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Growthpoint Properties announces innovative pan-African real estate investment strategy

Growthpoint Properties today announced it will be entering real estate investment in several African markets outside of South Africa.

South Africa's largest REIT and a JSE ALSI Top 40 Index company, Growthpoint, has entered a joint venture with Investec Asset Management, partnered by the International Finance Corporation (IFC) to launch its pan-African investment strategy.

Growthpoint has entered a 50/50 joint venture with global investment management firm Investec Asset Management to form a new management business, which will establish and grow a significant diversified pan-African (excluding South Africa) third-party institutional real estate investment vehicle.

In addition to its 50% direct stake in the manager, Growthpoint will invest an initial US\$50 million into the vehicle, with IFC also supporting it with a US\$40 million investment as an anchor investor. IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries.

With knowledgeable local teams and offices in 22 African countries, IFC will also provide valuable on-the-ground advisory services as a local partner for the vehicle in line with its mandate.

The US\$90 million commitment from Growthpoint and IFC as anchor investors is part of a targeted US\$500 million that will be raised for this third-party institutional investment vehicle. It is intended that the additional capital will be raised from qualifying, sophisticated third-party institutional investors, both local and international. The vehicle won't be open to public investors. However, the aim is to grow it to an optimal size for a possible major stock exchange listing in the next five to seven years.

Norbert Sasse, CEO of Growthpoint Properties, comments: "Our African strategy has been in the making for some time. We needed the right partners and expertise to create a powerful platform for pan-African property investment. Growthpoint is thrilled to embark on this venture with Investec Asset Management and IFC to build this into a significant business accessing investment in income-producing pan-African real estate, to benefit shareholders and investors."

The venture leverages the extensive industry, geographic and investment expertise of its partners.

He adds: "We believe this model represents a suitable, compelling investment strategy for Growthpoint to access opportunities in African real estate markets. This undertaking allows Growthpoint to further diversify its assets and harness opportunities across the African continent to create sustainable value for our stakeholders."

Growthpoint owns and manages a diversified portfolio of 471 properties in South Africa, 53 properties in Australia through its investment in Growthpoint Properties Australia (GOZ) and a 50% interest in the

properties at V&A Waterfront, Cape Town. Growthpoint has consolidated property assets valued over R100 billion.

John Green, Head, Global Client Group at Investec Asset Management, comments: “We believe the African real estate markets are well positioned for a long-term growth phase given the significant supply deficit across the continent. We are excited about this unique partnership as it brings together our pan-African investment experience with Growthpoint’s industry-leading property investment expertise and the IFC’s deep knowledge of the continent.”

Investec Asset Management is one of the largest specialist third-party investors in private equity, credit, public equity and sovereign debt across the African continent.

The new venture’s dedicated senior management team has a collective 30 years of experience in real estate and investment on the African continent and will be led by Thomas Reilly, the previous CEO of Sanlam’s Africa property fund business. With a long history in investment banking, he is also widely respected for his commercial real estate knowledge, his African property investment experience, and his work in multiple African markets.

Reilly, Managing Director of the new investment vehicle comments: “This venture provides a significant opportunity to facilitate the growth and liquidity of real estate as an asset class across the continent.”

The new pan-African real estate vehicle will initially target investment in select African economies in East, West and Southern Africa. These include Namibia, Botswana, Mozambique, Zambia, Uganda, Tanzania, Kenya, Nigeria, Ghana and Morocco, among others, with opportunity-driven investment that will give Growthpoint’s shareholders as well as investors in the vehicle access to real estate in other African countries too.

Sasse confirms the vehicle’s real estate portfolio will comprise approximately 80% income-producing real estate assets in strategic territories across Africa, excluding South Africa. Around 20% of its investment will be earmarked for development to create new assets for its portfolio. It will also invest across diverse commercial property subsectors, such as retail, offices, industrial and hospitality.

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