

MEDIA RELEASE FROM GROWTHPOINT PROPERTIES

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Growthpoint Properties announces R1,3 billion accretive acquisition

Growthpoint Properties today announced it will acquire Abseq Properties (Pty) Ltd, which owns and manages a portfolio of 17 high-quality office properties in northern Johannesburg and Woodmead.

Comprising a substantial 79,971sqm of predominantly A-grade offices, Growthpoint is acquiring the properties at an average forward yield of 8.74% and will settle the purchase consideration of R1,3 billion in shares and cash.

Norbert Sasse, CEO of Growthpoint Properties, says “This transaction is yield enhancing for Growthpoint and advances our strategy to provide our shareholders with sustainable growth in distributable income and long-term capital growth.”

He adds: “This is a sizeable portfolio of quality properties in locations which are strategic and complement Growthpoint’s existing portfolio. Importantly, the deal increases Growthpoint’s exposure to the Woodmead office node, where over half of the portfolio space is located.”

To keep the skill, expertise and property administration of the portfolio, the acquisition also includes the Equity Estates property management team responsible for the Abseq properties, ensuring continuity of property management.

Sasse says: “This transaction is a good example of how Growthpoint can provide private property investors and developers with a total solution and convert their current relatively illiquid and concentrated investments into a liquid and tradable holding in Growthpoint, with its diversified portfolio. We also give them the financial benefits of the REIT tax dispensation granted to us.

Established in 1982, Abseq Properties originated out of RMS Syfrets Property Development Company, which later became African Life Properties. Under Equity Estates’ management, Abseq Properties today comprises a sizeable, high-quality office portfolio including four office parks: the 25,000sqm Country Club Estate in Woodmead, 18,500sqm Woodmead Estate, 9,900sqm Illovo Corner and 8,300sqm Peter Place Office Park in Bryanston. It also includes Equity House and the British Consulate in Dunkeld West, four properties in Chislehurst, as well as three properties and a 50% stake in a further four properties in Houghton.

The transaction is subject to various conditions, including approval by the Competition Authorities, and is expected to be effective in the first quarter of 2014.

Growthpoint is the largest South African REIT and a JSE ALSI Top 40 Index company. Growthpoint owns and manages 393 properties in South Africa, 44 properties in Australia through its investment in GOZ and a 50% interest in the properties at V&A Waterfront, Cape Town.

This acquisition will take the value of Growthpoint’s consolidated tangible assets over R64,0 billion.

“This transaction will be accretive to Growthpoint’s distributions to investors this year and in future years,” says Sasse.

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