Dipula manages to lift earnings and dividends

By Alistair Anderson

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Dipula Income Fund CEO Izak Petersen says being cautious in a tight economy continues tobear fruit for the diversified property group.

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The group reported strong interim growth, with a 9.5% increase in distributable earnings of R194m in the six months to February compared with the matching period a year ago. This resulted in a 6.3% rise in dividends per combined share to 92.49c for the reporting period, despite a limping economy.

The company which has a market capitalisation of R4.8bn, managed to grow its dividends per share for A-shareholders 5% and 7.9% for B-shareholders. A and B shares accommodate different risk appetites. A-shareholders receive a preferred 5% growth in distributions while B shareholders receive the remainder.

The group's share prices have rallied in 2017 so far.

Dipula's A shares have risen 4% year to date while its B shares have increased 14%.

Petersen said Dipula was successfully extracting value from its property portfolio through redevelopment initiatives to record organic growth.

Vacancies in the group's R7bn portfolio remained stable at 9.2%, compared with the prior corresponding period. But its office properties were struggling. Office vacancies were at 15.1% compared with 11.7% in the prior period. Retail vacancies were up from 7.6% to 7.9%, while industrial vacancies were at 8.8% from 11.5%.

"This is due to tenants facing an increasing cost of occupation while turnovers grow at a slower pace given the poor economy. This also results in increasing tenant drop-off in all property sectors," he said.

Dipula was in the process of concluding acquisition deals worth more than R500m.

"In line with our strategy to rebalance our portfolio, we also disposed of 28 noncore properties worth R400m, of which eight properties valued at R72.3m were transferred by February 28 while the remainder are at various transfer stages," said Petersen.

Source: Business Day