

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”)



UPDATE TO THE FIRM INTENTION ANNOUNCEMENT REGARDING AN OFFER BY DIPULA TO REPURCHASE ALL DIPULA A SHARES BY WAY OF A SCHEME OF ARRANGEMENT

1. INTRODUCTION

- 1.1. Shareholders are referred to Dipula’s firm intention announcement published on SENS on 15 October 2021 (the “**Initial FIA**”). Capitalised terms in this announcement bear the same meaning as in the Initial FIA.
- 1.2. After ongoing engagement with key shareholders, Dipula believes that its objective to achieve a simplified share structure consisting of a single class of ordinary share will be supported by both classes of shareholders on the amended basis set out in this announcement, read with the Initial FIA.
- 1.3. The key amendments pertain to the Share Alternative to be offered to DIA shareholders pursuant to the Scheme, which is improved from the ratio of 2.2 to 2.4 DIB shares per DIA share, and the removal from the Scheme of the offer of a Cash Alternative which was to be funded by the issue of new DIB shares for cash. In addition, Dipula will no longer propose the Circus Triangle Transaction.
- 1.4. On this basis, Coronation Asset Management Proprietary Limited, which holds on behalf of its clients, approximately 34.14% of DIA shares in issue, has agreed in-principle to approve the Scheme and exchange its DIA shares for DIB shares.

2. THE SCHEME, AS AMENDED

The key terms and conditions of the Scheme, as revised, are set out below.

- 2.1. Dipula will propose the Scheme between Dipula and DIA shareholders.
- 2.2. Implementation of the Scheme will be conditional on the fulfilment or, in relation to paragraph 2.2.4, waiver by Dipula, of the following Scheme Conditions:
 - 2.2.1. shareholder approval of the Scheme special resolutions, in accordance with section 115(2)(a) of the Companies Act, and on the basis that the special resolutions will be approved by general meeting of DIA shareholders voting separately and by combined general meeting of DIA and DIB shareholders voting together;
 - 2.2.2. shareholder approval of a special resolution in respect of the issue of DIB shares in terms of the Scheme, as required by section 41(3) of the Companies Act, on the basis that such special resolution will be approved by combined general meeting of DIA and DIB shareholders voting together;
 - 2.2.3. if required under section 115(3) of the Companies Act, approval of the implementation of the Scheme resolution by a Court and, if applicable, Dipula not having treated the Scheme resolution as a nullity, as contemplated in section 115(5)(b) of the Companies Act;
 - 2.2.4. that appraisal rights (in terms of section 164 of the Companies Act) are not validly exercised by in aggregate more than 1% of DIA and DIB shareholders (on a combined basis) in respect of the Scheme, provided that Dipula may waive this condition;

- 2.2.5. receipt of all other applicable regulatory and statutory approvals; and
 - 2.2.6. the issue of a compliance certificate by the Takeover Regulation Panel in relation to the Scheme in terms of section 119(4)(b) of the Companies Act.
- 2.3. Pursuant to the Scheme, Dipula will offer to repurchase all DIA shares in exchange for a share consideration of 2.4 DIB shares per DIA share (“**Scheme Consideration**”).

3. **PRO FORMA FINANCIAL INFORMATION**

In terms of Regulation 101(7)(b)(iv) of the Companies Act’s Regulations, a firm intention announcement must contain, *inter alia*, the *pro forma* earnings and asset value per offeree regulated company security if the offer consideration consists wholly or partly of offeror securities.

The tables below set out the *pro forma* financial effects of the Scheme based on the results of Dipula for FY 2021, assuming that the Scheme had been implemented on 1 September 2020 for purposes of the statement of comprehensive income and on 31 August 2021 for purposes of the statement of financial position (“**pro forma financial effects**”). The *pro forma* financial effects are the responsibility of the directors of Dipula and are provided for illustrative purposes only to provide information about how the Scheme may have affected the financial performance and financial position of Dipula, and because of their nature, may not fairly represent the financial performance and financial position of Dipula after the Scheme.

DIB shareholder	Before the Scheme ⁽¹⁾	After the Scheme ⁽²⁾	% Change
NAV per share	10.30	6.04	(41.4)
NTAV per share	10.30	6.04	(41.4)
Earnings per share	81.14	47.73	(41.2)
Headline earnings per share	84.16	49.50	(41.2)
Dividend per share	89.69	61.30	(31.7)

DIA shareholder	Before the Scheme ⁽¹⁾	After the Scheme ⁽³⁾	% Change
NAV per share	10.30	14.49	40.7
NTAV per share	10.30	14.49	40.7
Earnings per share	81.14	113.73	40.2
Headline earnings per share	84.16	118.81	41.2
Dividend per share	118.72	147.11	23.9

Notes and assumptions:

1. The amounts in the “Before the Scheme” column have been extracted, without adjustment, from Dipula’s audited condensed consolidated financial results for FY 2021.
2. The amounts in the “After the Scheme” column for DIB shareholders are after making the following adjustments for the Scheme:
 - a. In terms of the Scheme, Dipula repurchases all DIA shares in issue with DIA shareholders receiving the Scheme Consideration of 2.4 DIB shares per DIA share, resulting in the issue of 635.14 million DIB shares.
 - b. Transaction costs amounting to R17.5 million are settled in cash with an equivalent reduction to stated capital.
 - c. Post Scheme, Dipula’s share capital comprises 899.78 million DIB shares.
3. The amounts in the “After the Scheme” column for DIA shareholders comprise the *pro forma* financial effects set out in the “After the Scheme” column for DIB shareholders multiplied by the Scheme Consideration of 2.4 DIB shares for each DIA share.

4. **POSTING OF CIRCULAR**

- 4.1. Dipula will issue a circular to its shareholders, as contemplated in Regulations 102 and 106, setting out the full terms and conditions of the Scheme and including the notice convening the Scheme Meeting (“**Circular**”).
- 4.2. A further announcement pertaining to the posting of the Circular will be released in due course.

5. RESPONSIBILITY STATEMENT

The Independent Board accepts responsibility for the information contained in this announcement and certifies that, to the best of its knowledge and belief, the information contained in this announcement relating to Dipula is true and this announcement does not omit anything that is likely to affect the import of such information.

23 December 2021

Corporate advisor and sponsor



Legal advisor

