

## DIPULA INCOME FUND LIMITED

(Incorporated in the Republic of South Africa)

(Registration number 2005/013963/06)

JSE share code: DIA ISIN: ZAE000203378

JSE share code: DIB ISIN: ZAE000203394

(Approved as a REIT by the JSE)

(“Dipula” or “the Company”)



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## UPDATE IN RELATION TO A DISTRIBUTION FOR THE YEAR ENDED 31 AUGUST 2020 AND CAUTIONARY ANNOUNCEMENT

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In its financial results for the year ended 31 August 2020 (“FY2020”), published on SENS on 18 November 2020, Dipula advised shareholders that it had deferred a distribution decision until no later than the end of February 2021, which is the deadline for a distribution that meets the minimum requirements applicable to Dipula as a REIT in terms of JSE Listings Requirements read with the market notice issued by the Financial Services Conduct Authority on 26 June 2020 (“applicable regulations”).

The board of directors of Dipula (“Board”) is required to assess the Company’s solvency and liquidity position (“S&L test”) in relation to any distribution. The Board considers Dipula to be in a robust financial position with a loan to value ratio at 31 December 2020 of 37.8% (38.9% at 31 August 2020), which is comfortably within its group covenant level of 45%. However, Dipula’s short-term liquidity position may be adversely impacted by prevailing circumstances flowing from the COVID-19 pandemic, including:

- associated lockdowns and trading restrictions, which could necessitate additional support to tenants and adversely impact rental collections; and
- refinancing of debt in a tightening credit environment with debt providers requiring deleveraging in the short-term as conditions to renewing facilities.

In these uncertain conditions, the Board was not able to reasonably conclude (as required in terms of the Companies Act, 2008) that, after completing a cash distribution that would meet the applicable minimum requirements for FY2020, the Company will satisfy the liquidity leg of the S&L test. In these circumstances, Dipula is not required under applicable regulations to make any distribution in order to comply with its obligations as a REIT. Accordingly, the Board has resolved not to approve any distribution for completion by 28 February 2021. This does not represent any decision to reconsider Dipula’s status as a REIT nor does it preclude the Board from considering in the coming months whether or not to make a qualifying distribution for income tax purposes in respect of FY2020.

Dipula is actively addressing prevailing uncertainties relating to its short-term liquidity position. Retention of distributable earnings is consistent with this strategy and positions Dipula to undertake further initiatives to enhance its defensive property portfolio and retain its tenant base, including funding refurbishments and redevelopments. Dipula continues to pursue strategies that, if resolved upon and implemented, may have a material impact on the price of the Company’s shares. While it is premature to announce any details of the matters under consideration, Dipula advises shareholders to exercise caution when dealing in the Company’s shares.

4 February 2021

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Corporate advisor and sponsor

JAVACAPITAL