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Dipula acquires R316 million East London Gillwell Taxi Retail Park development

Dipula Income Fund today announced that it has agreed to acquire the Gillwell Taxi Retail Park development in the East London CBD, situated in the Buffalo City Metropolitan Municipality of the Eastern Cape province.

The development gained planning permission in December 2013 and this transaction will become effective after the centre's construction is complete, in the first half of 2015.

Dipula agreed to purchase the 21,521sqm three-level shopping centre development 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.

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

He adds: "The Gillwell Taxi Retail Park development 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."

Leases are being finalised with the centre's anchor retailers Game and Shoprite.

The transaction is subject to various conditions, including 80% of the development's retail space being pre-let and rental guarantees on any unlet space.

As part of the transaction, Isibonelo and Eris will develop the centre and will also undertake its management for its first two years from opening.

Dipula is a JSE-listed SA REIT (Real Estate Investment Trust) with one of the highest BEE ratings in the sector. Dipula's asset base comprises a growing portfolio of 181 commercial properties valued in excess of R4bn spanning some 577,340sqm of gross lettable area.

Its portfolio is geographically diverse across all of South Africa's provinces, with more than 70% concentrated in South Africa's most economically productive province of Gauteng.

Dipula's portfolio inclines towards retail property at more than 50% by rentable area of its portfolio, which also includes office and industrial property assets. South African retail property has outperformed all other property subsectors in recent years and this has served Dipula well.

"Besides meeting our growth strategy, the acquisition also increases our exposure to the growth opportunities from commuter retail in one of the busiest CBD's in SA," says Petersen.

Dipula is finalising the acquisition's financial effects and, until these are announced, it has advised Dipula linked unitholders to exercise caution when dealing in its linked units.



Artist rendering of Gillwell Taxi Retail Park development in East London