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Distributions grow with Dipula assets

Roy Cokayne

DIPULA Income Fund is forging ahead with a strategy of growing its portfolio after acquiring R2.3 billion worth of properties since the property loan stock company listed in August 2011.

Of this, properties worth R843 million have been transferred with a further R945m awaiting transfer.

A further R499m worth of property assets, including Tower Mall, a rural shopping centre that is being built in Jouberton in the North West, are under construction and will be transferred when the developments have been completed.

In the past six months, Dipula disposed of 16 properties for R42.8m while a further 24 properties that no longer fit its profile are earmarked for sale.

Dipula now owns 170 properties with a gross lettable area of 482 888m^2 valued at R2.9bn.

Chief executive Izak Petersen said yesterday that the fund was forging ahead with its strategy of portfolio growth, which aimed to increase the quality, size and value of its assets. He said it was the fund's strategic intent to grow the average value of its assets to R50m within the next five years or so while building a R10bn portfolio.

This, Petersen said, would be achieved by acquiring assets across all commercial sectors valued at between R20m and R400m each.

Yesterday Dipula reported a 6 percent growth in distributable earnings in the six months to February, with combined A- and B-linked unit distributions increasing to 71.473c apiece from 67.426c in the previous corresponding period.

Distributions grew 5 percent to 41.669c an A-linked unit and by 7.4 percent to 29.804c a B-linked unit.

The distribution on A-linked units will grow at 5 percent a year until August 2017 and thereafter at the lower of 5 percent a year or the consumer price inflation rate, while the B-linked units receive the residual distributable income after settlement of the A-linked unit distribution.

Acquisitions contributed to increases in revenue and net operating profit. Revenue increased by 11.8 percent to R153.65m year on year, and net operating profit improved 17 percent to R125.5m.

Vacancies fell to 9.8 percent from 10.4 percent.

Petersen said the fund continued to successfully execute its strategy of improving the quality of its portfolio and income and it was anticipated the vacancy rate would decline further over time.

Dipula raised R650m under a private placement in November last year to fund announced acquisitions.

Petersen said Dipula should achieve total distribution growth of between 6.5 percent and 7.5 percent for its full year.

The A-linked units were flat at R11.50 yesterday.