



IT STARTS WITH A DREAM: Artist's impression of what the Gillwell Taxi Retail Park development in downtown East London will look like

Picture: SUPPLIED

Gillwell site sold in sweet deal

By SIYA MITI
Business Reporter

Mall's R316m sellers to remain co-owners, developers and managers

JSE-LISTED company Dipula Income Fund announced on Wednesday that it would acquire a shopping centre development in East London's CBD in a R316-million deal.

The company is to purchase the 21 521m² (two soccer pitches) that spans three levels of retail space, from developers Isibonelo Property Services and Eris Property Group.

It has also agreed to give Isibonelo the option to acquire a stake in this retail centre.

Chief executive Izak Petersen said: "The property meets Dipula's strategy of acquiring larger, quality retail assets in targeted areas and improves the overall quality of our portfolio.

"Gillwell Taxi Retail Park is a well located retail site in the retail hub of East London's CBD. For Dipula, it represents sustainable income growth underpinned by major national retailers."

Petersen said leases are being finalised with the centre's anchor retailers Game and Shoprite.

The Gillwell Taxi Retail Park development was previously valued at R350-million and was initially planned to feature national retail chains, a Bus Rapid Transit station and a taxi rank.

Isibonelo said the price to Dipula excludes development costs and professional fees.

Isibonelo chief executive Shadrack Mthethwa

said the company, which has a 40-year lease with BCM on the site in downtown East London, would still be co-owner of the development.

However, details of its percentage share were not yet available to the public. Mthethwa said: "Dipula is required in terms of JSE regulation to make an announcement as a caution to the public and entities that deal with it.

"We are finalising details of shareholding and they will be available after we hold a board meeting. The deal is a funding instrument. Dipula is a listed fund and has the financial muscle to buy into property. We are co-owners for the duration

of the 40-year lease [with BCM]."

Construction of the mall started late last year, five years after the development was made public. The transaction between developers and Dipula is subject to various conditions, including 80% of the development's retail space being pre-let and rental guarantees on any unlet space.

Isibonelo and Eris will develop the centre and manage it for the first two years from opening. Dipula claims to have one of the highest BEE ratings in the sector and an asset base comprising 181 commercial properties valued in excess of R4-billion. — siyam@dispatch.co.za