

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

Action required

THE ATTENTION OF SHAREHOLDERS IS DRAWN TO THE FACT THAT SHOULD THEY NOT ACTION THE CONTENTS OF THIS CIRCULAR, THEY WILL BE DEEMED TO HAVE ELECTED TO NOT RE-INVEST THE CASH DIVIDEND IN RETURN FOR NEW DIPULA SHARES

1. Holders of Dipula Income Fund Limited (“Dipula”) “A” ordinary shares of no par value (“**A**” ordinary shares”) and Dipula “B” ordinary shares of no par value (“**B**” ordinary shares”) (together, “ordinary shares”) are both afforded the opportunity to re-invest the cash dividend declared by the directors in respect of the “A” ordinary shares and “B” ordinary shares for the year ended 31 August 2017 (the “cash dividend”), in return for new “A” ordinary shares or “B” ordinary shares, as the case may be (the “re-investment option”).
2. If you wish to re-invest the cash dividend in return for the allotment and issue of new ordinary shares, you must instruct your Central Securities Depository Participant (“CSDP”) or broker accordingly in terms of the custody agreement entered into between you and your CSDP or broker.
3. If you have disposed of all of your ordinary shares you should forward this circular, to the purchaser to whom, or the broker, CSDP or agent through whom, you disposed of your ordinary shares.
4. The cash dividend and the right to elect to receive shares under the re-investment option in jurisdictions other than South Africa may be restricted by law, and a failure to comply with any of these restrictions may constitute a violation of the securities laws of the relevant jurisdiction(s). This circular, and/or accompanying documents, should not be forwarded or transmitted to any person in any territory other than where it is lawful to do so. Ordinary shares have not been and will not be registered for the purposes of the re-investment option under the securities laws of the United Kingdom, European Economic Area or EEA, Canada, United States of America, Japan or Australia and accordingly are not being offered, sold, taken up, re-sold or delivered directly or indirectly to recipients with registered addresses in such jurisdictions, including qualified institutional buyers or sophisticated investors, who, for the avoidance of doubt, will receive the dividend in cash.
5. The commentary regarding tax implications, as contained in paragraph 5 of this circular, should not be construed as tax advice. If you are in any doubt as to the tax implications of your unique circumstances, please consult your tax advisor.
6. If you are in any doubt as to what action to take, please consult your broker, CSDP, banker, legal advisor, accountant or other professional advisor.

Dipula does not accept responsibility and will not be held liable for any failure on the part of the CSDP or broker of any holder of dematerialised ordinary shares to notify such shareholder of the contents of this circular.



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”)

Board of Directors:

Zanele Matlala (Chairperson), Izak Petersen (Chief Executive Officer), Ridwaan Asmal (Financial Director), Saul Gumede, Brian Azizollahoff*, Younaid Waja*, Eltie Links*, Syd Halliday*

**Independent non-executive; * British*

CIRCULAR TO DIPULA SHAREHOLDERS

regarding

THE ELECTION TO RE-INVEST THE CASH DIVIDEND FOR THE YEAR ENDED 31 AUGUST 2017 IN RETURN FOR NEW DIPULA SHARES

Salient dates and times

2017

Circular posted to shareholders	Tuesday, 21 November
Announcement relating to issue of circular published on SENS	Tuesday, 21 November
Finalisation information, including the share ratio and re-investment price per share, published on SENS	Tuesday, 28 November
Last day to trade in order to receive the cash dividend or participate in the re-investment option (“LDT”)	Tuesday, 5 December
Ordinary shares trade ex dividend	Wednesday, 6 December
Last day to elect to participate in the re-investment option (by 12:00 South African time) (no late elections will be accepted)	Friday, 8 December
Record date for receipt of the cash dividend or participation in the re-investment option (“record date”)	Friday, 8 December
Listing of maximum possible number of “A” and “B” ordinary shares under the re-investment option	Friday, 8 December
Announcement of results of the re-investment option released on SENS	Monday, 11 December
Dematerialised shareholder accounts credited by CSDP or broker with the cash dividend payment	Monday, 11 December
CSDP or broker accounts of dematerialised shareholders who elected to participate in the re-investment option credited with “A” or “B” ordinary shares, as the case may be	Wednesday, 13 December
Adjustment to number of “A” and “B” ordinary shares listed on or about	Thursday, 14 December

Notes:

1. Shareholders electing to participate in the re-investment option are alerted to the fact that the new ordinary shares will be listed on LDT + 3 and can therefore only be traded on LDT +3. This is due to the fact that settlement of the ordinary shares will be three days after the record date, which differs from the conventional one day after record date settlement process.
2. Shares may not be dematerialised or rematerialised between Wednesday, 6 December 2017 and Friday, 8 December 2017, both days inclusive.
3. The above dates and times are subject to change. Any changes will be released on SENS.

Corporate advisor and sponsor

JAVACAPITAL

Date of issue: 21 November 2017

This circular is only available in English. Copies may be obtained at Dipula’s registered office, Block B Dunkeld Park, 6 North Road, Dunkeld West, Johannesburg, 2196 between 08:00 and 16:00 from Tuesday, 21 November 2017 to Friday, 8 December 2017 or on Dipula’s website at www.dipula.co.za.

CIRCULAR TO DIPULA SHAREHOLDERS

1. INTRODUCTION

On 15 November 2017, it was announced on SENS that the directors of Dipula have declared a final cash dividend of 50.64892 cents per "A" ordinary share and 53.65841 cents per "B" ordinary share for the year ended 31 August 2017.

Dipula shareholders holding both "A" and "B" ordinary shares ("shareholders") may now elect, in respect of all or part of their shareholding, to re-invest the cash dividend in return for either "A" or "B" ordinary shares, as the case may be. The re-investment option is offered to "A" and "B" shareholders in terms of ordinary resolution 6, passed by shareholders at Dipula's annual general meeting held on 16 February 2017. By electing to participate in the re-investment option, shareholders will be able to increase their shareholding in Dipula without incurring dealing costs. In turn, Dipula will benefit from an increase in the amount of shareholders' funds available to support continued growth.

2. PURPOSE OF THIS CIRCULAR

The purpose of this circular is to provide shareholders with information regarding the cash dividend and the re-investment option.

3. THE CASH DIVIDEND

3.1 Procedure for shareholders to receive the cash dividend

Subject to the terms contained in this circular, shareholders recorded in the register of Dipula at close of business on the record date and who have **not** elected to participate in the re-investment option will be paid the cash dividend in respect of all the ordinary shares held by them on the record date. **Shareholders who wish to receive the cash dividend do therefore not need to take any further action.**

3.2 Receipt of the cash dividend

The cash dividend will be credited to shareholder's account held at their CSDP or broker on Monday, 11 December 2017.

4. THE SHARE RE-INVESTMENT OPTION

4.1 Procedure for shareholders to participate in the share re-investment option

"A" ordinary shareholders who elect to participate in the re-investment option in respect of all or part of their "A" ordinary shareholding will receive a number of "A" ordinary shares determined with reference to the ratio that the cash dividend of 50.64892 cents per "A" ordinary share bears to the reinvestment price (being up to a 2.5% discount to either the spot or the five-day volume weighted average traded price (less the cash dividend) of "A" ordinary shares on the JSE as at Monday, 27 November 2017).

"B" ordinary shareholders who elect to participate in the re-investment option in respect of all or part of their "B" ordinary shareholding will receive a number of "B" ordinary shares determined with reference to the ratio that the cash dividend of 53.65841 cents per "B" ordinary share bears to the re-investment price (being up to a 2.5% discount to either the spot or the five-day volume weighted average traded price (less the cash dividend) of "B" ordinary shares on the JSE as at Monday, 27 November 2017).

Finalisation information will be announced on Tuesday, 28 November 2017 by 11:00.

Shareholders may participate in the re-investment option in respect of all or part of their shareholding as at the record date. If an election is made to participate in the re-investment option in respect of part of a shareholding, shareholders will receive the cash dividend in respect of the ordinary shares in respect of which the election is not made.

Shareholders seeking to participate in the share re-investment option should instruct their CSDP or broker accordingly in terms of the custody agreement entered into between them and their CSDP or broker.

Shares issued in terms of the re-investment option will be issued in dematerialised form only. No certificated shares will be issued.

4.2 Scale back of "A" shareholder participation

As clause 7.4 of the Company's memorandum of incorporation provides that there shall at no time be more "A" ordinary shares in issue than "B" ordinary shares, any election by an "A" ordinary shareholder to participate in the re-investment option is subject to the condition that the total number of "A" ordinary shares to be issued pursuant to the re-investment option will never exceed the total number of "B" ordinary shares to be issued.

Accordingly, Dipula reserves the right to reduce the number of new "A" ordinary shares issued to electing "A" ordinary shareholders in terms of the share re-investment option, on a *pro rata* basis, if the issue of "A" ordinary shareholders' full election of new "A" ordinary shares would result in more "A" ordinary shares being issued than "B" ordinary shares. In such circumstances, "A" ordinary shareholders will receive the balance of their dividend (net of withholding tax) in cash.

4.3 Crediting of CSDP or broker accounts

Shares issued in terms of the re-investment option will be issued in dematerialised form only. No certificated shares will be issued.

Shareholders' CSDP or broker accounts will be credited with new ordinary shares issued pursuant to the share re-investment option on Wednesday, 13 December 2017.

4.4 Fractions

Trading in the Strate environment does not permit fractions and fractional entitlements. Accordingly, where a shareholder's entitlement to ordinary shares in terms of the re-investment option gives rise to a fraction of an ordinary share, such fraction will be rounded down to the nearest whole number with any residual cash balance being retained by the shareholders.

5. TAX IMPLICATIONS

The cash dividend and re-investment option may have tax implications for South African resident as well as non-resident shareholders. Shareholders are therefore encouraged to consult their professional advisors should they be in any doubt as to the appropriate action to take.

Dipula was granted status as a Real Estate Investment Trust ("REIT") by the JSE Limited with effect from 1 September 2013 in line with the REIT structure provided for in the Income Tax Act, No. 58 of 1962 as amended (the "Income Tax Act") and section 13 of the JSE Listings Requirements.

The REIT structure is a tax regime that allows a REIT to deduct qualifying distributions paid to investors in determining its taxable income.

The cash dividend of 50.64892 cents per "A" ordinary share and 53.65841 cents per "B" ordinary share meets the requirements of a "qualifying distribution" for the purposes of section 25BB of the Income Tax Act ("qualifying distribution") with the result that:

- where the cash dividend is received by a South African resident shareholder, it must be included in the gross income of such shareholder (as a non-exempt dividend in terms of section 10(1)(k)(aa) of the Income Tax Act) with the effect that the cash dividend is taxable as income in the hands of the shareholder. The cash dividend is, however, exempt from dividends withholding tax, provided that the relevant shareholder provided the following forms to their CSDP or broker, as the case may be, in the case of dematerialised ordinary shares, or to the Company, in the case of certificated ordinary shares:

- a declaration that the cash dividend is exempt from dividends tax; and
- a written undertaking to inform the CSDP, broker or the Company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner of the relevant ordinary shares cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. Shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the cash dividend, if they have not already been submitted.

- where a cash dividend is received by a non-resident shareholder, it will not be taxable as income and will instead be treated as an ordinary dividend exempt in terms of the usual dividend exemptions per section 10(1)(k) of the Income Tax Act. It should be noted that until 31 December 2013, qualifying distributions received by non-residents were not subject to dividends withholding tax. From 1 January 2014, any qualifying distribution will be subject to dividends withholding tax at 20%, unless the rate is reduced in terms of any applicable agreement for the avoidance of double taxation ("DTA") between South Africa and the country of residence of the relevant shareholder. Assuming dividends withholding tax will be withheld at a rate of 20%, the net dividend amount due to non-resident shareholders is 40.51914 cents per "A" ordinary share and 42.92673 cents per "B" ordinary share. A reduced dividend withholding rate in terms of the applicable DTA may only be relied upon if the non-resident shareholder has provided the following forms to their CSDP or broker, as the case may be, in the case of dematerialised ordinary shares, or the Company, in the case of certificated ordinary shares:

- a declaration that the cash dividend is subject to a reduced rate as a result of the application of a DTA; and
- a written undertaking to inform the CSDP, broker or the Company, as the case may be, should the circumstances affecting the exemption change or the beneficial owner of the relevant ordinary shares cease to be the beneficial owner,

both in the form prescribed by the Commissioner for the South African Revenue Service. If applicable, non-resident shareholders are advised to contact their CSDP, broker or the Company, as the case may be, to arrange for the abovementioned documents to be submitted prior to payment of the cash dividend if they have not already been submitted.

Shareholders are advised that pre-taxation funds are utilised for the purposes of the re-investment option granted to shareholders and that tax will be due on the total cash dividend amount of 50.64892 cents per "A" ordinary share and 53.65841 cents per "B" ordinary share, respectively.

Other information:

- The ordinary issued share capital of Dipula before any participation in the re-investment option is 218 490 844 "A" ordinary shares and 218 490 954 "B" ordinary shares. The ordinary issued share capital of Dipula, assuming maximum participation in the re-investment option, will be announced on Tuesday, 28 November 2017.
- Income Tax Reference Number of Dipula: 9743/798/14/3

6. LISTING OF NEW DIPULA SHARES

Application will be made to the JSE for the maximum possible number of "A" and "B" ordinary shares to be issued in terms of the re-investment option to be listed with effect from the commencement of trade on Friday, 8 December 2017. A further application will be made to the JSE to adjust the maximum number of new "A" and "B" ordinary shares listed to take into account the actual number of "A" and "B" ordinary shares issued to shareholders on or about Thursday, 14 December 2017.

7. FOREIGN SHAREHOLDERS

The cash dividend and the right to elect to receive shares under the re-investment option in jurisdictions other than South Africa may be restricted by law, and a failure to comply with any of these restrictions may constitute a violation of the securities laws of the relevant jurisdiction(s). Ordinary shares have not been and will not be registered for the purposes of the re-investment option under the securities laws of the United Kingdom, European Economic Area or EEA, Canada, United States of America, Japan or Australia and accordingly are not being offered, sold, taken up, re-sold or delivered directly or indirectly to recipients with registered addresses in such jurisdictions, including qualified institutional buyers or sophisticated investors, who, for the avoidance of doubt, will receive the dividend in cash.

8. EXCHANGE CONTROL

Shares issued in terms of the re-investment option will be issued in dematerialised form only. No certificated shares will be issued.

In terms of the Exchange Control Regulations of South Africa:

8.1 in the case of certificated shareholders:

- any cash dividend payments based on emigrants' ordinary shares controlled in terms of the Exchange Control Regulations will be forwarded to the authorised dealer in foreign exchange controlling their blocked assets. The election by emigrants for the above purpose must be made through the authorised dealer in foreign exchange controlling their blocked assets; and
- cash dividend payments due to non-residents are freely transferable from South Africa. In respect of all non-residents of the common monetary area (collectively South Africa, the Republic of Namibia and the Kingdoms of Lesotho and Swaziland), the cash dividend payments due will be sent to the registered address of the shareholder concerned or in accordance with instructions given to the transfer secretaries; and

8.2 in the case of dematerialised shareholders:

- any ordinary shares issued to emigrants from the common monetary area and all other non-residents of the common monetary area will be credited to their CSDP or broker's account and a "non-resident" annotation will appear in the CSDP or broker's register;
- any cash dividend paid to emigrants from the common monetary area, will be credited to their CSDP or broker's accounts which will arrange for the same to be credited directly to the shareholder's blocked Rand account held by that shareholder's authorised dealer and held to the order of that authorised dealer; and
- any cash dividend paid to non-resident shareholders who are not emigrants from the common monetary area, will be credited directly to the bank account nominated for the relevant shareholders, by their duly appointed CSDP or broker.

Non-resident and emigrant dematerialised shareholders will have all aspects relating to exchange control managed by their CSDP or broker.

For and on behalf of

Dipula Income Fund Limited

Izak Petersen
Chief Executive Officer