

DIPULA'S PORTFOLIO GROWTH BOOSTS LONG-TERM INVESTOR VALUE



Izak Petersen, CEO

The first five months of 2014 have certainly been eventful for South Africa's listed property sector and for Dipula too.

Because our management are significant shareholders in Dipula, they are committed to driving portfolio growth and, at the same time, improving the quality, size and value of Dipula's assets. We have grown our fund over the R4 billion mark with strategic acquisitions that strengthen our geographically and sectorally diverse portfolio of properties and have furthered our retail property bias.

This has made our portfolio increasingly desirable, with our

improved position attracting the attention of certain competitors. Whilst growing and improving our portfolio, creating long-term value for our investors remains our core focus. We've put ourselves in an excellent position to do this. Exceptional B-BBEE credentials, the strong alignment of our management's interests thanks to their significant stake in the company and low asset management fees continue to give Dipula a competitive market advantage.

Dipula has substantial exposure to government tenants in terms of GLA and rental income, therefore it is important to retain our B-BBEE status.

NEW ASSETS. NEW INCOME STREAMS. NEW OPPORTUNITIES.

Dipula is driven by a highly acquisitive growth strategy. In recent months, we've added three quality retail properties to our portfolio, an exciting retail development and a prime office building fully let to a single sovereign tenant. The acquisitions meet our



Tower Mall: This mall should be the Tower of hope and development in this community

strategy of investing in quality assets, especially in under serviced areas.

Tower Mall in Jouberton in the North West is a 15,283sqm shopping centre anchored by Shoprite and effectively fully let. The mall, which is the first shopping centre in the area, opened late last year. The mall is the largest private investment into this community. Tower Mall's tenant mix is especially selected to meet local shopper needs. It has excellent access and visibility, making it easy for shoppers to get to the mall. Dipula's investment in Tower Mall goes beyond providing an excellent retail facility for this community. It is also an investment in the community that boosts employment and skills. Tower Mall will be a catalyst for more investment in the area.

Dipula also scooped up **Fairways on Main** shopping centre in Howick. Pick n Pay is its anchor tenant and, importantly, this asset is a growth opportunity with potential for expansion.

In KwaZulu-Natal Dipula now owns **Umgeni Business Centre** in Durban. This value centre is near the N2 highway in a dominant value retail node, opposite Makro Springfield. Umgeni Business Centre enjoys an excellent location and visibility in this well-established node with attractive potential.

The offices at **50 Hamilton Street** in Arcadia, Pretoria now also form part of the Dipula portfolio. This 4,500sqm property has a single tenant, the Gauteng Department of Local Government and Housing, on a long lease.

Dipula agreed to acquire the R316 million East London **Gillwell Taxi Retail Park** development in the Buffalo City Metropolitan Municipality. The transaction will become effective after its construction is complete, in the first half of 2015. The 21,521sqm three-level shopping centre development meets Dipula's strategy of growing

with larger, quality retail assets that improve the overall portfolio quality. It also increases Dipula's exposure to prime CBD positions in the Eastern Cape that still experience stronger

trade than out of town malls. The transaction is subject to various conditions, including being 80% prelet. The deal includes rental guarantees over unlet space for 18 months.

DEVELOPING PROPERTY ASSETS THAT IMPROVE SURROUNDING COMMUNITIES

Construction is on schedule on the 27000sqm **Eyethu Orange Farm Mall**, set to open in October 2014. This regional shopping mall was conceived to be a sustainable and multifaceted asset for its investors.

Dipula owns 30% of this retail development, in which the Orange Farm Community owns 10% in a trust facilitated by the National Empowerment Fund. Our investment partners also include Stretford Land Developments and Flanagan & Gerard Investments, which each hold 30%. The mall is midway between Johannesburg and Vereeniging. It is ideally linked to and located alongside Stretford Station and its adjacent taxi rank, forming part of Orange Farm's new central business district. The R400 million two-level shopping centre will incorporate an informal trading component and also offer parking on both levels. Its



Construction on Eyethu Orange Farm Mall

anchor tenants Shoprite, Pick n Pay and Edgars, will be complemented by a comprehensive mix of retailers selected to meet the shopping needs of this community.

Eyethu Orange Farm Mall's construction has already started to create some of the more than 2,000 jobs it is expected to generate during its development.

IMPORTANT DATES

INTERIM RESULTS: 28th May 2014

PAYMENT DATE: 23rd Jun 2014

FINAL RESULTS: 12th Nov 2014

PAYMENT DATE: 8th Dec 2014

UPDATE ON TEAM

Dipula has recently strengthened its asset management team through the appointment of the following new members:



SIBONGISENI LEFALATSA, CORPORATE AND LEGAL AFFAIRS EXECUTIVE, joined Dipula on the 1st of April. She has an LLB degree from Wits University and has been in the legal and mergers and acquisitions space for the past 8 years. She started her career at Edward Nathan Sonnenbergs and spent 4 years at Java Capital, involved in a number of JSE listings and capital raising transactions. Immediately prior to joining Dipula she gained international transaction experience at EY.



GRANT ABRAHAMS, FUND MANAGER, has extensive experience in the property sector having joined Redefine in the early years as an asset manager responsible for sales and acquisitions for 10 years. Prior to that Grant was the senior asset manager at RMB Properties for 8 years.

Grant has been a member of the Dipula team for a year.



KAJAL MAHADEO, GROUP ACCOUNTANT, joined Dipula from Lockhat Inc, where she was the Audit Manager. She served her articles in 2009 at Hugh Strickland & Co and in 2012 left to gain experience outside industry as a Group Accountant.

Kajal has extensive experience in Forensic Auditing apart from financial accounting. She is currently completing her board exams to qualify as a Chartered Accountant (SA).

PERFORMING IN A RISING INTEREST RATE CYCLE

South Africa has entered a rising interest rate cycle, which drives up the cost of debt for the listed property sector. Dipula has most of its interest fixed as part of our prudent debt management strategies. The current level of fixed interest is approximately 70%.

EXPERIENCED, EMPOWERED ASSET MANAGEMENT BENEFITS DIPULA

Dipula is distinguished in the JSE listed property sector thanks to its strong BBEE platform.

We have one of the highest black shareholdings relative to peers, with its roots in two majority black-owned property funds: Mergence Africa Property Fund and Dipula Property Fund.

Dipula is also managed by a 100% empowered external Asset Manager (Manco).

Dipula's Manco is 50% owned by Mergence Africa Properties and 50% by Dijalo Property Services -- both are private companies and 100% black-owned and managed. Because our management are significant shareholders in Dipula, their interests are therefore strongly aligned with those of investors'.

