



INTERIM RESULTS
FOR SIX MONTHS ENDED 28 FEBRUARY 2017

AGENDA

01 BUSINESS & PORTFOLIO OVERVIEW

02 FINANCIAL OVERVIEW

03 LOOKING AHEAD

04 QUESTIONS & ANSWERS



DIPULA AT A GLANCE

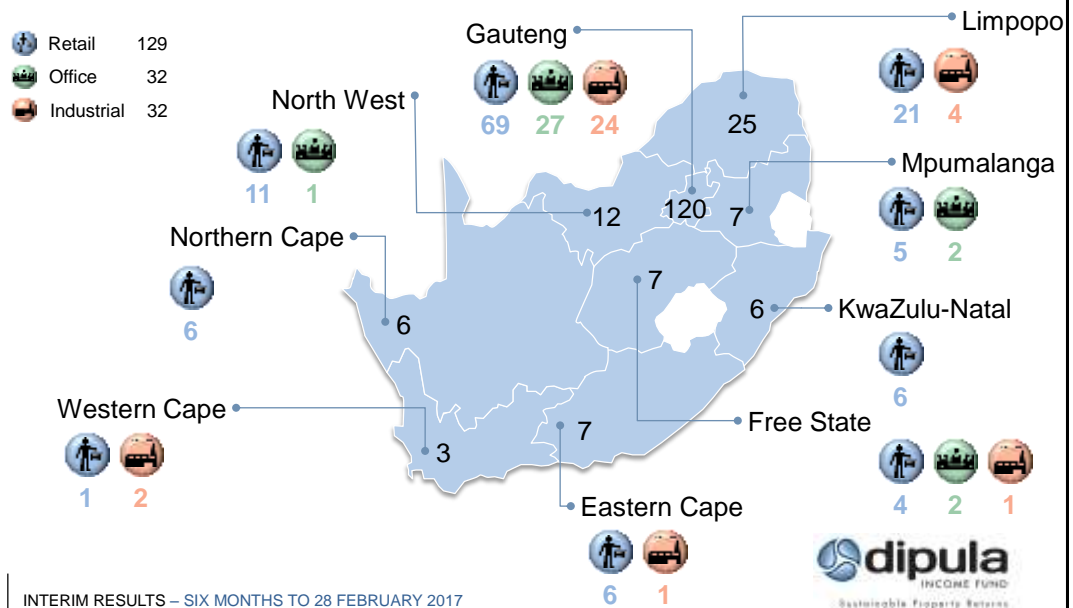
JSE sector	Real Estate Investment and Services: Diversified REITS
Date listed	17 August 2011
Closing price (28 Feb 2017)	DIA R10.50 DIB R11.95
Market capitalisation (28 Feb 2017)	R4.7 billion
Asset manager	Dipula Asset Management Trust
Lead property managers	Broll DPM McCormick Moolman Group
Shareholding	A & B shares (different risk appetites)
Credit rating	BBB (ZA) long term, A3 (ZA) short term
B-BBEE	Level 2

South African focused well **DIVERSIFIED** REIT that invests in retail, office and industrial property. Dipula is managed by an external MANCO and management holds a sizable stake in the fund, thus ensuring goal alignment with all shareholders.



DIPULA AT A GLANCE

Sectoral split by province (193 properties)





01

BUSINESS AND PORTFOLIO OVERVIEW

IZAK PETERSEN (CEO)

HIGHLIGHTS

TRADING ENVIRONMENT

STRATEGY

PORTFOLIO

HIGHLIGHTS

Distributable earnings

R194m

Up 9.5%

Combined dividends per share

Up 6,3%

In progress

Acquisitions

R500m

Revamps

R200m

28

Non-core disposals

R400m

including post period

Capital raised to date

R200m

Interest rate hedging in excess of

80%



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BUSINESS AND PORTFOLIO OVERVIEW

IZAK PETERSEN (CEO)

HIGHLIGHTS

TRADING ENVIRONMENT

STRATEGY

PORTFOLIO

TRADING ENVIRONMENT

- › Continued pressure on tenants on the back of weak economic fundamentals
- › Increasing funding costs will result in lower distribution growth and muted acquisition activity
- › Political environment not conducive to business confidence
- › Violent service delivery protests destructive
- › Unrealistic municipal valuations leading to higher cost of occupancy
- › Electricity costs moderating while other municipal costs are accelerating but service delivery remains weak
- › Slowing speed of renewals - particularly government
- › Tenants require less space, more flexibility and are spoilt for choice in the office sector
- › Mini industrial parks have a high turnover of tenants
- › Retailers still looking to expand but are resisting higher rentals



01

BUSINESS AND PORTFOLIO OVERVIEW

IZAK PETERSEN (CEO)

HIGHLIGHTS

TRADING ENVIRONMENT

STRATEGY

PORTFOLIO

STRATEGY

- › Maintaining a diversified portfolio with a retail bias
- › Building blocks for residential entry in place
- › JV for greenfield and brownfield high value retail opportunities well on track
- › Refurbish assets and improve yields through high yielding solar projects
- › Pursue sensible corporate action and selective acquisitions
- › Rebalance portfolio through strategic disposals
- › Conservative management of balance sheet through interest rate hedging and diversified debt tenure and sources



01

BUSINESS AND PORTFOLIO OVERVIEW

IZAK PETERSEN (CEO)

HIGHLIGHTS

TRADING ENVIRONMENT

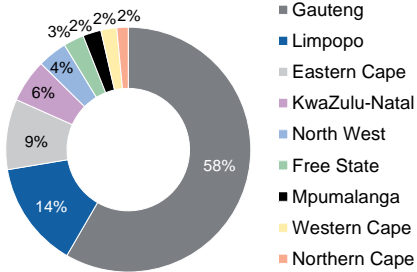
STRATEGY

PORTFOLIO

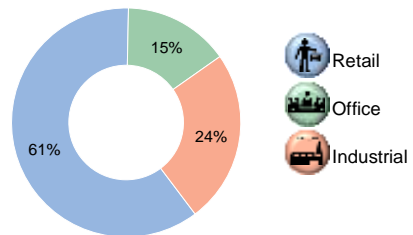
OUR PORTFOLIO AT 28 FEBRUARY 2017

Portfolio value	Total GLA	Average property size	Average property value	Average value per m ² by GLA	Average escalation
R7bn 193 properties	789 753m²	4 092m²	R36m	R8 842	7,8%

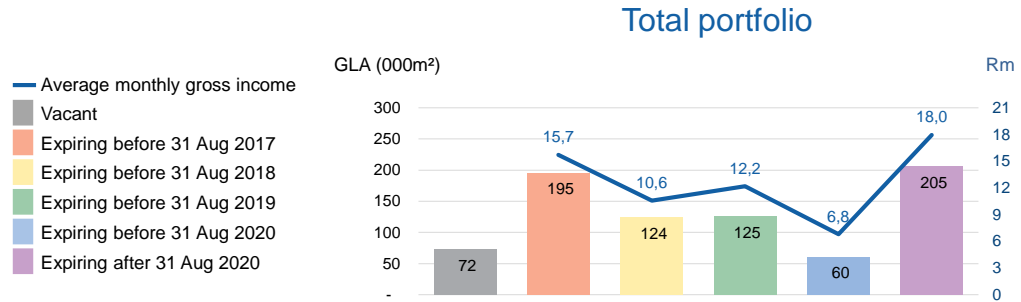
Geographic split by GLA



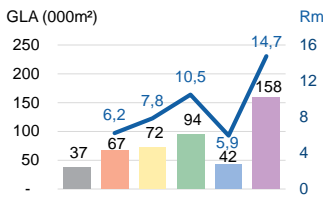
Sectoral split by GLA



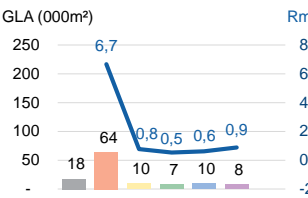
LEASE EXPIRY PROFILE



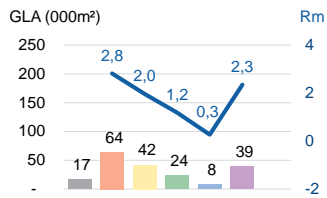
Retail



Office



Industrial



LEASE ACTIVITY - 1 Sep 2016 to 28 Feb 2017

New leases

	Retail	Office	Industrial	Total
Number of leases	80	11	3	94
Value of leases	71 563 616	5 031 356	3 226 224	79 821 196
Weighted average gross rental (R/m²)	98.02	96.06	35.78	95.42
Total GLA let (m²)	13 227	1 131	2 006	16 364
Weighted average escalations	8.6%	9.7%	8.0%	8.6%



Renewals

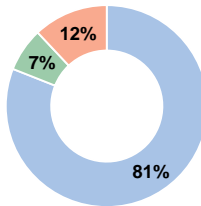
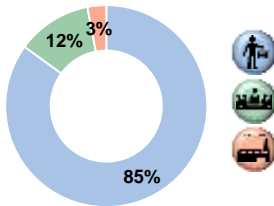
	Retail	Office	Industrial	Total
Number of leases	85	12	9	106
Value of leases	150 313 727	13 308 898	15 930 185	179 552 810
Average gross rental expiry (R/m²)	104.72	66.07	49.39	83.83
Average gross rental new (R/m²)	103.64	85.39	53.69	88.65
Total GLA renewed (m²)	26 573	11 177	10 353	48 102
Weighted average escalations	7.3%	7.4%	6.8%	7.2%
Average increase in renewal rate	-1.0%	29.3%	8.7%	5.7%

LEASE ACTIVITY (CONTINUED)

New leases

Number of new leases: 94

Total new GLA let: 16 364m²



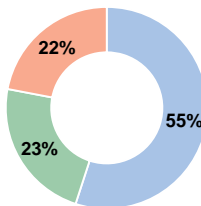
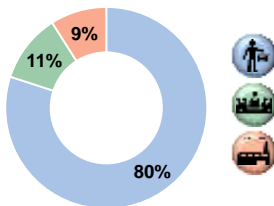
Tenant retention rate

› Overall	89%	
› Retail	84%	
› Offices	97%	
› Industrial	81%	

Renewals

Number of leases renewed: 106

Total GLA renewed: 48 102m²



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VACANCIES

Vacancies 9.2%

➔ (29 Feb 2016: **9.2%**)

Retail 7.9%

⬆️ (29 Feb 2016: **7.6%**)

Office 15.1%

⬆️ (29 Feb 2016: **11.7%**)

Industrial 8.8%

⬇️ (29 Feb 2016: **11.5%**)

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WEIGHTED AVERAGE ESCALATIONS & RENTALS

Escalations

	Retail	Office	Industrial	Portfolio
By income	7.6%	8.9%	7.8%	7.8%
By GLA	7.5%	8.9%	7.9%	7.8%



Gross rentals (R/m²)

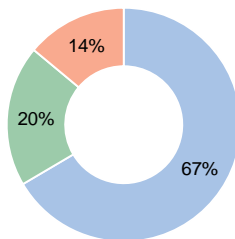
	Retail	Office	Industrial	Portfolio
By income	115.17	115.62	55.04	106.76
By GLA	104.16	105.42	51.12	91.07

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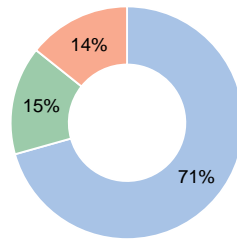
TENANT PROFILE

By GLA



■ A grade ■ B grade ■ C grade

By rental income



Top 10 tenants by GLA

Shoprite Group	8%
Department of Public Works	7%
Pepkor Group	3%
Mass Stores	3%
Pick 'n Pay Group	3%
General Motors South Africa	2%
Edcon Group	2%
Cashbuild	2%
Spar Group	2%
Standard Bank	2%

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TOP TEN PROPERTIES

31% of total portfolio by value



	Building Name	Region	Feb 2017 GLA	Value as at 31 August 2016 Rm
	1 Eyethu Orange Farm Mall *	Gauteng	24 813	392,0
	2 Gillwell Taxi Retail Park	Eastern Cape	22 090	305,8
	3 SAPS VIP	Gauteng	21 478	290,0
	4 Umzimkhulu Mall	KwaZulu-Natal	15 740	207,0
	5 Nquthu	KwaZulu-Natal	14 912	184,8
	6 Gezina Galleries	Gauteng	16 669	175,0
	7 Corporate Park II Polokwane	Limpopo	28 058	169,5
	8 Bochum Plaza	Limpopo	12 081	164,0
	9 Kopanong Kudube Shopping Centre	Gauteng	10 755	157,0
	10 Tower Mall	North West	15 436	153,6
			182 031	2 198,7

* Dipula owns 30%



Retail



Office



Industrial



TOP TEN RETAIL PROPERTIES

42% of retail portfolio by value



	Building Name	Region	Feb 2017 GLA	Value as at 31 August 2016 Rm
	1 Eyethu Orange Farm Mall *	Gauteng	24 813	392,0
	2 Gillwell Taxi Retail Park	Eastern Cape	22 090	305,8
	3 Umzimkhulu Mall	KwaZulu-Natal	15 740	207,0
	4 Nquthu	KwaZulu-Natal	14 912	184,8
	5 Gezina Galleries	Gauteng	16 669	175,0
	6 Bochum Plaza	Limpopo	12 081	164,0
	7 Kopanong Kudube Shopping Centre	Gauteng	10 755	157,0
	8 Tower Mall	North West	15 436	153,6
	9 Ziyabuya Shopping Centre	Eastern Cape	14 578	125,3
	10 Hammanskraal Shopping Centre	Gauteng	11 286	123,6
			158 360	1 988,1

* Dipula owns 30%



TOP TEN OFFICE PROPERTIES

69% of office portfolio by value



	Building Name	Region	Feb 2017 GLA	Value as at 31 August 2016 Rm
1	SAPS VIP	Gauteng	21 478	290,0
2	SAPS IJS	Gauteng	7 874	124,7
3	Steve Biko Corner	Gauteng	5 048	91,3
4	Boardwalk Place Midrand	Gauteng	6 455	78,6
5	50 Hamilton Street	Gauteng	4 500	59,2
6	Nemisa Office Building	Gauteng	3 600	52,1
7	Finance House	Gauteng	8 451	48,4
8	Sanburn Building Benoni	Gauteng	6 757	37,8
9	Byron Place	Gauteng	3 272	36,2
10	Bruma Boulevard	Gauteng	4 623	36,0
			72 058	854,3

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TOP TEN INDUSTRIAL PROPERTIES

71% of industrial portfolio by value



	Building Name	Region	Feb 2017 GLA	Value as at 31 August 2016 Rm
1	Corporate Park II Polokwane	Limpopo	28 058	169,5
2	New Brighton PE	Eastern Cape	23 099	151,3
3	Sterkolite Building	Gauteng	12 782	81,5
4	Renaissance Park	Gauteng	10 680	78,5
5	Range Road Blackheath	Western Cape	10 980	52,6
6	Tedstone Park Wadeville	Gauteng	6 940	40,0
7	Vana Road	Gauteng	8 195	36,0
8	SIFON Park	Gauteng	9 300	34,0
9	Bernie Street	Gauteng	6 342	30,8
10	14 Mandy Road	Gauteng	7 115	25,8
			123 491	700,0

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ACQUISITIONS

- › Total of **R500m**
- › Yields ranging between **9% to 10.5%**
- › Value adding opportunities
- › Predominantly retail
- › **5** assets with GLA of **33 689m²** + **20%** Moolman JV buyout
- › Average size **6 732m²** per property
- › Average value **R73m** (excl. Moolman JV properties)
- › New Moolman JV at an advanced stage
- › Expecting to commence first residential JV in next 6 to 12 months

DISPOSALS

- › Total of **28** properties, mainly in remote locations
- › Average yield **10%**
- › Total GLA sold **49 819m²** with **7 000m²** vacant
- › Average size **1 779m²**
- › Average value **R14.2m**
- › Capital recycled into redevelopments and strategic land purchases
- › Disposals to improve management efficiency

REDEVELOPMENTS & REVAMPS

Property	Description	Property type	Capex amount (Rm)	Original GLA	New GLA / units	Anticipated completion	Capex to 28 Feb 2017 (Rm)	Outstanding capex (Rm)
Completion 2017 / 2018								
Nemisa	Existing office re-development	Office	54,0	3 600	5 042	June 2017	12,0	42,0
Hammanskraal	Additional parking and general centre upliftment	Retail	13,0	11 286	11 286	Nov 2017	-	13,0
Pimville Square	Additional Cashbuild and general upgrade	Retail	4,0	4 291	5 591	Nov 2017	-	4,0
Palm Court	Upgrade	Retail	14,0	6 307	6 307	Nov 2017	-	14,0
Meadowpoint	Additional Cashbuild & PnP extension and upgrade.	Retail	26,4	4 559	5 919	Apr 2018	-	26,4
Gezina Galleries	Additional retail added and general upgrade	Retail	18,1	16 670	18 435	Sep 2018	-	18,0
Proteapoint Retail	Extension and upgrade	Retail	40,2	3 866	7 079	Nov 2018	-	40,2
Proteapoint Residential	Development of 111 residential units	Residential	43,1	-	111	May 2019	-	43,1
			212,8					200,8



Retail



Office



Industrial



Residential



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02

FINANCIAL REVIEW

RIDWAAN ASMAL (CFO)

FINANCIAL HIGHLIGHTS

> Revenue (excl. straight-line)	↑ 7.1%
> Distributable earnings	↑ 9.5%
> Total assets	↑ 5.1%
> Total liabilities	↓ (0.9%)

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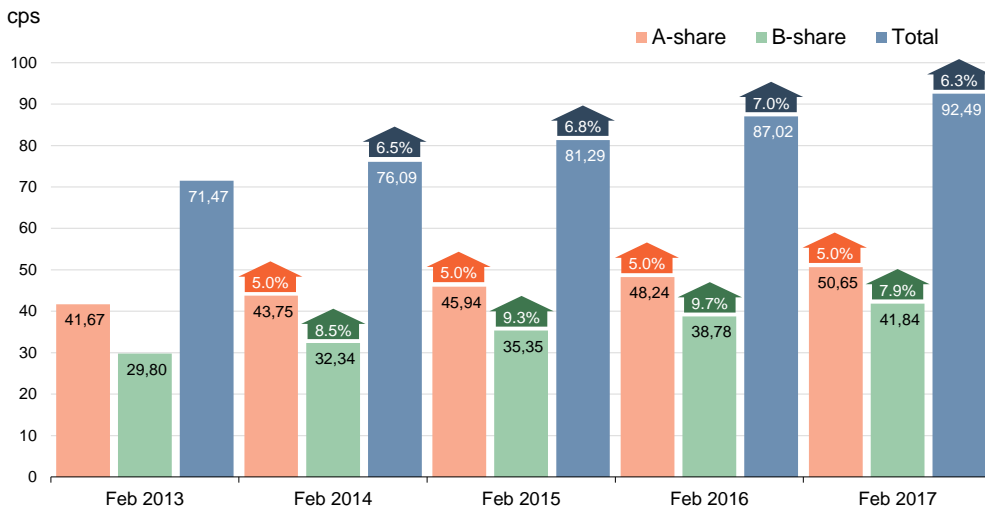
KEY GROWTH INDICATORS

Distribution growth per share		Net asset value per share
Combined	↑ 6.3%	↑ 7.0%
DIA	↑ 5.0%	
DIB	↑ 7.9%	

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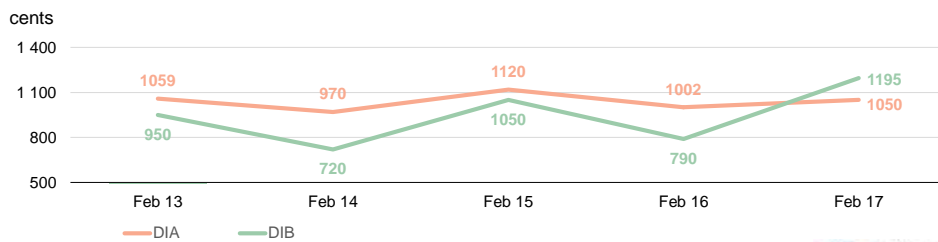
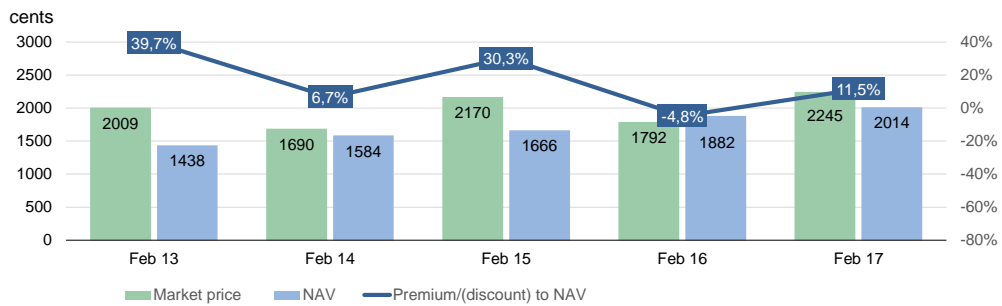
DISTRIBUTION GROWTH



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COMBINED MARKET PRICE TO NAV



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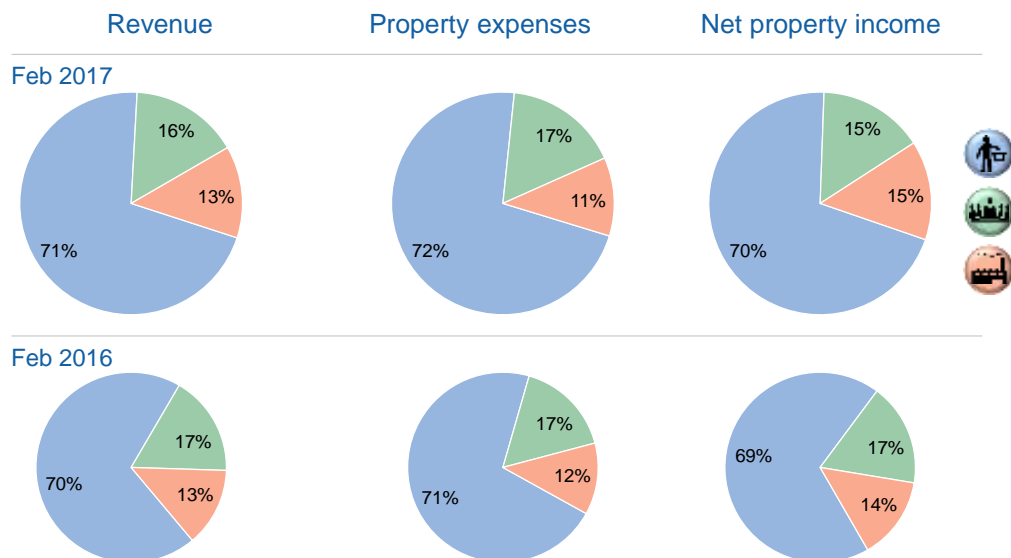
STATEMENT OF COMPREHENSIVE INCOME (EXTRACTS)

	28 Feb 2017 R 000	29 Feb 2016 R 000	Variance (%)
Revenue	526 620	491 838	7,1%
Property expenses	(184 434)	(175 762)	4,9%
Net property income	342 186	316 076	8,3%
Administration and corporate costs	(17 559)	(17 766)	(1,2%)
Net operating profit	324 627	298 310	8,8%
Net finance cost	(125 713)	(114 413)	9,9%
Antecedent dividend	1 642	1 113	47,5%
Non-controlling interests	(6 366)	(7 692)	(17,2%)
Distribution	194 190	177 318	9,5%
Distribution per A-share	50,64892	48,23707	5,0%
Distribution per B-share	41,83993	38,78144	7,9%
Combined distribution	92,48885	87,01851	6,3%
Gross property cost to income ratio	35,0%	35,7%	
Net property cost to income ratio	18,0%	19,3%	
Total cost to income ratio	22,2%	23,8%	

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SECTORAL PERFORMANCE (2017 v. 2016)



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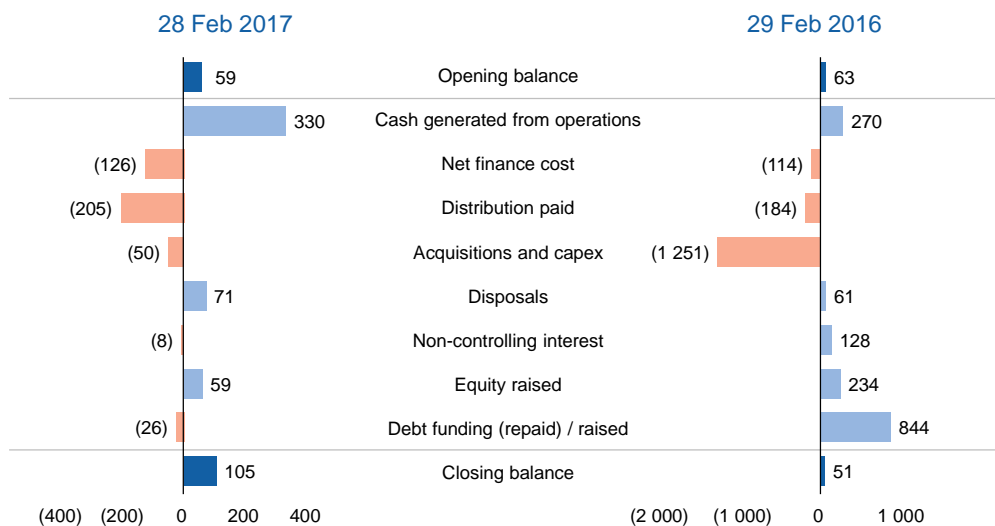
STATEMENT OF FINANCIAL POSITION (EXTRACTS)

	28 Feb 2017 (R 000's)	29 Feb 2016 (R 000's)	Variance (%)
Non-current assets	6 742 881	6 779 046	(1%)
Current assets	275 398	192 896	43%
Non-current assets held for sale	336 722	27 716	1 115%
Total assets	7 355 001	6 999 658	5%
Interest-bearing liabilities	2 861 162	2 885 186	(1%)
Other liabilities	137 047	141 621	(3%)
Total liabilities excluding debentures	2 998 209	3 026 807	(1%)
Net assets	4 356 792	3 972 851	10%
Loan to Value (LTV)	39,20%	42,00%	
Net asset value per A-share	R 10,07	R 9,41	7%
Net asset value per B-share	R 10,07	R 9,41	7%

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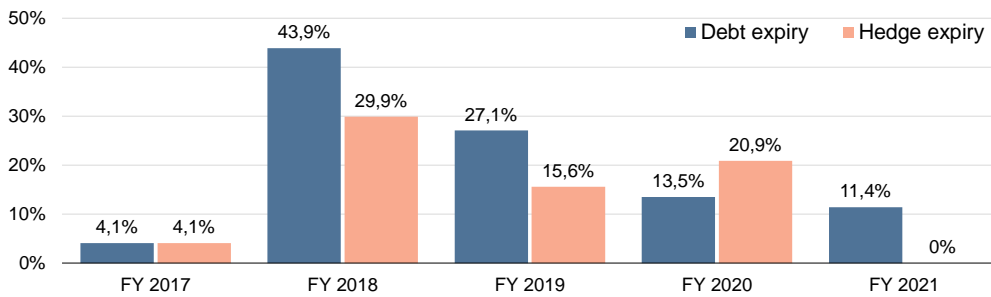
CASH FLOW - Rm



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DEBT PROFILE



- › **70.6%** of debt hedged (**48%** at 29 Feb 2016, **82.1%** at 30 Apr 2017)
- › **R1,3bn** debt maturing FY2018 (advanced stages of refinancing)
- › Weighted average cost of debt **9.06%**
- › Average length of facilities and hedges **2 years**



03

LOOKING AHEAD

IZAK PETERSEN (CEO)

LOOKING AHEAD – 2017 PRIORITIES

- › Complete 4 of the 8 planned revamps by Dec 2017
- › Continue to focus on vacancies, tenant retention, arrears and renewals
- › Complete solar projects at Nemisa and Tower Mall
- › Implement Manco internalisation and launch long-term incentive scheme
- › Refinance debt facilities expiring in 2017 / 2018
- › Guidance 5% - 6.5%



04 QUESTIONS & ANSWERS