

## Dipula says listing part of acquisitive growth plan

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Property loan stock company Dipula Income Fund has listed on the JSE in the 'Financial: Real Estate Holdings and Development' sector.

"Dipula is a high-yield income fund, which offers investors an A and B unit structure. "It owns a diversified property portfolio, located throughout South Africa, with a retail bias to low-income households," says CEO **Izak Petersen**.

He adds the private placement and listing will enable acquisitive growth by Dipula, which has appropriate levels of gearing and the asset management will be undertaken by a predominantly

black-owned and -managed asset manager.

"The positive response to our private placement reflects strong market support which is note-worthy, especially considering the volatility of market conditions experienced over recent weeks," notes Petersen.

As part of the listing, Dipula will acquire some R700-million in investment properties from two vendors. Dipula was established through the merger of Dipula Property Fund and Mergence Africa Property Fund. Its portfolio consists of about 437 000 m<sup>2</sup>, with an average value of R4 829/m<sup>2</sup> and occupancy levels of about 92%. The existing portfolio boasts an average escalation rate significantly in excess of the current Consumer Price Index of more than 8%.

About 69% of Dipula's property portfolio is located in the commercial hub of Gauteng and the company owns property assets in all nine provinces. Some 52% of Dipula's portfolio by rental revenue is retail, with the rest split into industrial, 16%, and offices, 32%.

Dipula's retail portfolio provides exposure to low-income households, which are expected to outperform higher income households in terms of growth in the short to medium term. Industrial properties are located in well-established industrial nodes with good access to main roads and electrical infrastructure. Dipula's office properties are situated in office nodes, mainly in Johannesburg's northern suburbs.

"We are in the market for stock and we welcome paper and cash transactions," says Petersen.

He adds that Dipula will only consider income-enhancing acquisitions and is able to offer above-average growth in distributions by targeting dependable and sustainable growth through its focus on income quality and tight cost management.

He explains that low average rentals provide scope for positive reversions and opportunities exist for yield-enhancing acquisition.