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TW/PP

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COVID-19: IMPACT ON PROPERTY ENTITIES TRADING STATEMENTS

The JSE recognises that the property sector has been impacted by industry specific challenges as a result of the covid-19 pandemic. This letter aims to deal with the implications of the general obligations of disclosure pursuant to paragraph 3.4(a) and (b) of the JSE Listings Requirements (“**Requirements**”) in this environment.

Paragraph 3.4(b)(vi) of the Requirements defines financial results as relevant criteria that are of a price sensitive nature and then prescribes certain measures that must be applied. Pursuant to paragraph 3.4(b)(vii) of the Requirements, property entities may elect distribution per share (“**DPS**”) as their relevant measure of financial results. Property entities making this election, are then required to publish a trading statement as soon as it becomes reasonably certain that DPS will differ by at least 15% from that of the prior corresponding reporting period.

Considering the aforementioned market conditions, many property entities are deferring their distributions, which may result in DPS no longer being a relevant measure. If DPS is no longer a relevant measure, property entities would need to revert to using headline earnings per share (“**HEPS**”) and earnings per share (“**EPS**”) or net asset value per share (“**NAVPS**”) as performance measures for trading statement purposes pursuant to paragraph 3.4(b)(vi) of the Requirements (the “**Standard Measures**”). This matter requires careful consideration by property entities. If DPS is no longer a relevant measure, property entities must follow the Standard Measures disclosure regime, which includes a SENS announcement dealing with the adoption of a different relevant measure.

The JSE further wishes to refer property entities to its letter dated 10 March 2020 which highlighted the fact that covid-19 may trigger general price sensitive information disclosure pursuant to paragraph 3.4(a) of the Requirements (“**General PSI Information**”). Therefore, regardless of whether DPS is still a relevant measure or if the property entity defaults back to the Standard Measures, General PSI Information requires further and separate consideration.

The JSE appreciates that there may well be various elements that contributes and/or impacts General PSI Information assessment and the JSE requires that careful attention be given to distributable income (as

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defined by the property entity) and the percentage of distributable income declared. There is a strong argument that both of these elements may comprise General PSI Information and should be announced in accordance with paragraph 3.4(a) as read with Practice Note 2/2015. A breakdown of the two elements will allow investors to compare the last reporting period's distributable income and total dividend with the current (interim) period, providing insight into the operating performance despite the lack of a distribution. The JSE is of the view that, in line with the trading statement approach on DPS, at the very least any difference of at least 15% from each or both of these elements (distributable income and the percentage of distributable income declared) is likely to be price sensitive.

Please contact Tania Wimberley on 011 520 7067 or taniaw@jse.co.za should you have any questions regarding this letter.

Yours faithfully



**A F VISSER: DIRECTOR
ISSUER REGULATION**