

MEDIA RELEASE FROM GROWTHPOINT PROPERTIES

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***Growthpoint launches its Central and Eastern European investment strategy
with an initial 26.9% stake in Globalworth***

Growthpoint Properties today announced it will subscribe for an initial 26.9% stake in London Stock Exchange Alternative Investment Market listed Globalworth Real Estate Investment Limited, the largest owner of office space in Romania.

Its €186,4 million investment in the Romanian-based real estate developer, owner and manager launches Growthpoint's Central and Eastern European (CEE) strategy with a conservative market entry point and a high-growth investment platform in a transaction that Growthpoint expects to be accretive to its distributions.

Globalworth's €1bn property portfolio includes mostly modern A-grade offices, industrial properties, a residential complex, as well as developments. Its portfolio is concentrated in Bucharest, Romania, and underpinned by Euro-denominated leases with many multinational business brands.

Globalworth is internally managed by a 70-strong professional team led by CEO, major shareholder and founder Ioannis Papalekas, who has established a respected 15-year track record in all aspects of property in Romania. Following Growthpoint's initial subscription, Mr Papalekas will continue to own 25.7% of the enlarged share capital of Globalworth.

With its subscription for new shares, Growthpoint's significant capital injection into the company will provide the key to unlocking exciting new growth, strategies and prospects for Globalworth.

Immediately, it enables Globalworth to fully develop and lease up its excellently located 87,800sqm three-tower A-grade Globalworth Campus multitenant office project in northern Bucharest as well as supporting Globalworth to pursue attractive pre-identified investment opportunities in Romania and the broader CEE region.

The transaction also provides a platform for greater growth through quality developments and accretive acquisitions. In addition, it will enable Globalworth to draw on a deeper pool of equity and access alternative and potentially more cost-effective sources of funding, including from international debt capital markets, to support its future growth. Globalworth will also benefit from Growthpoint's significant institutional investor following and large and diversified shareholder base.

Further, with access to Growthpoint's institutional knowledge, Globalworth will introduce enhanced governance, an active dividend policy and build its institutional investment appeal with the prospect of greater liquidity for Globalworth's shares.



For Growthpoint, the transaction advances its international strategy of yield-enhancing investment alongside local skilled and experienced management teams. The partnership leverages the extensive industry, geographic and investment expertise of its partners.

Commenting on the subscription, Norbert Sasse, CEO of Growthpoint Properties, says: “It has taken us some time to find the right partners and expertise to create a powerful platform for high-growth CEE property investment. Growthpoint is thrilled to embark on this partnership with Globalworth as an established, high-quality, real estate business. It has the people, properties, skills, experience, opportunities and network for growth. We look forward to being part of its phenomenal growth story, to the benefit of our shareholders and investors.”

Mr Sasse adds: “We believe Globalworth represents a suitable investment strategy for Growthpoint to access opportunities in CEE real estate markets. It allows us to further diversify our assets internationally and harness opportunities for growth that support sustainable value for our stakeholders.”

Commenting on Growthpoint’s investment, Mr Papalekas says: “We are delighted to welcome Growthpoint as a major strategic shareholder to our company. We believe that this transaction will transform our business and we look forward to working together with Growthpoint towards creating one of the leading institutional real estate investors in the region.”

Growthpoint sees good opportunities in CEE markets, with their relatively high real estate yields and growing demand for quality, modern commercial property. The region represents the globe’s 11th largest economy. It achieved 3.1% real GDP growth in 2015, nearly double that of the Euro area at 1.6%. What’s more, its growth is expected to exceed 3% over the next five years. This presents a compelling proposition compared with South Africa’s sub-1% growth.

The CEE region’s growth is being driven by a young, skilled and cost-effective labour market, competitive industries, EU funded investment in infrastructure, greenfield foreign direct investment in manufacturing, and business process outsourcing from multinational corporations.

“There are few assets in the market that meet the firm demand for quality, investment-grade offices,” explains Mr Sasse. “This presents exciting development opportunities in these jurisdictions, especially as multinational corporates are committing on long-term contracts.”

With this in mind, Growthpoint sought a partner with an established property portfolio as well as a development acumen.

Growthpoint’s subscription for the initial 26.9% stake in Globalworth is below the mandatory offer threshold of 30%, and will be funded in Euros. In terms of the deal, Globalworth has agreed to issue Growthpoint a further 1,000,000 fully-paid up fee shares by 31 December 2017, thereby increasing Growthpoint’s stake in the enlarged share capital of Globalworth to 25.3 million shares or 27.7%. For Growthpoint’s shareholders, Globalworth’s growth will be earnings enhancing over time.

The transaction is subject to the usual conditions precedent, including approvals from the South African Reserve Bank and Globalworth’s shareholders. Already, irrevocable commitments in favour of the transaction had been received from shareholders holding more than 75% of shares in issue.



Growthpoint is the largest South African primary listed REIT and strives to be a leading international property company providing space to thrive. It creates value for all stakeholders with innovative and sustainable property solutions. It is the 35th largest company on the JSE, Growthpoint is a Top 5 constituent of the FTSE EPRA/NAREIT Emerging Index and has been included in the FTSE/JSE Responsible Investment Index for seven years running. It owns and manages a diversified portfolio of 530 property assets including 467 properties in South Africa, 63 properties in Australia through its investment in Growthpoint Properties Australia (GOZ) and a 50% interest in the properties at V&A Waterfront, Cape Town.

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