022: B ordinary share: 6 000 000 000 ordinary shares of no par value).

	A-shares 2023	B-shares 2023	Total 2023
ISSUED – GROUP			
Reconciliation of issued shares by number*			
Opening balance at the beginning of the period	–	893 664 473	893 664 473
Dividend re-investment plan [#]	–	18 253 926	18 253 926
	–	911 918 399	911 918 399

	A-shares 2023 R'000	B-shares 2023 R'000	Total 2023 R'000
Reconciliation of issued shares by value*			
Opening balance at the beginning of the period	–	4 197 351	4 197 351
Dividend re-investment plan [#]	–	64 254	64 254
Share issue expenses ^{##}	–	(392)	(392)
Appraisal right shares final settlement ^{***}	–	(9 645)	(9 645)
	–	4 251 568	4 251 568

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

13. Stated capital (continued)

	A-shares 2022	B-shares 2022	Total 2022
Reconciliation of issued shares by number*			
Opening balance at the beginning of the period	264 641 319	264 641 319	529 282 638
Repurchase of A-shares and issue of B-shares**	(262 926 319)	631 023 154	368 096 835
Appraisal right shares***	(1 715 000)	(2 000 000)	(3 715 000)
	–	893 664 473	893 664 473

	A-shares 2022 R'000	B-shares 2022 R'000	Total 2022 R'000
Reconciliation of issued shares by value*			
Opening balance at the beginning of the period	2 224 156	2 019 357	4 243 513
Repurchase of A-shares and issue of B-shares**	(2 196 093)	2 196 093	–
Share issue expenses##	(11 428)	(10 379)	(21 807)
Appraisal right shares transferred to accrual***	(16 635)	(7 720)	(24 355)
	–	4 197 351	4 197 351

	A-shares 2023	B-shares 2023	Total 2023
ISSUED – COMPANY			
Reconciliation of issued shares by number			
Opening balance at the beginning of the period	–	893 747 785	893 747 785
Dividend re-investment plan#	–	18 253 926	18 253 926
	–	912 001 711	912 001 711

	A-shares 2023 R'000	B-shares 2023 R'000	Total 2023 R'000
Reconciliation of issued shares by value			
Opening balance at the beginning of the period	–	4 272 794	4 272 794
Dividend re-investment plan#	–	64 254	64 254
Share issue expenses##	–	(392)	(392)
Appraisal right shares final settlement***	–	(9 645)	(9 645)
	–	4 327 011	4 327 011

13. Stated capital (continued)

	A-shares 2022	B-shares 2022	Total 2022
Reconciliation of issued shares by number			
Opening balance at the beginning of the period	264 665 819	264 665 819	529 331 638
Repurchase of A-shares and issue of B-shares**	(262 950 819)	631 081 966	368 131 147
Appraisal right shares***	(1 715 000)	(2 000 000)	(3 715 000)
	–	893 747 785	893 747 785
Reconciliation of issued shares by value			
	A-shares 2022 R'000	B-shares 2022 R'000	Total 2022 R'000
Opening balance at the beginning of the period	2 159 478	2 159 478	4 318 956
Repurchase of A-shares and issue of B-shares**	(2 131 415)	2 131 415	–
Share issue expenses##	(11 428)	(10 379)	(21 807)
Appraisal right shares transferred to accrual***	(16 635)	(7 720)	(24 355)
	–	4 272 794	4 272 794

* **Net of 83 312 treasury shares**

** **Scheme of arrangement**

Effective 6 June 2022 Dipula entered into a scheme of arrangement in terms of section 114 of the Companies Act, No. 71 of 2008 (the "Companies Act") between Dipula and Dipula A-shareholders, which resulted in Dipula repurchasing all of the Dipula A-shares held by Scheme Participants, in a negotiated consideration for the issue of 2.4 Dipula B-shares for every Dipula A-share (the "Scheme"). The negotiated settlement of 2.4 B-shares for every A-share took into consideration a number of various factors, which included but are not limited to: the market value of both shares, dividends linked to both shares and net asset value at the date of restructure. The scheme created an opportunity to improve the outlook and positioning of Dipula and its shareholders, the objective being that Dipula achieved a simplified share capital structure consisting of a single class of ordinary shares.

*** **Appraisal rights shares**

These shares were subject of appraisal rights exercised following the implementation of the scheme of arrangement in the prior year. Agreement was reached in the current year and the final settlement of R34 million paid over to the shareholder, R24 million of which was provided for in the prior year and the balance recognised for in the current year directly in equity.

Dividend re-investment plan

On 17 May 2023 Dipula declared a cash dividend of 25.84695 cents per share and shareholders were presented with the election to re-invest the cash dividend in return for new ordinary shares. By electing the re-investment option, shareholders were able to increase their shareholding in Dipula without incurring dealing costs. In turn, Dipula benefited from an increase in the amount of shareholders' funds available to support continued growth.

Participation in the re-investment option resulted in shareholders holding 250 861 411 Dipula shares or 28.07% of Dipula shares (prior to the election) qualifying to receive the cash dividend elected to receive the re-investment option, resulting in the issue of 18 253 926 new shares, retaining R64 253 820 in new equity for Dipula. Accordingly, the total number of shares in issue post the issue of the new shares pursuant to the re-investment option will be 911 918 399 (net of treasury shares).

The price per share applicable to Dipula shareholders electing the re-investment option and recorded in the register on Friday, 9 June 2023, is R3.52 per share. The re-investment price represents a 3.00% discount to the 30-day volume weighted average traded price (less the cash dividend).

Shareholders holding 642 886 363 Dipula shares elected to receive the cash dividend.

Share issue expenses

As a result of the implementation of the above mentioned scheme of arrangement Dipula incurred share issue expenses. These are accounted for against stated capital.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

14. Fair value reserve

Fair value reserves comprise fair value adjustments relating to:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Opening balance	1 519 831	1 016 796	65 243	(82 416)
Fair value on investment properties	148 718	368 761	(20 611)	13 385
Fair value on investment properties	161 616	368 714	(20 611)	13 385
Fair value on right-of-use assets	1 962	2 188	–	–
Fair value on investment properties – held-for-sale	(14 860)	(2 141)	–	–
Fair value on interest rate swaps	(4 729)	134 274	(4 729)	134 274
Closing balance	1 663 819	1 519 831	39 902	65 243

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

15. Share-based payment reserve

Reconciliation of the share-based payment reserve is provided below:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Opening balance	12 518	5 952	12 518	5 952
Expense charge arising from equity-settled share-based payment	5 729	6 566	5 729	6 566
Shares vested to employees purchased in the market	(16 103)	–	(16 103)	–
Difference between grant date fair value and vesting date fair value recognised directly in equity	5 952	–	5 952	–
Closing balance	8 096	12 518	8 096	12 518

Key estimates and judgements

The assessed fair value at grant date of options granted on 23 August 2019, 20 February 2020, 15 February 2022 and 15 February 2023 is disclosed below.

The fair value at grant date is independently determined using the Monte-Carlo simulation valuation methodology.

The valuation model takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield, the risk free interest rate for the term of the option and the correlations and volatilities of the peer group companies.

15. Share-based payment reserve (continued)
Key estimates and judgements (continued)

	Number of share options 2023	Weighted average price 2023 Rand	Number of share options 2022	Weighted average price 2022 Rand
Dipula B-shares				
Reconciliation of share options granted at the end of the financial year				
Outstanding balance at the beginning of the year	12 538 382	2.50	7 950 289	2.50
Granted during the year	2 669 879	2.02	1 338 378	2.48
Conversion of A-shares to B-shares	–	–	3 249 715	2.48
Outstanding balance at the end of the year	15 208 261	2.42	12 538 382	2.49

The following options were issued and converted in the current and prior financial year:

	Number of options	Grant date	Vesting date	Fair value at grant date
Issued in 2023 (Tranche 5)	2 669 879	20 Feb 2023	20 Feb 2026	4.13
Conversion of A-shares to B-shares (Tranche 4)	1 386 096	15 Feb 2022	15 Feb 2025	3.91
Conversion of A-shares to B-shares (Tranche 3)	1 863 619	15 Feb 2021	15 Feb 2024	2.94
Issued in 2022 (Tranche 4)	1 338 378	15 Feb 2022	15 Feb 2025	2.48
Issued in 2021 (Tranche 3)	3 106 032	15 Feb 2021	15 Feb 2024	0.90
Issued in 2020 (Tranche 2)	3 626 096	20 Feb 2020	19 Feb 2023	2.20
Issued in 2019 (Tranche 1)	1 218 161	23 Aug 2019	23 Aug 2022	1.83

The inputs to the model determining the fair value of the options at grant date are set out below:

	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Tranche 5
CPI	4.3%	n/a	n/a	n/a	n/a
Discount rate	8.3%	8.0%	8.55%	10.90%	10.50%
Dividend growth target	2.0%	2.0%	3.00%	3.00%	4.00%
Drift	0.5%	0.5%	0.75%	0.75%	0.75%
Number of shares awarded	1 218 161	3 626 096	3 106 032	1 338 378	2 669 879
Option value (Rand)	1.83	2.2	0.9	2.48	2.02
Total options value (Rand)	2 226 090	7 975 885	2 808 178	3 322 411	5 398 666
Peer dividend per share CAGR	4.1%	3.8%	6.27%	8.00%	5.00%
Share price (Rand)	6.26	3.30	1.61	3.95	4.13
Volatility	14.5%	36.5%	48.4%	60.50%	38.00%

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

15. Share-based payment reserve (continued)

Key estimates and judgements (continued)

	Number of share options 2023	Weighted average price 2023 Rand	Number of share options 2022	Weighted average price 2022 Rand
Dipula A-shares				
Reconciliation of share options granted at the end of the financial year				
Outstanding balance at the beginning of the year	–	–	776 508	2.94
Granted during the year	–	–	577 540	3.91
Conversion of A-shares to B-shares	–	–	(1 354 048)	–
Outstanding balance at the end of the year	–	–	–	–

The following options were issued and converted in the current and prior financial year:

	Number	Grant date	Vesting date	Fair value at grant date
Issued in 2023 (Tranche 4)	577 540	15 Feb 2023	15 Feb 2025	3.91
Issued in 2022 (Tranche 3)	776 508	15 Feb 2022	15 Feb 2024	2.94
Conversion of A-shares to B-shares (Tranche 4)	(577 540)	15 Feb 2023	15 Feb 2025	3.91
Conversion of A-shares to B-shares (Tranche 3)	(776 508)	15 Feb 2022	15 Feb 2024	2.94

The inputs to the model determining the fair value of the options at grant date are set out below:

	Tranche 3	Tranche 4
CPI	n/a	n/a
Discount rate	8.55%	10.90%
Dividend growth target	3.00%	3.00%
Drift	0.75%	0.75%
Number of shares awarded	776 508	577 540
Option value (Rand)	2.94	3.91
Total options value (Rand)	2 285 747	2 259 841
Peer dividend per share CAGR	6.27%	8.00%
Share price (Rand)	6.23	9.20
Volatility	30.14%	29.1%

16. Non-controlling interests**Current year**

The non-controlling interest of R198 million (2022: R151 million) represents 49.99% of the net asset value of Bajascapc Proprietary Limited.

The below entities are all incorporated in South Africa.

	Bajascapc	Unlocked Properties 18
Nature of activities	Property owning – industrial sector	Property owning – residential sector
% shareholding of non-controlling interest	49.99%	0%*

16. Non-controlling interests (continued)

	Bajascap R'000	Unlocked Properties 18 R'000	Total R'000
2023			
Extracts from statement of profit or loss and other comprehensive income			
Revenue excluding straight-line lease income accrual	68 437	–	68 437
Profit after taxation	180 842	–	180 842
Attributable to owners of the parent	90 439	–	90 439
Attributable to non-controlling interests	90 403	–	90 403
Dividends paid to non-controlling interests	28 537	–	28 537
Extracts from statement of financial position			
Non-current assets – investment property	505 465	–	505 465
Current assets	7 465	–	7 465
Non-current liabilities	(112 312)	–	(112 312)
Current liabilities	(2 598)	–	(2 598)
Net assets	398 020	–	398 020
Net assets attributable to non-controlling interests	198 969	–	198 969

	Bajascap	Unlocked Properties 18
% shareholding of non-controlling interest	49.99%	0%*

	Bajascap R'000	Unlocked Properties 18 R'000	Total R'000
2022			
Extracts from statement of profit or loss and other comprehensive income			
Revenue excluding straight-line lease income accrual	65 739	27 157	92 896
Profit after taxation	9 730	(37 783)	(28 053)
Attributable to owners of the parent	4 866	(30 264)	(25 398)
Attributable to non-controlling interests	4 864	(7 519)	(2 655)
Dividends paid to non-controlling interests	28 702	–	28 702
Extracts from statement of financial position			
Non-current assets	421 704	–	421 704
Non-current assets – deferred taxation	–	–	–
Current assets	2 077	–	2 077
Non-current liabilities	(118 983)	–	(118 983)
Current liabilities	(1 349)	–	(1 349)
Net assets	303 449	–	303 449
Net assets attributable to non-controlling interests	151 694	–	151 694

* 19.9% was the percentage held up until 31 August 2022 when Put option 2 was exercised, resulting in the 19.9% being acquired by Dipula. At year end the percentage shareholding held by non-controlling interest amounted to 0%.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

17. 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 35.3 and note 35.2.

17.1 Bank loans**The Standard Bank of South Africa Limited ("Standard Bank")**

The Group has secured a facility totalling R2.3 billion from Standard Bank (2022: R2.1 billion) and the Company a facility of R2.1 billion (2022: R2.0 billion).

The facility is secured by mortgage bonds over investment property with a carrying value of R6.09 billion (2022: R6.08 billion) for the Group and R5.45 billion (2022: R5.85 billion) for the Company.

Type	Nominal interest rate	Maturity	Consolidated		Company	
			2023 R'000	2022 R'000	2023 R'000	2022 R'000
Floating	3-month JIBAR plus 2.23%*	30 Oct 24	200 000	200 000	200 000	200 000
Floating	3-month JIBAR plus 1.98%*	30 Sept 22	–	52 000	–	52 000
Floating	3-month JIBAR plus 1.98%*	30 Sept 22	–	111 806	–	111 806
Floating	3-month JIBAR plus 1.98%*	30 Sept 22	–	22 243	–	22 243
Floating	3-month JIBAR plus 1.90%*	30 Sept 22	–	293 000	–	293 000
Floating	3-month JIBAR plus 2.09%*	29 Feb 24	371 763	420 000	371 763	420 000
Floating	3-month JIBAR plus 1.99%*	29 Feb 24	28 200	28 200	–	–
Floating	3-month JIBAR plus 1.99%*	29 Feb 24	63 360	79 200	63 360	79 200
Floating	3-month JIBAR plus 2.05%*	29 Feb 24	380 865	380 865	380 865	380 865
Floating	Prime plus 0.75%	30 Sept 22	–	6 910	–	6 910
Floating	Prime plus 0.75%	30 Sept 22	–	25 000	–	25 000
Floating	3-month JIBAR plus 2.55%*	28 Feb 25	328 145	332 545	328 145	332 545
Floating	Prime less 1.00%	29 Feb 24	31 337	46 037	31 337	46 037
Floating	Prime less 0.75%	30 Jun 23	–	–	–	–
Floating	1-month JIBAR plus 2.55%*	28 Feb 25	–	–	–	–
Floating	3-month JIBAR plus 1.99%*	29 Feb 24	93 000	93 000	–	–
Floating	Prime less 0.75%	15 May 25	99 599	99 601	–	–
Floating	3-month JIBAR plus 2.05%*	31 Aug 25	260 575	–	260 575	–
Floating	3-month JIBAR plus 2.15%*	31 Aug 26	250 385	–	250 385	–
Floating	3-month JIBAR plus 2.05%*	06 Dec 25	100 000	–	100 000	–
Total Floating			2 207 228	2 190 407	1 986 429	1 969 606
Debt raising fees			(8 240)	(10 190)	(8 240)	(10 190)
Interest payable			9 839	4 619	9 775	4 460
Total Standard Bank			2 208 827	2 184 836	1 987 964	1 963 876

17. Interest-bearing liabilities (continued)

17.1 Bank loans (continued)

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

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Reconciliation of Standard Bank interest-bearing liabilities				
Balance at 1 September 2022	2 184 836	2 335 590	1 963 876	2 114 651
Movement in access facility account	(23 640)	–	(23 638)	–
Debt raised – cash received	100 000	–	100 000	–
Permanent repayment of debt due to property sold	(59 539)	(24 325)	(59 539)	(24 325)
Debt raising fees paid	(1 198)	(4 308)	(1 198)	(4 308)
Debt raising fees amortised	3 148	2 694	3 148	2 694
Permanent repayment of debt	–	(125 906)	–	(125 906)
Increase in interest payable	5 220	1 091	5 315	1 070
Balance at 31 August 2023	2 208 827	2 184 836	1 987 964	1 963 876

Nedbank Limited ("Nedbank")

The Group has a facility totalling R1.4 billion (2022: R1.3 billion) and the Company has a facility of R1.1 billion (2022: R1 billion).

The utilised facility is secured by mortgage bonds over investment property with a carrying value of R3.2 billion (2022: R3.1 billion) for the Group and R2.1 billion (2022: R2.1 billion) for the Company.

Type	Nominal interest rate	Maturity	Consolidated		Company	
			2023 R'000	2022 R'000	2023 R'000	2022 R'000
Floating	JIBAR 3 months + 2.25%*	29 Feb 24	60 000	60 000	60 000	60 000
Floating	JIBAR 3 months + 2.35%*	31 Jan 25	60 000	60 000	60 000	60 000
Floating	JIBAR 3 months + 2.45%*	30 Jan 26	60 000	60 000	60 000	60 000
Floating	JIBAR 3 months + 2.05%*	31 Oct 22	–	100 000	–	100 000
Floating	JIBAR 3 months + 2.15%*	31 Jan 23	–	100 000	–	100 000
Floating	JIBAR 3 months + 2.25%*	29 Feb 24	195 000	195 000	195 000	195 000
Floating	JIBAR 3 months + 2.35%*	31 Jan 25	39 858	113 858	39 858	113 858
Floating	JIBAR 3 months + 2.45%*	30 Jan 26	189 399	189 399	189 399	189 399
Floating	JIBAR 3 months + 2.35%*	31 Jan 25	195 142	195 142	–	–
Floating	Prime less 0.50%	01 Oct 28	98 389	119 460	–	–
Floating	JIBAR 3 months + 1.60%*	07 Jun 24	100 000	–	100 000	–
Floating	JIBAR 3 months + 2.17%*	02 Dec 26	200 000	–	200 000	–
Total Nedbank			1 197 788	1 192 859	904 257	878 257
Debt raising fees			(4 430)	(6 068)	(4 050)	(5 599)
Interest payable			11 694	6 669	8 239	5 671
Total Nedbank			1 205 052	1 193 460	908 446	878 329

Notes to the Annual Financial Statements (continued)

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17. Interest-bearing liabilities (continued)**17.1 Bank loans** (continued)**Nedbank Limited ("Nedbank")** (continued)

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Reconciliation of Nedbank interest-bearing liabilities				
Balance at 1 September 2022	1 193 460	1 012 244	878 329	690 251
Debt raised – cash received	100 000	–	100 000	–
Permanent repayment of debt	(9 071)	–	–	–
Debt raising fees amortised	2 673	2 063	2 584	1 975
Debt raising fees paid	(1 035)	(6 824)	(1 035)	(6 824)
Permanent repayment of debt due to property sold	(12 000)	(6 950)	–	–
Movement in access facility account	(74 000)	190 662	(74 000)	190 662
Increase in interest payable	5 025	2 265	2 568	2 265
Balance at 31 August 2023	1 205 052	1 193 460	908 446	878 329

Investec Bank Limited ("Investec")

Type	Nominal interest rate	Maturity	Consolidated		Company	
			2023 R'000	2022 R'000	2023 R'000	2022 R'000
Floating	3-month JIBAR*	24 Jun 24	50 100	50 100	50 100	50 100
Floating	3-month JIBAR*	02 Jun 25	59 070	59 070	59 070	59 070
Interest payable			2 668	1 792	2 668	1 792
Debt raising fee			(198)	(336)	(198)	(336)
Total Investec			111 640	110 626	111 640	110 626

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Reconciliation of Investec interest-bearing liabilities				
Balance at 1 September 2022	110 626	50 549	110 626	50 549
Debt raised – cash received	–	59 070	–	59 070
Increase in interest payable	876	1 207	876	1 207
Debt raising fee paid	–	(271)	–	(271)
Debt raising fee amortised	138	71	138	71
Balance at 31 August 2023	111 640	110 626	111 640	110 626

This facility is secured by properties with a carrying value of R328 million (2022: R319 million) for the Group and the Company.

17. Interest-bearing liabilities (continued)

17.1 Bank loans (continued)

Absa Capital, a division of Absa Bank Limited ("ABSA")

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Overdraft facility	20 000	20 000	20 000	20 000
Interest payable	179	132	179	132
Total ABSA	20 179	20 132	20 179	20 132
The overdraft facility bears interest at prime less 1.25% and is cancellable at any time with prior notice from both parties. In such event the loan will be repayable on demand.				
This facility is secured by a property with a carrying value of R51.4 million (2022: R53 million) for the Group and the Company.				
Total bank loans	3 545 698	3 509 054	3 028 229	2 972 963

17.2 Non-bank loans

Cashbuild South Africa (Proprietary) Limited

On acquisition of Orange farm Phase 1, the lender ceded its rights and obligations in respect of the Cashbuild loan to the Group. The loan is secured by a mortgage bond over erf 15672 Orange Farm.

The remaining balance on the loan as at end of May 2027, will be settled in a lump sum payment.

			Consolidated		Company	
			2023 R'000	2022 R'000	2023 R'000	2022 R'000
Type	Nominal interest rate	Maturity				
	Fixed – 6.50%	30 Jun 27	6 895	7 692	–	–
Disclosed as follows:						
Current portion			405	797	–	–
Non-current portion			6 490	6 895	–	–
Total non-bank loans			6 895	7 692	–	–
Total interest-bearing loans			3 552 593	3 516 746	3 028 229	2 972 963
Disclosed as follows:						
Current portion			1 418 410	1 164 953	1 293 285	1 163 014
Non-current portion			2 134 183	2 351 793	1 734 944	1 809 949
Total interest-bearing loans			3 552 593	3 516 746	3 028 229	2 972 963

* ZARONIA has been published and has become an official legal rate effective as of 3 November 2023. The Group has not determined a "drop dead" date for the ceasing of JIBAR and loans will be reassessed and renegotiated with banks in due course. This amendment, in rates from JIBAR to ZARONIA has been assessed and will not give rise to IFRS 9: Implications.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

17. Interest-bearing liabilities (continued)

The fair values of interest-bearing liabilities and non-bank loans are not materially different from their carrying values, since the interest payable on these borrowings is either close to current market rates or the liabilities are of short-term nature.

Information about the Group's exposure to interest rate and liquidity risks is included in note 35 – Financial risk management and information regarding the Group's covenants is included in note 36 – Capital management.

Subsequent to year end, the Group has entered into a debt syndication programme aimed at diversifying its funding sources and ensuring competitive funding rates and terms are secured. The programme includes the refinance of the Group's entire debt portfolio including all interest-bearing liabilities falling due within the next 12 months in line with the REIT funding structure framework. The debt restructure programme is in the conclusion phase, resulting in the renewal of R3.6 billion (2022: R711 million) in facilities at a weighted average margin of 1.76% (2022: 2.02%) for a weighted average period of 4.07 years (2022: 3.6 years) at issue date.

18. Lease liabilities

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
At the beginning of the year	115 833	113 279	–	–
Finance costs	10 863	10 642	–	–
Lease payments	(8 564)	(8 088)	–	–
At the end of the year	118 132	115 833	–	–
Current portion	11 061	4 360	–	–
Non-current portion	107 072	111 474	–	–
Lease liabilities at 31 August 2023	118 132	115 834	–	–
Summary of lease liabilities by period of redemption:				
Within one year	8 891	8 565	–	–
Within two to five years	37 249	36 540	–	–
Within six years and thereafter	450 509	460 109	–	–
Lease commitment at 31 August 2023	496 649	505 214	–	–
Lease effect of discounting	(378 516)	(389 380)	–	–
Total lease liabilities	118 132	115 834	–	–

The lease liabilities relates to land rentals entered into by Mergence Africa Property Investment Trust and Gillwell Taxi Retail Park Proprietary Limited. The lease periods range between 40 and 50 years.

The right-of-use assets related to the lease liabilities are disclosed in note 3. Interest is based on the weighted average borrowing rate of the Group and was adjusted for asset specific risk.

The Group does not face a significant liquidity risk with regards to its lease liabilities. Lease liabilities are monitored as part of the Group's operations.

There are no right-of-use assets or lease liabilities in the Company.

19. Trade and other payables

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Financial instruments	139 626	203 943	(1 413)	70 464
Trade payables	13 620	8 141	968	29
Accrued expenses	23 129	39 393	763	1 141
Interest rate swaps	(5 743)	4 068	(5 743)	4 068
Municipal accruals	30 007	27 241	–	–
Tenant deposits	59 120	55 771	268	268
Payable for Put option*	–	32 682	–	35 947
Appraisal rights shares payable (note 13)	–	24 355	–	24 355
REIT distributions payable	7 161	–	–	–
Other payables	12 332	12 292	2 331	4 656
Non-financial instruments	43 595	49 459	3 665	3 295
Payroll payables	1 964	2 012	1 964	2 012
Tenant receipts paid in advance	36 248	40 000	781	511
SARS payable	39	29	–	–
VAT payable	5 343	7 418	920	772
	183 221	253 402	2 252	73 759

* Amount payable for the additional 19.9% acquired in Unlocked Properties 18 on 31 August 2022. The amount of R25.3 million (net of all related receivables) has been settled in the current financial year as disclosed in the statement of cash flow. In terms of the Put option agreement the exercise price amounted to R35.8 million for the carrying value of f R21.2 million for the 19.9% share, resulting in the difference of R14.6 million recognised directly in retained income in the statement of changes of equity for the 2022 financial year.

The carrying value of trade and other payables is considered to be a reasonable approximation of fair value due to the short-term maturities of these instruments.

20. Contractual rental income

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Property revenue	1 102 680	1 074 116	26 523	22 487
Covid-19 rental discounts	2 715	(1 163)	34	(34)
Lease cancellation income	–	4 196	–	–
Turnover rental	–	336	–	–
Rental guarantee	5 913	5 634	–	–
	1 111 308	1 083 119	26 557	22 453
Revenue from contracts with customers				
Municipal and property recoveries	292 393	282 174	21 433	19 443
	1 403 701	1 365 293	47 990	41 896

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for the year ended 31 August 2023

21. Management fees

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Asset management fees*	–	–	21 115	20 734
Building management recoveries*	–	–	3 664	3 479
Property management fees*	–	–	31 787	30 119
	–	–	56 566	54 332

* Income earned from group companies.

Refer to related party note 37 for more details.

22. Property-related expenses

Property-related expenses include:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Assessment rates	84 698	79 069	3 448	3 281
Depreciation	696	619	696	614
Defined contribution plan	1 354	1 948	1 354	1 948
Municipal costs	236 524	246 410	4 147	4 664
Property management fees – external	5 427	5 648	242	236
Professional fees	2 704	1 018	1 852	585
Salaries	26 638	27 014	26 638	26 946
Security	39 305	37 665	527	509
Repairs and maintenance	16 422	12 308	1 430	224

23. Impairment of trade receivables

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
ECL (reversed)/provided	(2 681)	1 376	538	299
Bad debts written off through ECL	12 633	3 862	–	–
Bad debts written off directly to profit or loss	1 166	230	–	–
	11 118	5 468	538	299

24. Administration and corporate costs

Administration and corporate expenses include:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Auditor's remuneration	2 604	2 429	1 171	963
Asset management fees	–	–	–	236
Defined contribution plan	909	669	909	669
Depreciation	295	234	295	234
Directors' remuneration (note 36)	3 187	2 662	3 187	2 662
Professional fees	14 901	10 722	14 901	9 888
Rental of low-value equipment	–	18	–	18
Salaries	23 559	18 162	23 559	18 162
Share-based payments	5 729	6 566	5 729	6 566
Trustees' remuneration	108	115	–	–

25. Finance income

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest received from financial institutions	10 938	7 323	6 923	3 749
Interest received from Sakhumzi Restaurant CC	685	1 416	–	–
Interest from Unlocked Properties 18 Proprietary Limited	–	–	–	2 758
Interest on overdue accounts	3 926	6 534	71	84
	15 549	15 273	6 994	6 591
Amount reconciled to cash flow note				
Finance income as per above	15 549	15 273	6 994	6 591
	15 549	15 273	6 994	6 591

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

26. Finance cost

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Interest – interest-bearing liabilities	342 225	223 325	290 486	187 421
Interest – interest rate swaps	(16 682)	57 591	(16 682)	57 591
Interest – overdue accounts	–	260	–	2
Amortisation of debt raising fees (note 17.1)	4 282	4 828	4 194	4 740
Amortisation of cap rates	1 676	–	1 676	–
Interest – capitalised on developments	(12 752)	(6 625)	(12 752)	(6 625)
Interest – on lease liabilities (note 18)	10 863	10 642	–	–
Interest – NCI shareholder loan	49	842	–	–
Interest – SARS (accrued reversed)	2	(346)	1	(346)
	329 663	290 517	266 923	242 783
Refer to note 35 for derivative hedging details.				
Amount reconciled to cash flow note				
Finance cost as per above	329 663	290 517	266 923	242 783
Exclude the following non-cash flow items:				
Amortisation of debt raising fees (note 17.1)	(4 282)	(4 828)	(4 194)	(4 740)
Amortisation of cap rates	(1 676)	–	(1 676)	–
Interest – on lease liabilities (note 18)	(10 863)	(10 642)	–	–
Interest accrued SARS reversed	(2)	346	(1)	346
Interest paid SARS (note 30)	–	3 094	–	3 094
Interest – capitalised on developments (note 3)	12 752	6 625	12 752	6 625
Interest payable Investec and ABSA Bank (note 17)	(923)	(1 924)	(923)	(1 924)
Interest payable Standard Bank (note 17)	(5 220)	(1 091)	(5 315)	(1 070)
Interest payable Nedbank (note 17)	(5 025)	(2 265)	(5 025)	(2 265)
	314 424	279 832	262 541	242 849

27. Taxation

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Normal taxation				
Current	261	–	–	–
– Current year	261	–	–	–
– Relating to prior year	–	–	–	–
Deferred	–	–	–	–
– Current year	–	–	–	–
	261	–	–	–

27. Taxation (continued)

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Reconciliation between applicable taxation rate and effective taxation rate				
South African normal taxation rate applied to income before taxation	27.0%	28.0%	27.0%	28.0%
Taxation effect of:				
– Fair value adjustments and straight-lining of leases	(5.7%)	(13.2%)	1.5%	(6.2%)
– Permanent difference	(0.7%)	0.3%	(1.0%)	0.5%
– REIT distribution deduction	(18.3%)	(14.2%)	(27.6%)	(22.3%)
– Deferred tax not raised	(2.3%)	(0.9%)	0.1%	0.0%
Effective taxation	–	–	–	–
Reconciliation between applicable taxation and effective taxation				
South African normal taxation rate applied to income before taxation	183 182	301 800	121 274	192 030
Taxation effect of:				
– Fair value adjustments and straight-lining of leases	(38 878)	(141 849)	6 841	(42 344)
– Permanent differences**	(4 711)	3 345	(4 652)	3 326
– REIT distribution deduction	(123 870)	(153 149)	(123 870)	(153 064)
– Deferred tax not raised	(15 724)	(10 146)	406	51
Effective taxation	–	–	–	–

** Permanent differences consist of intangible asset amortisation, debt raising fees, non-deductible expenses and share-based payments.

Deferred taxation

The conversion of the Fund to a REIT was 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 straight-line rental adjustment has been reduced to nil as capital gains tax will no longer apply to registered REITs. Consequently, no deferred tax was raised on deferred capital gains of investment property.

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28. Earnings and headline earnings

Earnings per share for the Group is calculated on the weighted average number of 898 941 655 B-shares (2022: 895 357 074 B-shares) net earnings after taxation of R588 million (2022: R1 080.5 million).

Reconciliation between profit, earnings and headline earnings

	Consolidated	
	2023 R'000	2022 R'000
Profit attributable to shareholders of the Company	588 031	1 080 512
Fair value	(95 252)	(412 548)
Fair value – investment properties revaluation	(148 718)	(368 761)
NCI – fair value of investment properties revaluation	61 865	(30 471)
Taxation	261	–
Fair value – straight-line rental income	(8 660)	(13 316)
Headline earnings	492 779	667 964
Total number of shares in issue*	911 918 399	893 664 473
Total weighted average number shares in issue**	898 941 655	895 357 074
Total diluted weighted average number shares in issue**	912 911 994	907 283 647
Headline earnings per share (cents)#	54.82	74.60
Diluted headline earnings per share (cents)#	53.98	73.62
Earnings per B-share (cents)#	65.41	120.68
Diluted earnings per B-share (cents)#	64.41	119.09
Total diluted weighted average number shares in issue**	912 911 994	907 283 647
Total weighted average number shares in issue**	898 941 655	895 357 074
Effect of dilutive instruments	13 970 339	11 926 573

* Net of treasury shares.

Prior year – The following adjustments have been made in terms of IAS 33. The weighted number of shares is to be adjusted as if the event occurred at the beginning of the earliest period being presented.

- The proportionate change in the number of B-shares with respect to the purchase and cancellation of A-shares and issue of 2.4 B-shares effective 6 June 2023 in terms of the scheme of arrangement.
- The bonus element to shares issued in relation to the dividend re-investment plan. Participation in the re-investment option resulted in shareholders holding 250 861 411 Dipula shares or 28.07% of Dipula shares (prior to the election) qualifying to receive the cash dividend elected to receive the re-investment option, resulting in the issue of 18 253 926 new shares. The price per share applicable to Dipula shareholders electing the re-investment option was R3.52 per share. The re-investment price represented a 3.00% discount to the 30-day volume weighted average traded price (less the cash dividend).

Basic and headline earnings per share are based on the weighted average number of shares in issue.

29. Cash generated from operations

	Notes	Consolidated		Company	
		2023 R'000	2022 R'000	2023 R'000	2022 R'000
Profit before taxation		678 713	1 077 857	449 164	685 821
Adjusted for:					
Dividends received from group companies		–	–	(736 170)	(764 038)
Rental guarantee		–	18 209	–	–
Finance costs	26	329 663	290 517	266 923	242 783
Finance income	25	(15 549)	(15 273)	(6 994)	(6 591)
Fair value adjustment		(152 649)	(519 919)	25 157	(151 141)
Straight-lining income accrual	4	8 660	13 316	183	(86)
Depreciation – property, plant and equipment		992	853	923	848
Share-based payment expense	15	5 729	6 566	5 729	6 566
(Decrease)/increase in expected credit loss	23	(2 681)	1 376	538	299
Amortisation of tenant installations	3	6 012	4 682	499	402
Amortisation of leasing commissions	3	11 142	10 110	309	253
Operating income before working capital changes		870 032	888 294	6 261	15 116
Working capital changes		(23 126)	(23 299)	(35 370)	(19 907)
(Increase)/decrease in trade and other receivables		(2 658)	(28 380)	8 341	(13 099)
(Decrease)/increase in trade and other payables		(20 468)	5 081	(43 711)	(6 808)
Net cash generated from/(utilised in) operations		846 906	864 995	(29 109)	(4 791)

30. Dividends paid

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Dividends paid	(507 847)	(550 504)	(507 865)	(550 504)
Dividends paid to non-controlling interest	(28 537)	(28 702)	–	–
Dividends to non-controlling interest – non-cash flow	–	–	–	–
Dividends subsequently paid to non-controlling interest	–	(9 086)	–	–
	(536 385)	(588 292)	(507 865)	(550 504)
Dividends paid	(507 847)	(550 504)	(507 865)	(550 504)
No A-shares present in 2023. 2022:				
A-shareholders 119.86550 cents per share	–	(276 663)	–	(276 663)
B-shareholders 59.69607 cents per share (2022: 123.94261 cents per share)	(507 847)	(273 841)	(507 865)	(273 841)

Refer note 13 for further detail on dividend re-investment plan executed in the current year impacting dividends paid.

Notes to the Annual Financial Statements (continued)

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31. Taxation paid

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Opening balance	–	(3 469)	–	(3 440)
Normal tax – current year	–	–	–	–
SARS interest – current year	–	346	–	346
SARS interest – paid	–	3 094	–	3 094
SARS – owing	–	29	–	–
	–	–	–	–

32. Commitments

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Capital commitments				
Property improvements	47 500	109 000	–	–
– approved	47 500	109 000	–	–
Put option settlement	–	25 182	–	28 447
Total capital commitments	47 500	134 182	–	28 447

The commitments will be funded using a combination of proceeds from disposals and is expected to be spent in the next 12 months.

33. Minimum lease payments receivable

Future minimum lease payments comprise contractual rental income, excluding the straight-line lease adjustment, and operating expense recoveries due in terms of signed lease agreements on investment properties:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
– Receivable within one year	859 872	1 024 158	32 236	38 405
– Receivable within two to five years	1 882 617	2 192 408	85 250	87 016
– Receivable within year six	101 071	208 606	–	12 964
– Receivable within year seven to 10 years	216 068	620 868	–	2 344
	3 059 628	4 046 040	117 486	140 729

The Group has entered into operating leases on its investment property portfolio consisting of certain office, retail, industrial buildings and residential units. These leases have on average terms of between 12 months and 10 years.

Future minimum lease payments have only been disclosed up to a 10-year period.

34. Contingent liabilities and guarantees

Guarantees

Municipal guarantees

Guarantees totalling R6.2 million (2022: R6.2 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.

Subsidiary loan guarantees

Dipula has guaranteed the interest-bearing liabilities of the following subsidiaries with their respective debt funders:

	Interest-bearing liability as at 31 August 2023 R'000	Interest-bearing liability as at 31 August 2022 R'000
Jarrabilla Investments Proprietary Limited	93 000	93 000
Lizinex Proprietary Limited	28 200	28 200
Gillwell Taxi Retail Park Proprietary Limited	195 142	195 142
Bajascap Proprietary Limited	49 195	59 730
	365 537	376 072

An expected credit loss assessment was performed on the financial guarantees and it was determined that no liability is required at this time in accordance with the requirements of IFRS 9.

Litigations in process

The Dipula Property Investment Trust was party to an arbitration dispute with one of its suppliers in the 2022 financial year. During the current financial year the matter was settled in favour of The Dipula Property Investment Trust with no loss to the Group.

35. Financial risk management

The Group's financial instruments consist mainly of loans receivable (note 7), cash and cash equivalents (note 11), derivative financial instruments – swaps (note 6), interest-bearing liabilities (note 17), loans with subsidiaries (note 8), trade and other receivables (note 10), trade and other payables (note 19) and lease liabilities (note 18). In respect of the aforementioned financial instruments, carrying value approximates fair value, except as otherwise stated (note 8).

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

- Credit risk
- Liquidity risk
- Market risk

The Company's 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 Group Audit and Risk Committee.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes to market conditions and the Group's activities.

Notes to the Annual Financial Statements (continued)

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35. Financial risk management (continued)

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.

The Group Audit and Risk Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reports to the Board of directors on a regular basis on its activities.

35.1 Credit risk management

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 balances, loans receivable and derivative financial assets held with financial institutions.

The carrying amounts of financial assets represent the maximum credit exposure. Impairment losses on financial assets recognised in profit or loss relate to trade and other receivables.

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each tenant. The characteristics are determined by the size and financial position of each tenant.

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 creditworthiness before the Group's standard payment terms and conditions are offered. When available, the Group's review includes external ratings.

Trade and other receivables relate mainly to the Group's tenants and deposits with municipalities. The ECL on deposits is considered immaterial since most deposits are with reputable institutions.

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.

An individual account-by-account assessment was done in the current financial year on debtors to determine the ECL. The total impairment loss that was raised amounted to R11 million (2022: R5.5 million). In the Company an ECL amount of R538k was raised during the year (2022: R299k).

In considering the expected credit loss, the following forward-looking factors were taken into account:

- Financial state of the tenant and any indication of financial distress based on most recent information available and management discussions
- Commitments made for payment and whether they are realistically based on history and tenant relationship
- Current economic state

The Group divided its debtors into low, medium to high risk debtors based on the industry it operates in.

Low risk tenants

- Financial institutions
- Government
- National

Med-high risk tenants

- Residential
- Restaurants
- SME
- Medical

35. Financial risk management (continued)

35.1 Credit risk management (continued)

Exposures within each group were segmented based on common conditions during the period over which the historical data was collected, current conditions and the Group's view of the economic conditions over the expected lives of the receivables.

Low risk tenants

Government tenants are classified as low risk tenants as they share common credit risk characteristics which include slow payment behaviour, administrative delays and disputes relating to amounts owed. The time value of money as well as a forward-looking allowance for expected dispute losses are therefore factored into the loss rates based on past experience with the specific tenant. This is reflected in the increased trade receivables moving into 90 to 120 day brackets. While these tenants may be considered slow payers management has taken all the factors into consideration and has assessed the credit risk of non-payment as low based on historical data, current conditions and the Group's view of economic conditions over the expected lives of the receivables as reflected in the ECL rates.

Med-high risk tenants

Tenants included in this category are smaller tenants who are facing significant pressure as a result of challenging South African market conditions, increased load shedding, municipal delivery issues, inflationary increases and interest rate hikes during the financial year. This category includes SME businesses and restaurants who have similar credit risk characteristics.

	Consolidated				
	Current R'000	30 days R'000	60-90 days R'000	120 + days R'000	Total R'000
2023					
Low risk tenants					
Trade receivables – gross carrying amount					
Financial institutions	324	411	2 732	5 612	9 079
Government	2 736	2 781	1 865	3 801	11 182
National	6 948	962	804	6 387	15 101
% impairment (ECL)					
Financial institutions	–	–	–	37%	23%
Government	–	–	–	–	–
National	–	–	–	22%	9%
Impairment (ECL)					
Financial institutions	–	–	–	(2 094)	(2 094)
Government	–	–	–	–	–
National	–	–	–	(1 390)	(1 390)
Net trade receivables	10 008	4 154	5 401	12 316	31 878

Notes to the Annual Financial Statements (continued)

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35. Financial risk management (continued)**35.1 Credit risk management** (continued)

	Consolidated				
	Current R'000	30 days R'000	60-90 days R'000	120 + days R'000	Total R'000
Med-high risk tenants					
Trade receivables – gross carrying amount					
Residential	424	194	174	1 352	2 144
Restaurants	1 181	676	890	14 188	16 935
SME	5 856	3 792	7 644	72 347	89 639
Medical	217	185	171	1 143	1 716
% impairment (ECL)					
Residential	–	–	87%	100%	76%
Restaurants	–	–	–	53%	44%
SME	–	1%	3%	44%	36%
Medical	–	–	–	64%	43%
Impairment (ECL)					
Residential	(42)	(83)	(153)	(1 346)	(1 624)
Restaurants	–	–	–	(7 523)	(7 523)
SME	(1)	(37)	(246)	(31 547)	(31 832)
Medical	–	–	(1)	(737)	(738)
Net trade receivables	7 635	4 726	8 479	47 877	68 718
Total net trade receivables	17 643	8 880	13 879	60 193	100 596

	Consolidated				
	Current R'000	30 days R'000	60-90 days R'000	120 + days R'000	Total R'000
2022					
Low risk tenants					
Trade receivables – gross carrying amount					
Financial institutions	645	616	858	3 650	5 769
Government	3 844	2 615	6 495	3 618	16 571
National	3 180	633	468	5 195	9 476
% impairment (ECL)					
Financial institutions	–	–	–	31%	20%
Government	–	–	–	1%	–
National	–	–	–	63%	35%
Impairment (ECL)					
Financial institutions	–	–	–	(1 145)	(1 145)
Government	–	–	–	(53)	(53)
National	–	–	–	(3 278)	(3 278)
Net trade receivables	7 669	3 864	7 821	7 988	27 342

35. Financial risk management (continued)
35.1 Credit risk management (continued)

	Consolidated				
	Current R'000	30 days R'000	60-90 days R'000	120 + days R'000	Total R'000
Med-high risk tenants					
Trade receivables – gross carrying amount					
Residential	147	45	109	1 931	2 233
Restaurants	746	638	1 056	14 874	17 314
SME	7 200	6 845	6 983	58 346	79 375
Medical	534	99	146	1 211	1 989
% impairment (ECL)					
Residential	–	–	–	69%	60%
Restaurants	–	–	–	69%	60%
SME	–	–	3%	52%	52%
Medical	–	–	–	79%	49%
Impairment (ECL)					
Residential	–	–	–	(1 337)	(1 337)
Restaurants	–	–	–	(10 317)	(10 317)
SME	(3)	(12)	(184)	(30 586)	(30 786)
Medical	(1)	–	(8)	(957)	(966)
Net trade receivables	8 623	7 615	8 102	33 165	57 506
Total net trade receivables	16 292	11 479	15 923	41 153	84 847

	Company				
	Current R'000	30 days R'000	60-90 days R'000	120 + days R'000	Total R'000
2023					
Low risk tenants					
Trade receivables – gross carrying amount					
Financial institutions	2	–	–	–	2
National	69	2	–	710	782
% impairment (ECL)					
Financial institutions	–	–	–	–	–
National	–	–	–	88%	80%
Impairment (ECL)					
Financial institutions	–	–	–	–	–
National	–	–	–	(626)	(626)
Total low risk impairment	–	–	–	(626)	(626)
Net low risk trade receivables	71	2	–	85	158

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35. Financial risk management (continued)**35.1 Credit risk management** (continued)

	Company				
	Current R'000	30 days R'000	60-90 days R'000	120 + days R'000	Total R'000
Med-high risk tenants					
Trade receivables – gross carrying amount					
Restaurants	2	2	9	147	160
SME	346	27	19	974	1 366
Medical	6	–	–	–	6
% impairment (ECL)					
Restaurants	–	–	–	2%	2%
SME	–	–	–	57%	57%
Medical	–	–	–	–	–
Impairment (ECL)					
Restaurants	–	–	–	(3)	(3)
SME	–	–	–	(555)	(555)
Medical	–	–	–	–	–
Total med-high risk impairment	–	–	–	(558)	(558)
Net med-high risk trade receivables	355	29	28	563	975
Total net trade receivables	426	31	28	647	1 133

	Company				
	Current R'000	30 days R'000	60-90 days R'000	120 + days R'000	Total R'000
2022					
Low risk tenants					
Trade receivables – gross carrying amount					
National	–	6	10	1 258	1 273
% impairment (ECL)					
National	–	–	–	51%	51%
Impairment (ECL)					
National	–	–	–	(646)	(646)
Net trade receivables	–	6	10	612	627
Med-high risk tenants					
Trade receivables – gross carrying amount					
SME	67	579	69	966	1 681
% impairment (ECL)					
SME	–	–	–	–	–
Impairment (ECL)					
SME	–	–	–	–	–
Net med-high risk trade receivables	67	579	69	966	1 681
Total net trade receivables	67	585	79	1 578	2 308

35. Financial risk management (continued)
35.1 Credit risk management (continued)

	Consolidated	
	2023 R'000	2022 R'000
Movements on the impairment of trade receivables are as follows:		
Balance at the beginning of the year	47 882	47 678
Amounts written off	(13 799)	(5 264)
Additional impairment recognised – through profit or loss	11 118	5 468
Closing balance at year end	45 201	47 882

	Company	
	2023 R'000	2022 R'000
Movements on the impairment of trade receivables are as follows:		
Balance at the beginning of the year	646	326
Additional impairment reversed/recognised – through profit or loss	538	320
Closing balance at year end	1 184	646

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

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Group's maximum exposure to credit risk.

Management and the Board consider the ECL to be adequate for any material credit risk exposure.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Maximum exposure to credit losses from receivables, after impairment				
Trade receivables (note 10)	112 586	98 805	1 133	2 329
Less: VAT	(19 017)	(17 312)	(302)	(385)
Less: Rental discounts accrued	(11 990)	(13 958)	–	(21)
Other receivables (note 10)	102 905	119 524	14 636	14 636

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

35. Financial risk management (continued)**35.1 Credit risk management** (continued)

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Credit risk exposure on trade and other receivables	184 484	187 059	15 467	16 559
Credit risk exposure mitigated through:				
Tenant deposits held (note 10)	(22 161)	(19 780)	–	(511)
Tenant bank guarantees held	(9 353)	(11 273)	–	–
Residual exposure on trade and other receivables	152 970	156 006	15 467	16 048
Loans with subsidiaries (note 8)	–	–	6 458 054	6 429 448
Loans receivable (note 7)	412	1 537	–	–
Cash and cash equivalents (note 11)	61 551	64 242	25 339	39 614
Financial guarantee contracts (note 34)	–	–	365 537	376 072
Residual exposure	214 933	221 785	6 864 395	6 861 182

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

The directors have performed assessments on ECL for all other receivables that are classified as financial assets and have assessed this as immaterial and 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. Refer to note 34.

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

The sureties are backed by second bonds on the property.

Loans to subsidiaries

Loans to subsidiaries is low risk due to the fact that loans are only made to entities known to the directors where their recoverability is assured beyond any reasonable doubt. Recoverability of all loans to subsidiaries at year end has been assessed by evaluating the lending entities liquidity and net asset value position. ECL for loans to subsidiaries was considered and assessed as immaterial.

35. Financial risk management (continued)

35.2 Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations relating to 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 income on a monthly basis and deposits this into its call account or access facilities of the bank loans until the cash is required to pay dividends. 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.

Maturities of financial liabilities

The tables below analyse the Group and Company's financial liabilities into relevant maturity groupings based on their contractual maturities for all non-derivative and derivative financial liabilities. The amounts disclosed in the tables for non-derivative financial liabilities are the contractual undiscounted cash flows, and the amounts for derivatives are the current mark-to-market valuations. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

	Consolidated					
	Less than six months R'000	One year R'000	Two years R'000	Three to five years R'000	More than five years R'000	Total R'000
Year ended 31 August 2023						
Financial liabilities						
Interest-bearing liabilities	1 268 310	150 100	1 242 389	891 795	–	3 552 593
Interest-bearing liabilities – finance costs	64 000	11 960	74 235	48 265	–	198 460
Lease liabilities	4 446	4 446	9 043	28 206	450 509	496 649
Derivative financial instruments	–	–	366	4 383	–	4 749
Trade and other payables	80 506	59 120	–	–	–	139 626
Total financial liabilities	1 417 261	225 625	1 326 033	972 648	450 509	4 392 077
Year ended 31 August 2022						
Financial liabilities						
Interest-bearing liabilities	710 959	454 009	1 042 163	1 309 615	–	3 516 746
Interest-bearing liabilities – finance costs	12 030	213 119	171 396	97 955	4 231	498 731
Lease liabilities	4 283	4 283	9 135	27 405	460 109	505 215
Derivative financial instruments	1 711	1 807	–	1 819	3 957	9 294
Trade and other payables	123 816	80 127	–	–	–	203 943
Total financial liabilities	852 799	753 345	1 222 694	1 436 794	468 297	4 733 929

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for the year ended 31 August 2023

35. Financial risk management (continued)**35.2 Liquidity risk** (continued)

	Company					
	Less than six months R'000	One year R'000	Two years R'000	Three to five years R'000	More than five years R'000	Total R'000
Year ended 31 August 2023						
Financial liabilities						
Interest-bearing liabilities	1 143 186	150 100	947 648	787 296	–	3 028 229
Interest-bearing liabilities – finance costs	57 729	11 960	57 768	40 144	3 509	171 110
Financial guarantees issued to banks for subsidiary loans	–	–	170 395	–	195 142	365 537
Derivative financial instruments	–	–	366	4 383	–	4 749
Trade and other payables	(1 681)	268	–	–	–	(1 413)
Total financial liabilities	1 199 233	162 328	1 176 176	831 823	198 651	3 568 211
Year ended 31 August 2022						
Financial liabilities						
Interest-bearing liabilities	710 959	452 055	795 077	1 014 872	–	2 972 963
Interest-bearing liabilities – finance costs	12 030	176 641	137 258	54 760	–	380 689
Financial guarantees issued to banks for subsidiary loans	–	–	121 200	195 142	59 730	376 072
Derivative financial instruments	1 711	1 807	–	1 819	3 957	9 294
Trade and other payables	45 840	24 624	–	–	–	70 464
Total financial liabilities	770 540	655 127	1 053 535	1 266 593	63 687	3 809 482

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. The future cash flows on derivative instruments may be different from the amount in the above table as interest rates change. Except for financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

The net current liability position in the Group and the Company is largely due to the short-term portion of interest-bearing liabilities amounting to R1 418 million (2022: R1 165 million) in the Group and R1 293 million (2022: R1 163 million) in the Company.

Subsequent to year end, the Group has entered into a debt syndication programme aimed at diversifying its funding sources and ensuring competitive funding rates and terms are secured. The programme includes the refinancing of the Group's entire debt portfolio including all interest bearing liabilities falling due within the next 12 months in line with the REIT funding structure framework. The debt restructure programme is in the conclusion phase, resulting in the renewal of R3.6 billion (2022: R711 million) in facilities at a weighted average margin of 1.76% (2022: 2.02%) for a weighted average period of 4.07 years (2022: 3.6 years) at issue date.

35. Financial risk management (continued)

35.3 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 floating interest rates, with corresponding swaps to hedge the risk, except for the Cashbuild loan which carries a fixed interest rate.

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, long-term balances as well as its hedges.

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

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Sensitivity analysis				
Fair value sensitivity (mark to market on interest rate swaps)				
– 0.50% increase in interest rate	15 122	13 049	15 122	13 049
– 1.00% increase in interest rate	12 897	24 310	12 897	24 310
– 1.50% increase in interest rate	13 167	51 403	13 167	51 403
Cash flow sensitivity (interest-bearing borrowings)				
– 0.50% increase in interest rate	(18 458)	(13 320)	(15 692)	(11 223)
– 1.00% increase in interest rate	(36 915)	(26 640)	(31 385)	(22 446)
– 1.50% increase in interest rate	(55 373)	(39 960)	(47 077)	(33 669)

The sensitivity analysis is based on the contractual terms of the derivatives and the estimated movement in the prime and JIBAR rates. The values are obtained from external providers.

Currency risk

The Group has no exposure to currency risk.

Equity price risk

The Group is not exposed to equity price risk.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

35. Financial risk management (continued)

35.4 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 in its entirety.

The different levels have been defined as follows:

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

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

For derivative financial instruments, the fair value of interest rate swaps is based on statement valuations from reputable financial institutions.

These statements 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 and Risk 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 re-assessed 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.

At 31 August 2023, the property portfolio was valued at R9.8 billion (2022: R9.7 billion). Refer to note 3 for further details.

The fair values of the properties are estimated using a discounted cash flow method, which capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields. The estimated rental stream takes into account current occupancy levels, estimates of future vacancy levels, the terms of in-place leases and expectations of rentals from future leases over the remaining economic life of the properties.

The estimated fair value would increase/(decrease) if the expected market rental growth was higher/(lower), the discount rate was lower/(higher) and/or the capitalisation rate was lower/(higher).

The most significant inputs are the discount rate, the expected rental growth and the capitalisation rate.

In an endeavour to provide more detail regarding the significant unobservable input for investment property – level 3, the below tables have been prepared.

35. Financial risk management (continued)

35.4 Fair values (continued)

Valuation technique and significant unobservable inputs – Investment property – level 3

Measurement of fair value

The assets and liabilities measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

R'000	Level 1	Level 2	Level 3	Total
2023				
ASSETS				
Investment property	–	–	9 733 570	9 733 570
Derivative financial assets – swaps	–	52 562	–	52 562
Investment property held-for-sale	–	–	39 081	39 081
Total	–	52 562	9 772 651	9 825 213
LIABILITIES				
Derivative financial liabilities – swaps	–	4 749	–	4 749
Total	–	4 749	–	4 749

R'000	Level 1	Level 2	Level 3	Total
2022				
ASSETS				
Investment property	–	–	9 583 856	9 583 856
Derivative financial assets – swaps	–	61 836	–	61 836
Investment property held-for-sale	–	–	37 445	37 445
Total	–	61 836	9 621 301	9 683 137
LIABILITIES				
Derivative financial liabilities – swaps	–	9 294	–	9 294
Total	–	9 294	–	9 294

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; and
- Level 3: Inputs for assets or liabilities that are not based on observable market data.

There were no changes in valuation techniques and there were no transfers between level 1, level 2 and level 3 during the period.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

35. Financial risk management (continued)**35.4 Fair values** (continued)**Investment property**

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

The remaining two-thirds are valued internally by directors.

The properties are valued using either the discounted cash flow or capitalisation methods by the internal and external valuers. The valuations are done on an open market basis with consideration given to the future earnings potential and applying an appropriate capitalisation rate to a property. The capitalisation rates used range between 8.0% and 13.5% (2022: 8.0% and 14.0%). Investment properties held-for-sale were valued at the net sale price, which is considered to be the fair value.

Investment properties have been categorised as level 3. There has been no material change between levels during the period and there were no transfers between levels.

Derivative financial instruments

Financial instruments are measured at fair value.

- The fair value of interest rate swaps are based on statement valuations from reputable financial institutions. Those valuations are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the reporting date.

Derivative financial instruments – swaps have been categorised as level 2. There has been no material change between levels during the period and there were no transfers between levels.

Movement in level 3 instruments

	Investment property 2023	Investment property held-for-sale 2023	Investment property 2022	Investment property held-for-sale 2022	Option premium 2022
Balance at the beginning of the year	9 583 856	37 445	9 108 970	101 242	(3 568)
Acquisitions/additions	146 907	–	93 247	–	–
Change in fair value	161 616	(13 695)	365 981	(2 141)	3 568
Transferred from/(to) non-current assets held-for-sale	(169 731)	169 731	9 145	(9 145)	–
Disposals	–	(154 400)	–	(52 511)	–
Right-of-use asset	1 962	–	2 188	–	–
Net tenant installation/lease commission	8 960	–	4 325	–	–
Balance at the end of the year	9 733 570	39 081	9 583 856	37 445	–

35. Financial risk management (continued)

35.4 Fair values (continued)

Significant unobservable inputs and ranges of estimates used

	Discount rate		Capitalisation rate		Vacancy rate	Gross rental	Rental growth
	Range %	Weighted average %	Range %	Weighted average %	Range %	Range R/m ²	Range %
2023							
Total portfolio	12 – 16	13.90	8 – 13.5	10.20	1 – 9	30 – 460	2 – 5
Retail	12 – 16	13.70	8 – 13	9.90	2 – 8	45 – 650	2 – 6
Office	13 – 15	14.20	9 – 12	10.30	5 – 20	54 – 358	(5) – (2)
Industrial	13 – 15	14.20	9 – 14	10.80	0 – 4	32 – 138	3 – 6
Residential	13 – 15	13.10	9 – 9	9.00	0 – 7	103 – 256	3 – 6

	Discount rate		Capitalisation rate		Vacancy rate	Gross rental	Rental growth
	Range %	Weighted average %	Range %	Weighted average %	Range %	Range R/m ²	Range %
2022							
Total portfolio	10 – 16	13.80	8 – 14	10.20	0 – 10	20 – 450	1 – 4
Retail	11 – 16	13.40	8 – 12	9.90	0 – 8	51 – 450	2 – 5
Office	13 – 16	14.30	9 – 12	10.30	0 – 20	74 – 320	(5) – (3)
Industrial	13 – 16	14.30	9 – 14	10.80	0 – 4	20 – 80	2 – 5
Residential	13 – 15	13.50	9 – 10	8.80	0 – 10	17 – 156	2 – 5

The valuations of the investment properties are sensitive to changes in the unobservable inputs used in the valuations. Changes to one of the observable inputs, while holding the other inputs constant, would have the following effects on the fair value of investment property and fair value adjustments in profit or loss.

	Impact on valuation							
	Discount rate (0.5%) %	Discount rate +0.5% %	Capitalisation rate (0.5%) %	Capitalisation rate +0.5% %	Market rentals +5% %	Market rentals (5%) %	Vacancy rate +1.0% %	Vacancy rate (1.0%) %
2023								
Total portfolio	1.69	(1.95)	3.37	(3.32)	4.87	(5.09)	(0.99)	0.95
Retail	1.63	(2.00)	3.40	(3.46)	4.99	(5.17)	(1.00)	0.96
Office	1.81	(1.80)	3.16	(2.93)	4.99	(4.75)	(0.99)	0.92
Industrial	1.75	(1.84)	3.28	(2.97)	4.31	(5.06)	(0.86)	0.79
Residential	2.06	(1.98)	3.83	(3.42)	4.66	(4.84)	(1.38)	1.47

Notes to the Annual Financial Statements (continued)

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35. Financial risk management (continued)**35.4 Fair values** (continued)

	Impact on valuation							
	Discount rate (0.5%) %	Discount rate +0.5% %	Capitalisation rate (0.5%) %	Capitalisation rate +0.5% %	Market rentals +5% %	Market rentals (5%) %	Vacancy rate +1.0% %	Vacancy rate (1.0%) %
2022								
Total portfolio	1.80	(1.90)	2.80	(3.20)	5.90	(5.10)	(1.13)	0.73
Retail	1.79	(1.92)	2.19	(3.33)	6.49	(5.19)	(1.17)	0.58
Office	1.79	(1.76)	3.34	(3.10)	5.08	(5.03)	(0.99)	0.90
Industrial	1.90	(1.64)	4.67	(2.75)	3.82	(5.01)	(0.93)	0.82
Residential	2.00	(2.01)	4.13	(3.67)	6.08	(5.30)	(1.56)	1.48

35.5 Categories of financial assets and financial liabilities

	Consolidated			
	Financial assets/ liabilities at amortised cost R'000	Financial assets/ liabilities at FVTPL R'000	Non- financial assets/ liabilities R'000	Total R'000
Year ended 31 August 2023				
Financial assets				
Trade and other receivables	203 501	–	3 333	206 835
Derivative financial instruments	–	39 023	–	39 023
Loans receivable	6 122	–	–	6 122
Cash and cash equivalents	61 551	–	–	61 551
Total financial assets	271 174	39 023	3 333	313 530
Financial liabilities				
Interest-bearing liabilities	3 552 593	–	–	3 552 593
Lease liabilities	118 132	–	–	118 132
Derivative financial instruments	–	4 749	–	4 749
Trade and other payables	139 626	–	43 595	183 221
Total financial liabilities	3 810 351	4 749	43 595	3 858 695

35. Financial risk management (continued)

35.5 Categories of financial assets and financial liabilities (continued)

	Consolidated			
	Financial assets/ liabilities at amortised cost R'000	Financial assets/ liabilities at FVTPL R'000	Non- financial assets/ liabilities R'000	Total R'000
Year ended 31 August 2022				
Financial assets				
Trade and other receivables	204 371	–	4 902	209 273
Derivative financial instruments	–	61 836	–	61 836
Loans receivable	7 965	–	–	7 965
Cash and cash equivalents	64 242	–	–	64 242
Total financial assets	276 578	61 836	4 902	343 316
Financial liabilities				
Interest-bearing liabilities	3 516 746	–	–	3 516 746
Lease liabilities	115 834	–	–	115 834
Derivative financial instruments	–	9 294	–	9 294
Trade and other payables	203 943	–	49 459	253 402
Total financial liabilities	3 836 523	9 294	49 459	3 895 276
	Company			
	Financial assets/ liabilities at amortised cost R'000	Financial assets/ liabilities at FVTPL R'000	Non- financial assets/ liabilities R'000	Total R'000
Year ended 31 August 2023				
Financial assets				
Trade and other receivables	9 581	–	153	9 735
Derivative financial instruments	–	39 023	–	39 023
Loans- subsidiaries	6 458 054	–	–	6 458 054
Interest in subsidiaries	–	–	857 355	857 355
Cash and cash equivalents	25 339	–	–	25 339
Total financial assets	6 492 973	39 023	857 508	7 389 505
Financial liabilities				
Interest-bearing liabilities	3 028 229	–	–	3 028 229
Derivative financial instruments	–	4 749	–	4 749
Trade and other payables	(1 413)	–	3 665	2 252
Total financial liabilities	3 026 816	4 749	3 665	3 035 230

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

35. Financial risk management (continued)**35.5 Categories of financial assets and financial liabilities** (continued)

	Company			
	Financial assets/ liabilities at amortised cost R'000	Financial assets/ liabilities at FVTPL R'000	Non- financial assets/ liabilities R'000	Total R'000
Year ended 31 August 2022				
Financial assets				
Trade and other receivables	16 944	–	594	17 538
Derivative financial instruments	–	61 836	–	61 836
Loans – subsidiaries	6 429 448	–	–	6 429 448
Interest in subsidiaries	–	–	871 631	871 631
Cash and cash equivalents	39 614	–	–	39 614
Total financial assets	6 486 006	61 836	872 225	7 420 067
Financial liabilities				
Interest-bearing liabilities	2 972 963	–	–	2 972 963
Derivative financial instruments	–	9 294	–	9 294
Trade and other payables	70 464	–	3 295	73 759
Total financial liabilities	3 043 427	9 294	3 295	3 056 016

36. Capital management

The capital structure of the Group consists of net debt and equity of the Group.

The net debt consists of interest-bearing liabilities disclosed in note 17 less cash and cash equivalents disclosed in note 11.

The equity comprises stated capital, reserves, retained earnings and non-controlling interests.

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. The Group may maintain or adjust the capital structure through various mechanisms, including issuing new shares or selling assets to reduce debt.

There were no changes in the Group's approach to capital management during the year.

One of the measures that the Group employs to monitor capital is the calculation of a LTV ratio, as determined by the ratio of net debt to the fair value of property assets, consistent with others in the industry.

36. Capital management (continued)

Covenants

At a Group level, Dipula's strictest covenant requirements with its various debt providers is a loan to value ("LTV") ratio of 50% and an interest cover ratio ("ICR") of 2 times.

Dipula's covenant levels were substantially within the approved limits at the reporting date, as follows:

	Consolidated	
	2023	2022
LTV	35.7%	35.9%
ICR	2.8 times	3.19 times

Unutilised borrowings

The unutilised borrowings of the Group are reflected below:

	Consolidated	
	2023 R'000	2022 R'000
Value of the property portfolio	9 772 651	9 621 301
50% thereof (2022: 50% thereof)	4 886 326	4 810 651
Borrowings utilised	(3 552 593)	(3 516 746)
Unutilised borrowings capacity	1 333 733	1 293 905

37. Related party transactions

37.1 Related parties

Related 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.

All transactions with related parties are at arm's length.

Related parties with whom Dipula transacted during the year includes subsidiaries (note 8) and joint operations (note 9). The transactions are as follows:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Property management fees (note 21)	–	–	31 787	30 119
Gillwell Taxi Retail Park Proprietary Limited	–	–	1 115	822
Emerald Fire Investments Proprietary Limited	–	–	1 934	1 989
Jarrabilla Investments Proprietary Limited	–	–	950	918
Lizinex Proprietary Limited	–	–	1 943	1 863
Luxanio Trading 181 Proprietary Limited	–	–	2 403	2 409
Mergence Africa Property Investment Trust	–	–	18 201	17 701
Seshego Circle Consortium	–	–	1 219	1 163
The Dipula Property Investment Trust	–	–	3 267	3 035
Hynorex Proprietary Limited	–	–	703	219
Detnet Consortium	–	–	50	–

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

37. Related party transactions (continued)**37.1 Related parties** (continued)

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Building management recoveries (note 21)	–	–	3 664	3 479
Emerald Fire Investments Proprietary Limited	–	–	30	73
Gillwell Taxi Retail Park Proprietary Limited	–	–	331	310
Jarrabilla Investments Proprietary Limited	–	–	77	60
Lizinex Proprietary Limited	–	–	86	60
Luxanio Trading 181 Proprietary Limited	–	–	111	170
Mergence Africa Property Investment Trust	–	–	2 759	2 607
Seshego Circle Consortium	–	–	209	199
Hynorex Proprietary Limited	–	–	63	–
Asset management fees (note 21)	–	–	21 115	20 734
Emerald Fire Investments Proprietary Limited	–	–	1 334	1 387
Gillwell Taxi Retail Park Proprietary Limited	–	–	954	904
Hynorex Proprietary Limited	–	–	442	338
Jarrabilla Investments Proprietary Limited	–	–	933	901
Lizinex Proprietary Limited	–	–	1 151	1 046
Luxanio Trading 181 Proprietary Limited	–	–	2 228	2 304
Mergence Africa Property Investment Trust	–	–	12 189	11 836
The Dipula Property Investment Trust	–	–	1 883	2 018
Total	–	–	56 567	54 332
Distribution/dividends from group companies	–	–	736 170	764 038
Asakhe Realty Investment Fund Proprietary Limited	–	–	40 893	40 946
Bajascap Proprietary Limited	–	–	28 549	28 714
Gillwell Taxi Retail Park Proprietary Limited	–	–	25 568	18 859
Luxanio Trading 181 Proprietary Limited	–	–	64 510	84 251
Mergence Africa Property Fund Proprietary Limited	–	–	84 943	83 326
Mergence Africa Property Investment Trust	–	–	434 255	437 829
Phepha Prop 006 Proprietary Limited	–	–	9 053	9 008
The Dipula Property Investment Trust	–	–	37 570	59 923
Unlocked Properties 18 Proprietary Limited	–	–	10 829	1 183

37. Related party transactions (continued)

37.1 Related parties (continued)

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Loans receivable from group companies (note 8)	–	–	6 458 054	6 429 448
Asakhe Realty Investment Fund Proprietary Limited	–	–	193 080	182 145
Bajascap Proprietary Limited	–	–	7 072	329
Dipula Asset Management Trust	–	–	5 804	5 785
Dipula Property Management Proprietary Limited	–	–	36	57
Gillwell Taxi Retail Park Proprietary Limited	–	–	155 851	138 268
Luxanio Trading 181 Proprietary Limited	–	–	718 083	691 861
Mergence Africa Property Fund Proprietary Limited	–	–	688 628	706 029
Mergence Africa Property Investment Trust	–	–	3 782 647	3 755 936
Phepha Prop 006 Proprietary Limited	–	–	140 701	141 385
The Dipula Property Investment Trust	–	–	716 582	760 712
Unlocked Properties 18 Proprietary Limited	–	–	49 568	46 941

Refer to note 35 for ECL consideration.

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
Related parties outside the Group	(25 355)	(8 844)	(24 771)	(8 844)
Qvest Consulting Proprietary Limited – professional fees*	(24 421)	(8 622)	(24 421)	(8 622)
MAC Capital Solutions Proprietary Limited – administration costs*	(855)	(699)	(855)	(699)
MAC Capital Solutions Proprietary Limited – rent received*	505	477	505	477
R Asmal – consulting fees	(584)	–	–	–

* Amounts were (paid to) received from companies which IS Petersen (Executive Director) is associated with.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

37. Related party transactions (continued)**37.2 Directors' remuneration****NON-EXECUTIVE DIRECTORS****Short-term benefits**

Fees earned for services as Non-Executive Directors of the Company were as follows:

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
BH Azizollahoff*	556	524	524	524
SA Halliday [#]	347	436	436	436
E Links*	413	520	520	520
ZJ Matlala (Chairperson)*	580	548	548	548
Y Waja*	504	634	634	634
Z Adams*	277	–	277	–
K Teeroovengadam [#]	238	–	238	–
N Khoele [#]	272	–	272	–
	3 187	2 662	3 448	2 662

* Directors' fees include VAT charged.

[#] Directors' fees do not include VAT charged.**EXECUTIVE DIRECTORS**

	STI			
	Salary	Bonus	LTI	Total
2023				
IS Petersen*	5 488	9 302	9 632	24 421
R Asmal	1 465	4 298	4 421	10 184
S Moodley	1 458	–	–	1 458
Total	8 411	13 600	14 053	36 064
2022				
IS Petersen*	5 177	3 445	–	8 622
R Asmal	2 644	1 513	–	4 157
Total	7 821	4 958	–	12 779

* Amount paid by the Group to QVEST Consulting Proprietary Limited for services rendered by IS Petersen. IS Petersen is the sole shareholder of the Company.

The directors are the prescribed officers of the Group as well.

NON-EXECUTIVE DIRECTOR – TRUSTEES FEES

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

	Consolidated		Company	
	2023 R'000	2022 R'000	2023 R'000	2022 R'000
BH Azizollahoff	107	115	–	–

37. Related party transactions (continued)

37.2 Directors' remuneration (continued)

Share-based payments

The conditional share plan provided for participants to be awarded rights to a specified number of Dipula B-shares, the vesting of which is conditional upon the extent the performance conditions have been satisfied.

		Number of unexercised options as at 31 August 2023	Number of options granted	Number of unexercised options as at 31 August 2022	Vesting date
IS Petersen	Tranche 1 – Dipula B-shares	–	834 161	–	22 Aug 22
	Tranche 2 – Dipula B-shares	–	2 109 280	2 109 280	19 Feb 23
	Tranche 3 – Dipula B-shares	1 754 520	1 754 520	1 754 520	15 Feb 24
	Tranche 3 – Dipula A-shares converted to B-shares	1 052 712	1 052 712	1 052 712	15 Feb 24
	Tranche 4 – Dipula B-shares	756 388	756 388	756 388	15 Feb 25
	Tranche 4 – Dipula A-shares converted to B-shares	783 355	783 355	783 355	15 Feb 25
	Tranche 5 – Dipula B-shares	1 530 304	1 530 304	–	20 Feb 26
		5 877 279	8 820 720	6 456 255	
R Asmal	Tranche 1 – Dipula B-shares	–	–	–	22 Aug 22
	Tranche 2 – Dipula B-shares	–	970 992	970 992	19 Feb 23
	Tranche 3 – Dipula B-shares	807 681	807 681	807 681	15 Feb 24
	Tranche 3 – Dipula A-shares converted to B-shares	484 608	484 608	484 608	15 Feb 24
	Tranche 4 – Dipula B-shares	348 198	348 198	348 198	15 Feb 25
	Tranche 4 – Dipula A-shares converted to B-shares	360 612	360 612	360 612	15 Feb 25
		2 001 099	2 972 091	2 972 091	
S Moodley	Tranche 5 – Dipula B-shares	600 962	600 962	–	20 Feb 26
		600 962	600 962	–	

Refer to note 15 for share-based payment reserve.

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

38. Segmental information

The Group identifies and presents operating segments based on the information that is provided internally to the Chief Executive Officer, the Group's chief operating decision maker.

The segments are based on the sectoral nature including the property management segment. All operating segments are all located in South Africa. There are no single major customers.

The results of the operating segments are reviewed monthly by the Chief Executive Officer, to assess performance and make decisions regarding the allocation of capital to each of the operating segments.

The measurement policies the Group uses for segmental reporting under IFRS 8 are the same as those used in its financial statements, to arrive at distributable earnings.

Reportable segments for the year ended 31 August 2023 are consistent with those reported as at 31 August 2022.

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

The segmental information is limited:

- on the statement of comprehensive income to:
 - contractual rental income
 - property expenses
- on the statement of financial position to:
 - investment properties
 - non-current assets held-for-sale

All the debt is negotiated at a Group level with some of the subsidiaries carrying long-term debt.

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

2023

Extracts from the statement of comprehensive income

	Retail R'000	Offices R'000	Industrial R'000	Residential R'000	Land R'000	Corporate R'000	Total R'000
Contractual rental income (excluding straight-line)	679 968	197 621	184 259	49 460	–	–	1 111 308
Municipal and property recoveries	234 790	32 703	19 134	5 766	–	–	292 393
Property-related expenses	(336 193)	(80 679)	(40 628)	(23 533)	(24)	(12 722)	(493 779)
Net property income	578 565	149 645	162 765	31 693	(24)	(12 722)	909 922
Extracts from the statement of financial position							
Investment property at fair value	6 148 152	1 688 284	1 467 341	409 200	20 593	–	9 733 570
Investment property held-for-sale	19 181	19 900	–	–	–	–	39 081
	6 167 333	1 708 184	1 467 341	409 200	20 593	–	9 772 651

38. Segmental information (continued) 2022

Extracts from the statement of comprehensive income

	Retail R'000	Offices R'000	Industrial R'000	Residential R'000	Land R'000	Corporate R'000	Total R'000
Contractual rental income and recoveries (excluding straight-line)	653 039	206 746	179 666	43 668	–	–	1 083 119
Municipal and property recoveries	220 618	35 225	21 247	5 084	–	–	282 174
Property-related expenses	(320 794)	(77 561)	(37 343)	(25 809)	(23)	(10 682)	(472 212)
Net property income	552 863	164 410	163 570	22 943	(23)	(10 682)	893 081

Extracts from the statement of financial position

Investment property at fair value	6 088 175	1 707 569	1 380 362	387 350	20 400	–	9 583 856
Investment property held-for-sale	10 445	27 000	–	–	–	–	37 445
	6 098 620	1 734 569	1 380 362	387 350	20 400	–	9 621 301

Reconciliations of reportable segment revenue and profit

	R'000
2023	
Revenue	
Total revenue for reportable segments	1 403 701
Straight-line rental income accrual	(8 660)
Consolidated revenue	1 395 041
Profit	
Total profit for reportable segments	909 922
Straight-line rental income accrual	(8 660)
Administration and corporate costs	(61 083)
Net finance cost	(314 114)
Fair value adjustments	152 649
Profit before taxation	678 714

Notes to the Annual Financial Statements (continued)

for the year ended 31 August 2023

38. Segmental information (continued)

	R'000
2022	
Revenue	
Total revenue for reportable segments	1 365 293
Straight-line rental income accrual	(13 316)
Consolidated revenue	1 351 977
Profit	
Total profit for reportable segments	893 081
Straight-line rental income accrual	(13 316)
Administration and corporate costs	(46 583)
Net finance cost	(275 244)
Fair value adjustments	519 919
Profit before taxation	1 077 857
Reconciliations of reportable segment assets	
	R'000
2023	
Assets	
Total assets for reportable segments	9 772 651
Property, plant and equipment	2 501
Deferred taxation	6 058
Loan receivable – non-current	5 710
Derivative financial instruments – non-current	39 023
Trade and other receivables	206 835
Loan receivable – current	412
Cash and cash equivalents	61 551
Derivative financial instruments – current	13 539
Total assets	10 108 280
2022	
Assets	
Total assets for reportable segments	9 621 301
Property, plant and equipment	2 660
Deferred taxation	6 281
Loan receivable – non-current	6 428
Derivative financial instruments – non-current	61 836
Trade and other receivables	209 273
Loan receivable – current	1 537
Cash and cash equivalents	64 242
Total assets	9 973 558

39. Subsequent events

Dividend declaration

In line with IAS 10: *Events after the Reporting Period*, the declaration of the dividend occurred after the end of the reporting period, resulting in a non-adjusting event that is not recognised in the financial statements. The Board approved a final dividend on 14 November 2023 of 25.41793 cents per B-share for the year ended 31 August 2023 (31 August 2022: 30.97724 cents) amounting to R231.8 million (2022: R277 million). The dividend represents a pay-out ratio of 90% (2022: 100%) of total Group distributable earnings and 100% of the minimum JSE required SA REIT distribution.

40. Going concern

Although the Group is in a net current liability position of R1 330 million (2022: R1 151 million) and the Company is in a net current liability position of R1 247 million as at 31 August 2023 (2022: R1 183 million), the directors are of the opinion that the Group and Company have adequate resources to continue operating for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the consolidated and separate Annual Financial Statements. The directors have satisfied themselves that the Group and the Company are in a sound financial position and that they have access to sufficient borrowing facilities to meet their foreseeable cash requirements.

The net current liability position in the Group and the Company is largely due to the short-term portion of interest-bearing liabilities amounting to R1 418 million (2022: R1 165 million) in the Group and R1 293 million (2022: R1 163 million) in the Company.

Subsequent to year end, the Group has entered into a debt syndication programme aimed at diversifying its funding sources and ensuring competitive funding rates and terms are secured. The programme includes the refinance of the Group's entire debt portfolio including all interest bearing liabilities falling due within the next 12 months in line with the REIT funding structure framework. The debt restructure programme is in the conclusion phase, resulting in the renewal of R3.6 billion (2022: R711 million) in facilities at a weighted average margin of 1.76% (2022: 2.02%) for a weighted average period of 4.07 years (2022: 3.6 years) at issue date.

SUPPLEMENTARY INFORMATION

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DIB trading volumes increased by 203% and our number of shareholders by 22% year-on-year.



Appendix 1

SA REIT best practice recommendation ratios

The BPR is effective for the reporting periods commencing on or after 1 January 2020. The comparative figures have been disclosed on the same basis. Mazars have issued a factual findings report on the SA REIT BPR.

	Unaudited year ended 31 August 2023 R'000	Unaudited year ended 31 August 2022 R'000
SA REIT Funds from Operations (SA REIT FFO) per share		
Profit for the period attributable to the parent	588 031	1 080 512
Adjusted for:		
Accounting/specific adjustments:	(147 466)	(371 476)
Fair value adjustments to:		
– Investment property	(157 378)	(382 077)
– Options	–	(3 568)
Depreciation of property, plant and equipment	991	853
Deferred tax movement recognised in profit and loss	261	–
Straight-lining operating lease adjustment	8 660	13 316
Foreign exchange and hedging items:	4 729	(134 274)
Fair value adjustments on derivative financial instruments employed solely for hedging purposes	4 729	(134 274)
Other adjustments:	61 865	(30 471)
Non-controlling interests in respect of the above adjustments	61 865	(30 471)
SA REIT FFO	507 159	544 291
Number of shares outstanding at the end of the period (net of treasury shares)	911 918 399	893 664 473
SA REIT FFO average cents per share:	55.61	60.91
Company-specific adjustments	7 037	8 267
IFRS 16 – rental paid	(8 564)	(8 088)
IFRS 16 – finance cost adjustment	10 863	10 642
Share-based payments	5 729	6 566
Depreciation of property, plant and equipment	(991)	(853)
Distributable earnings	514 196	552 558
Distribution payout ratio	90%	100%
Dividend declared	462 776	552 558

	Unaudited year ended 31 August 2023 R'000	Unaudited year ended 31 August 2022 R'000
Distributable earnings per A-share (cents)*	–	61.97130
Interim	–	61.97130
Final	–	–
Distributable earnings per B-share (cents)*	56.96098	73.19430
Interim	28.71883	42.21706
Final	28.24215	30.97724
Combined distributable earnings per share (cents)*	56.96098	135.16560
Interim	28.71883	104.18836
Final	28.24215	30.97724
Dividend per A-share (cents)	–	61.97130
Interim	–	61.97130
Final	–	–
Dividend per B-share (cents)	51.26488	73.19430
Interim	25.84695	42.21706
Final	25.41793	30.97724
Combined dividend per share (cents)	51.26488	135.16560
Interim	25.84695	104.18836
Final	25.41793	30.97724

* Excluding treasury shares. Distributable earnings per share not comparable due to the Company repurchasing all of the A-shares in consideration for the issue of 2.4 B-shares for every A-share purchased on 6 June 2022.

Appendix 1 (continued)

SA REIT best practice recommendation ratios (continued)

	Unaudited year ended 31 August 2023 R'000	Unaudited year ended 31 August 2022 R'000
SA REIT Net Asset Value (SA REIT NAV)		
Reported NAV attributable to the parent	6 050 615	5 926 588
Adjustments:		
Dividend to be declared	(257 545)	(276 833)
Fair value of certain derivative financial instruments	(47 813)	9 294
SA REIT NAV	5 745 256	5 659 049
Shares outstanding		
Number of shares in issue at period end (net of treasury shares)	911 918 399	893 664 473
Effect of dilutive instruments (options, convertibles and equity interests)	993 595	13 619 174
Dilutive number of shares in issue	912 911 944	907 283 647
SA REIT NAV per share:	6.29	6.24
	Unaudited year ended 31 August 2023 R'000	Unaudited year ended 31 August 2022 R'000
SA REIT cost-to-income ratio		
Expenses		
Operating expenses per IFRS statement of comprehensive income (includes municipal expenses)	482 662	466 744
Administrative expenses per IFRS statement of comprehensive income	61 083	46 583
Other expenses – impairment loss and write off of receivables	11 118	5 468
<i>Exclude:</i>		
Depreciation expense in relation to property, plant and equipment of an administrative nature	(991)	(853)
Company-specific adjustments	991	853
Depreciation expense in relation to property, plant and equipment of an administrative nature	991	853
Operating costs	554 863	518 795
Rental income		
Contractual rental income per IFRS statement of comprehensive income (excluding straight-lining)	1 111 308	1 083 119
Utility and operating recoveries per IFRS statement of comprehensive income	292 393	282 174
Gross rental income	1 403 701	1 365 293
SA REIT cost-to-income ratio	39.5%	38.0%

SA REIT Best practice recommendation ratios (continued)

	Unaudited year ended 31 August 2023 R'000	Unaudited year ended 31 August 2022 R'000
SA REIT administrative cost-to-income ratio		
Expenses		
Administrative expenses as per IFRS statement of comprehensive income	61 083	46 583
Administrative costs	61 083	46 583
Rental income		
Contractual rental income per IFRS statement of comprehensive income (excluding straight-lining)	1 111 308	1 083 119
Utility and operating recoveries per IFRS statement of comprehensive income	292 393	282 174
Gross rental income	1 403 701	1 365 293
SA REIT administrative cost-to-income ratio	4.4%	3.4%
	Unaudited year ended 31 August 2023 m ²	Unaudited year ended 31 August 2022 m ²
SA REIT VACANCY		
Gross lettable area of vacant space	55 121	87 107
Gross lettable area of total property portfolio	850 697	894 392
SA REIT GLA vacancy rate	6.5%	9.7%

SA REIT best practice recommendation ratios (continued)

SA REIT cost of debt

	Unaudited year ended 31 August 2023 %	Unaudited year ended 31 August 2022 %
Cost of debt		
Variable interest-rate borrowings		
Floating reference rate plus weighted average margin	9.56	6.52
Fixed interest-rate borrowings		
Weighted average fixed rate	–	–
Pre-adjusted weighted average cost of debt:	9.56	6.52
Adjustments:		
Impact of interest rate derivatives	(0.47)	1.58
Amortised transaction costs imputed into the effective interest rate	0.15	0.25
All-in weighted average cost of debt	9.24	8.35

	Unaudited year ended 31 August 2023 R'000	Unaudited year ended 31 August 2022 R'000
SA REIT loan-to-value		
Gross debt	3 552 593	3 516 746
<i>Less:</i>		
Cash and cash equivalents	(61 551)	(64 242)
<i>Add/Less:</i>		
Derivative financial instruments	(47 813)	(52 542)
Net debt	3 443 229	3 399 962
Total assets – per statement of financial position	10 108 280	9 973 558
<i>Less:</i>		
Cash and cash equivalents	(61 551)	(64 242)
Derivative financial instruments – asset	(52 562)	(61 836)
Trade and other receivables	(206 835)	(209 273)
Carrying amount of property-related assets	9 787 332	9 638 207
SA REIT loan-to-value (“SA REIT LTV”)	35.18%	35.28%

Appendix 2

Distribution statement*

	Unaudited year ended 31 August 2023 R'000	Unaudited year ended 31 August 2022 R'000
Reconciliation of profit for the year to distributable earnings		
Profit attributable to shareholders of the Company	588 031	1 080 512
Fair value – investment properties revaluation	(148 718)	(368 761)
Fair value – straight-line rental income	(8 660)	(13 316)
Fair value – interest rate swaps	4 729	(134 274)
Fair value – Put options	–	(3 568)
NCI portion of fair value adjustment	61 865	(30 471)
IFRS 16: <i>Rental paid adjustment</i>	(8 564)	(8 088)
IFRS 16: <i>Finance cost adjustment</i>	10 863	10 642
Share-based payments expense	5 729	6 566
Taxation	261	–
Straight-line rental income accrual	8 660	13 316
Distributable earnings	514 196	552 558
Distribution statement		
Revenue	1 403 701	1 365 293
Contractual rental income	1 111 308	1 083 119
Municipal and property recoveries	292 393	282 174
Property-related expenses	(502 344)	(480 300)
Net property income	901 357	884 993
Administration and corporate costs	(55 354)	(40 017)
Net operating profit	846 003	844 976
Net finance cost	(303 251)	(264 602)
Non-controlling interests	(28 556)	(27 816)
Distributable earnings	514 196	552 558
Distribution payout ratio	90%	100%
Dividend declared	462 776	552 558

Appendix 2 (continued)

Distribution statement* (continued)

	Unaudited year ended 31 August 2023 R'000	Unaudited year ended 31 August 2022 R'000
Distributable earnings per A-share (cents)*	–	61.97130
Interim	–	61.97130
Final	–	–
Distributable earnings per B-share (cents)*	56.96098	73.19430
Interim	28.71883	42.21706
Final	28.24215	30.97724
Combined distributable earnings per share (cents)*	56.96098	135.16560
Interim	28.71883	104.18836
Final	28.24215	30.97724

* Distributable earnings per share is not comparable due to the Company repurchasing all of the A-shares in consideration for the issue of 2.4 B-shares for every A-share purchased on 6 June 2022.

** The distribution statement has not been audited by Mazars.

Appendix 3

Investment property summary

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)	Average gross rent (R/m ²)
RETAIL						
Gillwell Mall	Cnr Gillwell and Fleet Streets, East London	◆	Multi	Nov 15	21 378	160.26
Chilli Lane	Cnr Rivonia and Leeuwkop Road, Sunninghill	◇	Multi	Jun 18	13 597	202.00
Umzimkhulu Mall	Bird and Main Street, Umzimkhulu	+	Multi	Jun 15	15 759	162.62
Gezina Galleries	Cnr Michael Brink and Frederika, Gezina, Pretoria	◇	Multi	Jul 13	16 956	182.39
Nquthu Plaza	Erf 4008 Nquthu, Manzolwande Drive, Nquthu	+	Multi	May 12	14 906	175.81
Bochum Plaza	Cnr Dendron and Blouberg Road, Bochum	■	Multi	May 12	12 073	167.20
Kopanong Kudube Shopping Centre	Douglas Rens Road, Kudube Ext 4, Hammanskraal	◇	Multi	Dec 14	10 767	184.42
Woodmead Super Value Mall	Waterfall Crescent South, Woodmead	◇	Multi	Jul 13	7 213	309.42
Tower Mall	Cnr N12 and Jabulani Street, Jouberton, Klerksdorp	◎	Multi	Dec 13	15 539	130.97
Hammanskraal Shopping Centre	Douglas Rens Road, Hammanskraal	◇	Multi	Dec 14	10 765	131.06
Seshego Circle	Confluence Nelson Mandela and Polokwane Drive, Seshego, Polokwane	■	Multi	Aug 15	15 619	175.57
Ziyabuya Shopping Centre	Cnr Uitenhage Road and Makhwenkw, Kwadesi	◆	Multi	Jul 13	14 578	111.81
The Atrium	Kerk Street, Johannesburg	◇	Single	Jun 18	9 147	**
Game Groblersdal	Cnr Barlow Street and Grobler Avenue, Groblersdal	+	Multi	Aug 15	7 856	151.06
Marikana Shoprite	Farm Rooikoppies 297, Marikana	◎	Multi	Dec 17	6 139	164.08
Shoprite Centre Pretoria North	259 Ben Viljoen Street, Pretoria North	◇	Multi	Jul 13	5 782	209.86
Meadowpoint Shopping Centre	Zone 2, Meadowlands	◇	Multi	Dec 14	7 125	163.81
Fin Forum	Cnr Dr Van der Merwe Road and Sefako Makgatho Drive, Montana, Pretoria	◇	Multi	Aug 15	5 850	235.29
Asembe Power Park	Cnr Chris Hani and Dynamo Streets, Soweto	◇	Multi	Aug 15	9 987	107.42
Kopanong Tembisa Phangami	Malatsi Street, Ivory Park, Thembisa	◇	Multi	Jul 11	3 953	263.54
	Cnr R524 (Punda Maria Road) and R523 (Sibasa Road)	■	Multi	Aug 15	7 290	146.27
Tsakane Corner	Sibongiseni Street, Tsakane	◇	Multi	Nov 14	5 407	175.01
Palm Court	Cnr JG Strydom and Fern Road, Weltevreden Park	◇	Multi	Jul 11	6 579	202.27

Appendix 3 (continued)

Investment property summary (continued)

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)	Average gross rent (R/m ²)
Proteapoint Shopping Centre	Protea North, Soweto	◇	Multi	Dec 14	3 870	221.61
Belle Ombre Shopping Centre	Cnr Boom and Potgieter Streets, Marabastad, Pretoria	◇	Multi	Jul 11	7 829	132.58
Dobsonpoint Shopping Centre	Mohajane Drive, Dobsonville	◇	Multi	Dec 14	3 952	179.09
Shoprite Sibasa	57 Miluwani Street, Sibasa, Thohoyandou	■	Multi	Aug 15	5 915	119.66
Pimville Square	Modjadji Street, Pimville Zone 7	◇	Multi	Dec 14	4 291	169.10
Blackheath Pavilion	309 Pendoring Road, Blackheath	◇	Multi	Jul 13	6 346	143.67
Harding Corner	Cnr Hawkins and Livingstone Streets, Harding	+	Multi	Mar 18	8 446	156.67
Randfontein Station Shopping Centre	Cnr Station & Sutherland Roads, Randfontein	◇	Multi	Jul 14	5 962	146.17
Boxer Tzaneen	9 Station Road, Extension 4, Tzaneen	■	Multi	Aug 15	5 094	123.57
Chilli on Top	721 Leeuwkop Road, Sunninghill	◇	Multi	Jun 18	5 042	169.35
Welkom High Park Building	Stateway & Bok Street, Sanlam Business Centre, Welkom	◇	Multi	Apr 08	7 796	159.48
Sam Sekoti Vosloorus	Sam Sekoti Avenue, Vosloorus	◇	Multi	May 07	3 971	124.88
14 Kramer Road	14 Kramer, Kramerville	◇	Multi	Aug 18	4 692	129.14
Orange Farm/Town Square	Link Road, Orange Farm CBD	◇	Multi	Dec 12	5 504	88.48
Marikana Old Church	Farm Rooikoppies 297, Marikana	⊙	Multi	Dec 17	2 784	156.45
51 Govan Mbeki	51 Govan Mbeki Avenue, Port Elizabeth	◆	Multi	Oct 14	6 854	108.81
Kroonstad Circle	Cnr President and Truter Streets, Kroonstad	◇	Multi	Jun 07	4 959	123.01
Fairways on Main	45 Main Road, Howick	+	Multi	Oct 13	6 755	156.41
October Avenue	2nd October Avenue Ivory Park Ext 8	◇	Single	May 07	2 715	*
Atlas Road Centre	Cnr Atlas and Racecourse Road, Anderbolt, Boksburg	◇	Multi	Jul 11	3 300	154.39
Umgeni Business Park	1 Kosi Place, Springfield Park, Durban	+	Multi	Nov 13	3 688	151.61
Giyani Shopping Centre	Magistrate Street, Giyani	■	Multi	Jul 11	5 334	63.91
Main Street Corner Nigel	Cnr Main and Hendrik Verwoerd Streets	◇	Multi	Apr 08	3 443	121.24
Woodmead Square	Waterfall Crescent South, Woodmead	◇	Multi	Jul 13	2 945	210.80
Blackheath Galleries	Cnr Beyers Naude Drive and Mountain View, Blackheath	◇	Multi	Jul 11	3 161	137.13
Mafikeng Centre	20 Shppard Street, Mafikeng	⊙	Multi	Apr 08	1 764	130.02

Investment property summary (continued)

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)	Average gross rent (R/m ²)
Shoprite Westonaria	Cnr Edwards and Allen Street, Westonaria, Randfontein	◇	Single	Jun 07	2 576	*
Virgin Active Horizon View	38 Van Santen Drive, Horizon View, Roodepoort	◇	Single	Jul 11	2 500	*
Eeufees Corner Bethal	Cnr Eeufees and Mark Street, Bethal	+	Multi	Apr 08	2 424	120.47
Montana Plaza	33 Tibouchina Street, Zambesi Drive, Montana Park, Pretoria	◇	Single	Jul 11	2 472	*
29 Main Street Mafikeng	29 Main Street, Mafikeng	⊙	Multi	Apr 08	2 601	111.92
30 Voortrekker Road Blouberg Plaza	30 Voortrekker Road, Bellville Cnr Dendron and Blouberg Road, Blouberg	● ■	Single Multi	Jun 07 May 12	3 162 971	* 241.36
Alberton Crossing	Cnr Voortrekker and Ring Road, Alberton	◇	Multi	Jun 07	2 194	155.45
Casseys Auto Amandla BLVD	140 2nd Street, Springs Cnr Freedom Drive and Amanda Boulevard	◇ ◇	Single Single	Apr 08 May 07	6 884 1 500	* *
Bramfischerville Boxer Giyani	Stand BA 43, 44 and 46 Giyani, Giyani Business Districts	■	Single	Mar 08	1 982	*
Perm East London Alvaro Centre	42-46 Oxford Street, East London 82 President Kruger Street, Vanderbijlpark, Gauteng	◆ ◇	Multi Multi	Apr 08 Apr 08	3 410 3 997	57.50 81.38
West Place Kempton Park	6 West Street, Kempton Park, Gauteng	◇	Multi	Apr 08	1 063	161.74
Duiwelskloof	Cnr Charles Maberley Street and Gordon Street, Duiwelskloof	■	Multi	Aug 15	1 757	76.13
Standard Bank Doornfontein	49 Beit Street and Siemert, Doornfontein	◇	Single	Jul 11	2 111	*
Bears Centre 33 Pretoria Street Kempton Park	9 Bears Street, Kuruman 33 Pretoria Road, Kempton Park	◆ ◇	Multi Multi	Apr 08 Apr 08	2 097 846	73.21 127.47
Citizen Springs Standard Bank Krugersdorp	4th Avenue, Springs 39 Human Street, Krugersdorp	◇ ◇	Multi Multi	Apr 08 Apr 08	1 283 2 600	88.57 64.09
Standard Bank Vanderbijlpark	10 Van Rign Street, Vanderbijlpark	◇	Single	Apr 08	2 461	*
Beacon Centre Vereeniging	14 Beaconsfield Avenue, Vereeniging	◇	Multi	Apr 08	1 550	63.21
ABSA Silverton	177 De Boulevard Street, Silverton, Pretoria	◇	Multi	Apr 08	2 024	72.03
ABSA Centre Krugersdorp	Cnr Burger and Monument Streets, Krugersdorp	◇	Multi	Apr 08	1 450	102.34

Appendix 3 (continued)

Investment property summary (continued)

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)	Average gross rent (R/m ²)
ABSA Hercules	569 Van Der Hoff Street, Hercules, Pretoria	◇	Multi	Apr 08	1 375	118.95
Agatha Street Tzaneen	Joubert and Agatha Street, Tzaneen	■	Multi	Apr 08	913	92.88
FNB Florida	12 Goldman Road, Florida	◇	Multi	Apr 08	1 091	109.57
Express Centre Kempton Park	23 Pretoria Road, Kempton Park	◇	Multi	Apr 08	850	91.12
De Villiers Street Barberton	100 De Villiers Street, Barberton	+	Single	Apr 08	895	*
1 President Street Germiston	1 President Street, Germiston	◇	Multi	Apr 08	2 445	–
Church Street West Pretoria	472 WF Nokomo Street, Pretoria	◇	Single	Apr 08	866	*
Kruger Corner Vanderbijlpark	13 President Kruger Street, Vanderbijlpark	◇	Multi	Apr 08	1 773	49.34
Hobhouse Centre – Klerksdorp	19 Emily Hobhouse, Klerksdorp	⊙	Single	Apr 08	832	*
Beaconsfield Vereeniging	15 Beaconsfield Avenue, Vereeniging	◇	Single	Apr 08	964	*
Seventh Avenue Alberton	56 7th Avenue, Alberton	◇	Single	Apr 08	787	*
Standard Bank Sasolburg	Kirchoffer Boulevard, Sasolburg	◇	Single	Apr 08	892	–
Voortrekker Brakpan	62 Voortrekker Street, Brakpan	◇	Single	Apr 08	450	*
Total retail portfolio weighted average gross rent/m²						R147.83
Weighted average gross rent/m² (single tenant)						R80.45

Investment property summary (continued)

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)	Average gross rent (R/m ²)
OFFICE						
SAPS VIP	Corner Park and Troye Streets, Sunnyside, Pretoria	◇	Single	Dec 12	21 478	*
Avanti Office Park	Cnr Carl Cronje and Bill Bezuidenhou Roads, Tygervalley	●	Multi	Jun 18	8 817	197.22
SAPS IJS	463 Prieska Street, Erausmusloof, Pretoria	◇	Single	Dec 12	7 874	*
Firestation Rosebank	16 Baker Street, Rosebank	◇	Multi	Apr 18	4 259	296.26
Carnation Place	Constantia Boulevard and Albert Schweitzer Streets, Constantia Kloof	◇	Single	Jun 18	4 541	*
Valley View Office Park	680 Joseph Lister Street, Constantia Kloof	◇	Multi	Jun 18	6 793	120.40
Steve Biko Corner	27 Beatrix Street, Arcadia, Pretoria	◇	Single	Dec 12	5 048	*
21 Girton	21 Girton Road, Parktown	◇	Multi	Dec 06	5 085	180.67
Sanburn	68 Woburn Avenue, Benoni	◇	Single	Jul 11	6 487	–**
50 Hamilton Street	50 Hamilton Street, Arcadia, Pretoria	◇	Single	Nov 13	4 500	*
Montrose Place	Waterfall Park, Bekker Road, Vorna Valley Ext 21, Midrand	◇	Multi	Jun 07	3 923	80.00
55 Hyde Park	55 Hyde Park	◇	Single	Jun 18	2 191	–
Markem Office Building	21 Margaret Avenue, Kempton Park	◇	Multi	Dec 06	4 568	102.49
Horwood Centre Secunda	Horwood Street, Secunda	■	Multi	Feb 08	3 916	105.00
ABSA Horizon Park	161 Ontdekkers Road, Horizon Park, Roodepoort	◇	Single	Jul 11	2 427	*
Howick Mews	1342 Howick Close, Waterfall Park, Midrand	◇	Multi	Apr 07	3 669	96.60
Hyde West	Building 7, Albury Park, Dunkeld West	◇	Single	Aug 15	1 132	*
Byron Place	320 Sophie De Bruyn, Pretoria	◇	Multi	Apr 13	3 272	209.35
Bruma Boulevard	20 Zulberg Close, Bruma, Johannesburg	◇	Multi	Jul 11	4 623	102.28**
Detnet	Centenary Street, Modderfontein	◇	Single	Jun 18	1 443	*
College House	26 Peter Place, Lyme Park, Bryanston	◇	Multi	Jul 11	1 850	109.99
Reclam Head Office	Oxford Street, Illovo	◇	Single	Jul 18	1 755	*
SARS Welkom	Graaf Street, Welkom	◆	Single	Apr 08	2 687	*
Johnson Wax	192 Smit Street, Fairlands	◇	Single	Jul 11	1 716	–**
Horison Office Park	No. 4/6 Kingfisher Street, Horizon Park, Roodepoort	◇	Multi	Jul 11	3 008	89.76**
Sloan Park	Cnr Main Road and Sloane Street, Bryanston	◇	Single	May 07	1 320	*
295 Kent	295 Kent Avenue, Randburg	◇	Multi	May 07	2 993	–

Appendix 3 (continued)

Investment property summary (continued)

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)	Average gross rent (R/m ²)
Sandhaven Office Park	Cnr Pongola and Katherine Streets, Eastgate, Sandton	◇	Multi	Jan 07	1 876	113.42
Fairland Office Park	200 Smit Street, Fairlands	◇	Multi	Oct 13	1 774	97.59
Waterview Corner	2 Ernst Oppenheimer Drive, Bruma Johannesburg	◇	Multi	Jul 11	2 460	112.81
Selbourne House Bloemfontein	Cnr First and Selbourne Streets, Bloemfontein	◇	Single	Apr 08	1 188	*
Witbank Hoskins House	6 Neven Street X60, Witbank	■	Single	Apr 08	614	*
Mellis Park	334 Rivonia Road, Rivonia	◇	Single	Nov 13	634	–
Mellis Park 2	334 Rivonia Road, Rivonia	◇	Single	Jan 07	634	–
Total office portfolio weighted average gross rent/m²						R156.51
Weighted average gross rent/m² (single tenant)						R163.46

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)	Average gross rent (R/m ²)
INDUSTRIAL						
Corporate Park II Polokwane	Ext 12, Pietersburg	Limpopo	Multi	Jun 15	28 058	64.46
New Brighton PE	8 Struan Way, Struandale	◆	Single	Mar 15	24 515	*
Sterkolite Building	Corner Zwartkop and Prieska Roads, Pretoria	◇	Single	Apr 13	12 782	*
Reclam – Prospecton	Jeffels Road, Isipingo	+	Single	Jul 18	25 062	*
Renaissance Park	49 Crownwood Road, Johannesburg	◇	Multi	Nov 07	10 680	57.85
Range Road Blackheath	5 Range Way, Blackheath, Kuils River	●	Single	Jun 07	12 182	*
SIFON Park	238 Sifon Street, Robertville Ext 10	◇	Multi	Jun 07	9 298	48.38
Tedstone Park Wadeville	Tedstone Road, Wadeville	◇	Single	Aug 15	6 940	*
Reclam – PE Grahamstown Road	Grahams Road, Port Elizabeth	◆	Single	Jul 18	22 179	*
Reclam – Wadeville 4	Cnr Manchester and Bezuidenhout, Wadeville	◇	Single	Jul 18	15 937	*
Jasco Eastgate Ext Sandton	12 Delphi Street, Eastgate Ext 18, Sandton	◇	Single	Jul 11	5 014	*
Bernie Street	C/O Bernie Street and Hilston Road	◇	Multi	Feb 07	6 342	51.62
Midway Centre	6 Old Pretoria Road, Richards Drive, Halfway House	◇	Multi	Nov 08	4 993	63.36
Reclam – Wadeville 3	Snoek Place, Wadeville	◇	Single	Jul 18	14 784	*
Anderbolt McCarthy	246 Francis Road, Dormehl, Anderbolt, Boksburg	◇	Single	Jul 11	3 335	*
Alert Engine Parts	26 Western Boulevard, City West, Johannesburg	◇	Single	Jul 11	4 351	*

Investment property summary (continued)

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)	Average gross rent (R/m ²)
Document Warehouse	17-21 20th Street, PB003, Polokwane	■	Single	Aug 15	4 500	*
Reclam – Wilsonia	Bert Kipling Street, East London	◆	Single	Jul 18	25 900	*
Reclam – PE Burman Road	Burman Road, Port Elizabeth	◆	Single	Jul 18	17 843	*
Reclam – Richards Bay	Alumina Alley, Alton Industrial Park, Richard Bay	+	Single	Jul 18	11 532	*
Reclam – Pietermaritzburg	Lincoln Road, Woodlands Industrial, Pietermaritzburg	+	Single	Jul 18	7 500	*
Seatings	14 Bunsen Street, Industria, Johannesburg	◇	Single	Jul 11	5 332	*
14 Mandy Road	14 Mandy Road, Reuven, Johannesburg	◇	Single	Jul 11	7 115	*
Reclam – Watloo 3	Battery Street, Watloo, Pretoria	◇	Single	Jul 18	8 009	*
Wynpol 679	Cnr Thora Crescent and 4th Street, Wynberg	◇	Multi	Apr 08	3 532	49.11
Park Avenue Industrial	13 Park Avenue North Rooihuiskraal Extension 31	◇	Single	Apr 08	2 218	*
1 Killarney Avenue	No 1 Killarney Avenue, Milnerton	●	Single	Apr 08	3 073	*
Eastgate Mini	11 and 13 Delphi Street, Eastgate, Sandton	◇	Single	Jun 07	2 600	*
381/382 Robertville	1037-1041 Anvil Road, Robertville, Roodepoort	◇	Multi	Jul 11	4 701	42.32
Reclam – Rustenburg	Hefer Street, Rustenburg	⊙	Single	Jul 18	10 813	*
Reclam – Middelburg 2	Watt Street, Industria, Middelburg	▣	Single	Jul 18	13 886	*
Reclam – Congella	Sydney Road, Congella, Durban	+	Single	Jul 18	5 084	*
Reclam – Middelburg	Watt Street, Industria, Middelburg	▣	Single	Jul 18	12 858	*
Dauphin Seatings	12 Bunsen Street, Industria, Johannesburg	◇	Single	Jul 11	3 476	*
Reclam – Newcastle	Van der Bijl Street, Newcastle	+	Single	Jul 18	14 571	*
Saint Gobain	49 Silicon Street, PB017, Polokwane	■	Single	Aug 15	1 810	*
Reclam – Phoenix	Aberdare Drive, Phoenix	+	Single	Jul 18	3 566	*
Reclam – Clayville	Industry Road, Clayville Industrial	◇	Single	Jul 18	9 798	*
Humcor	9 Borax Street, Alrode Ext 7, Alberton	◇	Multi	Apr 08	2 658	46.84
Reclam – Vanderbijlpark	Delfos Boulevard, Vanderbijlpark	◇	Single	Jul 18	23 612	*
Border Place Malvern	7 Geldenhuis Road, Malvern East, Germiston	◇	Multi	Apr 08	3 593	21.17
Reclam – Hercules	Taljaard Street, Pretoria	◇	Single	Jul 18	2 620	*
Reclam – Wadeville 1	Kreupelhout Street, Wadeville	◇	Single	Jul 18	4 587	*
Jubilee Street	6–8 Jubilee Street, Kempton Park	◇	Single	Apr 08	1 493	*
Kempton Park	289 Granville Avenue, Robertville, Roodepoort	◇	Single	Jul 11	1 070	*
Total industrial portfolio weighted average gross rent/m²						R45.17
Weighted average gross rent/m² (single tenant)						R40.10

Appendix 3 (continued)

Investment property summary (continued)

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)	Average gross rent (R/m ²)
RESIDENTIAL						
Palm Springs	35 Georgia Crescent, Cosmo City	◇	Multi	Jul 20	18 796	132.30
Urban Village Bruma	25 Ernest Oppenheimer Drive, Bruma	◇	Multi	Mar 21	5 288	170.17
Urban Village Midrand	16 Boardwalk Street, Midrand	◇	Multi	Mar 21	4 137	157.35
Norwood Centre	74 Grant Avenue, Norwood	◇	Multi	Jul 11	1 304	184.00
Total residential portfolio weighted average gross rent/m²						160.96

Property	Address	Province	Multi/ Single	Acquisition date	GLA (m ²)
LAND					
Stellendale Village	Belhar Road, Kuils River		● Land	Dec 16	–
Lephalale Conference Centre	Ptn 9 of erf 2631, Ellisras		■ Land	May 14	–
Total land					–

* Single tenanted property.

** Properties under redevelopment.

- ◆ Eastern Cape
- ◇ Gauteng
- ⊕ KwaZulu-Natal

- ⊙ North West
- Limpopo
- ▣ Mpumalanga

- ◇ Free State
- Western Cape
- ◆ Northern Cape

Shareholder analysis

for the year ended 31 August 2023

	Number of shareholdings	% of total shareholdings	Number of shares	% of issued capital
Shareholder spread				
1 – 1 000	2 570	70.78	163 256	0.02
1 001 – 10 000	261	7.19	1 173 560	0.13
10 001 – 100 000	417	11.48	16 851 499	1.85
100 001 – 1 000 000	262	7.22	91 501 011	10.03
Over 1 000 000	121	3.33	802 312 374	87.97
Total	3 631	100.00	912 001 700	100.00
Distribution of shareholders				
Assurance companies	20	0.55	16 299 854	1.79
BEE entities	2	0.06	58 062 630	6.37
Close corporations	11	0.30	2 726 664	0.30
Collective investment schemes	144	3.97	439 055 774	48.14
Control accounts	1	0.03	1	0.00
Custodians	4	0.11	87 687	0.01
Foundations and charitable funds	25	0.69	10 376 146	1.14
Hedge funds	4	0.11	24 448 390	2.68
Insurance companies	5	0.14	379 933	0.04
Investment partnerships	4	0.11	138 881	0.02
Managed funds	13	0.36	6 822 355	0.75
Medical aid funds	10	0.28	5 670 319	0.62
Organs of state	3	0.08	56 440 509	6.19
Private companies	82	2.26	25 003 353	2.74
Public companies	4	0.11	46 430 285	5.09
Public entities	2	0.06	431 673	0.05
Retail shareholders	3 030	83.45	26 412 219	2.90
Retirement benefit funds	192	5.29	127 117 788	13.94
Scrip lending	2	0.06	14 479 295	1.59
Sovereign funds	1	0.03	23 624 004	2.59
Stockbrokers and nominees	16	0.44	18 844 284	2.07
Trusts	56	1.54	9 149 656	1.00
Total	3 631	100.00	912 001 700	100.00
Shareholder type				
Non-public shareholders	7	0.19	37 369 126	4.10
Directors and associates	7	0.19	37 369 126	4.10
Public shareholders	3 624	99.81	874 632 574	95.90
Total	3 631	100.00	912 001 700	100.00

* Pursuant to the provisions of section 56 of the Companies Act, 2008, disclosures from foreign nominee companies have been included in this analysis.

Shareholder analysis (continued)

	Number of shares	% of issued capital
Fund managers with a holding greater than 3% of the issued shares		
Coronation Fund Managers	227 271 252	24.92
Camissa Asset Management	107 618 071	11.80
Abax Investments	82 700 000	9.07
Public Investment Corporation	50 472 035	5.53
Old Mutual Investment Group	40 620 428	4.45
Merchant West Investments	38 822 533	4.26
Laurium Capital	35 569 714	3.90
Total	583 074 033	63.93
Beneficial shareholders with a holding greater than 3% of the issued shares		
Coronation Fund Managers	165 843 285	18.18
Nedbank Group	63 699 178	6.98
Dipula BEE Trust	58 029 520	6.36
Government Employees Pension Fund	56 440 509	6.19
Arrowgem Limited	45 581 241	5.00
Sanlam Group	44 237 576	4.85
Old Mutual Group	42 948 462	4.71
Camissa Asset Management	39 664 050	4.35
Total	516 443 821	56.63

Total number of shareholdings	3 631
Total number of shares in issue	912 001 700

JSE statistics

for the year ended 31 August 2023

	DIB
Share price performance	
Opening price 1 September 2022	R4.28
Closing price 31 August 2023	R4.08
Closing high for period	R4.42
Closing low for period	R3.39
Number of shares in issue	912 001 700
Volume traded during period	197 961 528
Ratio of volume traded to shares issued	21.71%
Rand value traded during the period	R745 378 354
Price/earnings ratio as at 31 August 2023	9.68
Earnings yield as at 31 August 2023	10.33
Dividend yield as at 31 August 2023	13.93
Market capitalisation at 31 August 2023	R3 538 203 707

Shareholder diary

Financial year-end	31 August 2023
Publication of reviewed results	15 November 2023
Extracts of consolidated financial results and notice of AGM posted to shareholders	14 December 2023
AGM	21 February 2024

Definitions and abbreviations

"ABASA"	Association for the Advancement of Black Accountants
"ABSIP"	Association of Black Securities and Investment Professionals
"Acorim"	Acorim Proprietary Limited
"AFS"	Annual Financial Statements
"AGM"	Annual general meeting
"B-BBEE"	Broad-based black economic empowerment
"BI"	Business Intelligence
"the Board"	The Board of directors of Dipula Income Fund Limited
"BPR"	SA REIT Association best practice recommendations
"CEO"	Chief Executive Officer
"CFO"	Chief Financial Officer
"CIO"	Chief Investment Officer
"COJ"	City of Johannesburg
"CIPC"	The Companies and Intellectual Property Commission
"the Companies Act"	South African Companies Act, No 71 of 2008, as amended
"CPI"	Consumer price index
"CSI"	Corporate social investment
"CSP"	Conditional share plan
"CTC"	Cost to Company
"Dipula" or "the Company" or "the Fund"	Dipula Income Fund Limited, listed on the main board of the JSE in the Property: Real Estate sector
"DAMT" or "the Asset Manager" or "Manco"	Dipula Asset Management Trust, the asset manager of Dipula Income Fund Limited
"DIB"	Dipula ordinary share code
"DMTNP"	Domestic Medium-Term Note Programme
"DPW"	Department of Public Works
"DTI"	Department of Trade and Industry
"EBITDA"	Earnings before interest, taxation, depreciation, and amortisation
"ECL"	Expected credit loss
"EPC"	Energy Performance Certificates
"ESD"	Enterprise and Supplier Development
"ESG"	Environmental, social and governance
"EU"	European Union
"Exco"	Executive committee of Dipula Income Fund Limited
"FD"	Financial Director
"FFO"	Funds from Operations
"Financial statements"	The consolidated and separate financial statements
"FSCA"	The Financial Services Conduct Authority
"FY"	Financial year

"GCR"	Global credit rating
"GDP"	Gross domestic product
"GFC"	Global financial crisis
"GHG"	Greenhouse gas
"GLA"	Gross lettable area, measured in square metres
"Gross rental"	Includes basic rental, operating cost, and rates recoveries
"the Group"	Dipula Income Fund Limited and its subsidiaries
"HEPS"	Headline earnings per share
"HR"	Human Resources
"Hynorex"	Hynorex Proprietary Limited
"IASB"	International Accounting Standards Board
"IBC"	Inside back cover
"ICR"	Interest cover ratio
"IFRIC"	International Financial Reporting Interpretations Committee
"IFRS"	International Financial Reporting Standards
"<IR>"	Framework Integrated Reporting Framework
"IPP"	Independent Power Producers
"JSE"	JSE Limited incorporating the JSE Securities Exchange, the main board in South Africa
"IT"	Information Technology
"King IV™"	King IV™ Report on Corporate Governance™ for South Africa, 2016 <i>copyright and trademarks are owned by the Institute of Directors in South Africa NPC and all of its rights are reserved</i>
"KPI"	Key performance indicator
"kWh"	Kilowatt hours
"kWp"	Kilowatt peak
"LTI"	Long-term incentive
"LTV"	Loan-to-value
"M&A"	Mergers and acquisitions
"MOI"	Memorandum of incorporation
"MPC"	Monetary Policy Committee
"MTBPS"	Medium-term budget policy statement
"NAV"	Net asset value
"NCI"	Non-controlling interest
"NPC"	Non-profit company
"NPO"	Non-profit organisation
"NTAV"	Net tangible asset value
"OHS Act"	Occupational Health and Safety Act No 85 of 1993 Regulations
"PDI"	Previously disadvantaged individual

Definitions and abbreviations (continued)

"Phepha 006"	Phepha Prop 006 Proprietary Limited
"PIC"	Public Investment Corporation
"POPI" or "POPI Act"	Protection of Personal Information Act
"the previous year"	The year ended 31 August 2022
"PS"	Performance shares
"PV"	Photovoltaic
"Q3"	Third quarter
"QPM"	Quarterly Projection Model
"REIT"	Real Estate Investment Trust, a JSE property investment vehicle which owns and operates income-producing property
"Report" or "Integrated report"	Integrated Report
"Revenue"	Includes gross rental plus all utility recoveries and other income
"S&P"	Standard & Poor's Global Ratings
"SA"	South Africa
"SACSC"	South African Council of Shopping Centres
"SAIBPP"	South African Institute of Black Property Professionals
"SAICA"	South African Institute of Chartered Accountants
"SAPOA"	South African Property Owners Association
"SAPY"	JSE SA Listed Property Index
"SARB"	South African Reserve Bank
"SARS"	South African Revenue Service
"SA REIT"	The SA REIT Association
"Scheme"	Scheme of arrangement to approve the repurchase of the Dipula A-shares by the issue of 2.4 Dipula B-shares
"SDGs"	United Nations Sustainable Development Goals
"SENS"	Stock Exchange News Service
"SHE"	Safety, Health and Environment
"SMME"	Small, medium and micro enterprise
"SR"	Sustainability Report
"STI"	Short-term incentive
"TGP"	Total guaranteed package
"the year" or "the year under review"	The year ended 31 August 2023
"Unlocked"	Unlocked Properties 18 Proprietary Limited
"USD"	United States Dollar
"US" or "USA"	United States of America
"WSP"	Workplace Skills Plan
"WALE"	Weighted average lease expiry
"ZAR"	South African Rand

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

12th Floor Firestation Rosebank
16 Baker Street
Rosebank
Johannesburg
2196

(Private Bag X3, Rosebank, 2132)

Independent auditors

Mazars Gauteng
Practice number 900222
Registered auditors
Mazars House
54 Glenhove Road
Melrose Estate
Johannesburg

Transfer secretaries

JSE Investor Services Proprietary Limited
(Registration number 2000/007239/07)
5th Floor
One Exchange Square
Gwen Lane
Sandown
2196

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
6th Floor
1 Park Lane
Wierda Valley Sandton
2196

(PO Box 2087, Parklands, 2121)

Company Secretary

Acorim Proprietary Limited
(Registration number 2013/087325/07)
13th Floor Illovo Point
68 Melville Road
Illovo
Sandton

Key JSE information

Registration number	2005/013963/06
DIB ISIN	ZAE000203394
JSE-listed REIT	1 September 2013
JSE share codes	DIB
Date listed	17 August 2011
B-BBEE	Level 6 (2022: Level 8)
Market capitalisation	R3.7 billion (2022: R3.6 billion)
Closing price (31 August 2023)	DIB: R4.08 (2022: R3.95)

www.dipula.co.za

