

# Portfolio acquisition boosts Dipula asset value

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Dipula Income Fund, the diversified black economic empowered property group, has grown its asset value beyond R8bn for the first time, following the acquisition of a mixed portfolio worth R1.25bn.



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Dipula said in November 2017 it would buy the portfolio.

CEO Izak Petersen said that he chose to be especially cautious over the past couple of years while he focused on finding well-suited South African assets.

This was amid many South African property investors who were spending capital abroad. The pre-emptive rights regarding certain properties in the R1.25bn acquisition have now either been waived or exercised. The portfolio was acquired with a forward yield of 11.8%.

"This yield-enhancing acquisition is in line with our strategy of acquiring quality enhancing properties which offer opportunities to extract additional value through redevelopments and refurbishments," said Petersen.

The portfolio was bought from Setso Holdco and Rec Group Property Trust.

To complete the deal, Dipula acquired a 100% shareholding in the Setso wholly-owned subsidiary Luxanio Trading 181 and subscribed for a 50% plus one stake in Bajascape, a company that held the property portfolio of Rec Trust.

The complete diversified portfolio has a gross lettable area of 340,221m<sup>2</sup> and spans retail, office and industrial assets with a minimal overall vacancy of 0.8% and a weighted average lease expiry of 4.5 years.

The purchase consideration would be paid in cash comprising a balance of debt and equity funding.

"This acquisition is a further step in our consistent growth path which has seen our portfolio grow over 300% since listing," said Petersen.

Dipula's current portfolio comprises 174 properties valued at about R7bn with a total gross lettable area of 757,363m<sup>2</sup> including retail, office and industrial properties.

The portfolio being acquired by Dipula includes two retail properties in Gauteng - Chilli Lane and Chilli on Top - six office properties across Gauteng and the Western Cape and two redevelopment properties.

The transaction also includes the acquisition of a 50.01% stake in a company owning a portfolio consisting predominantly of industrial properties across KwaZulu-Natal, Eastern Cape, Mpumalanga, Gauteng and North West.

The acquisition was subject to certain conditions precedent and the transaction date was anticipated to be 1 May.

*Source: Business Day*

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