



NEWS RELEASE FROM GROWTHPOINT PROPERTIES

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**Growthpoint Healthcare Property Holdings launches with R2,4bn portfolio**

Growthpoint Properties has launched South Africa's first unlisted healthcare real estate investment trust (REIT), Growthpoint Healthcare Property Holdings.

The introduction of Growthpoint Healthcare has received strong market interest with its first close attracting capital commitments of R285m from third parties. It is expected to raise at least double that again in the next 12 months.

Growthpoint Healthcare will be managed by Growthpoint Management Services, the management team whose entrepreneurial vision and skill have made Growthpoint a leading international property company. It aims to increase the Growthpoint Healthcare's scale for investors and grow it towards R10bn in assets and a stock exchange listing.

The new property holding vehicle invests exclusively in healthcare assets in South Africa occupied by licenced operators of hospitals, clinics, pharmacies, and laboratories. Its focused investment mandate differentiates it in the market.

Growthpoint Healthcare already holds five assets in the defensive healthcare property sector valued at R2.4bn. The portfolio has a weighted average lease length of about nine years reflecting the defensive nature of investing in healthcare real estate. Two of its healthcare properties are operated by private healthcare provider Busamed, and one each by JSE-listed healthcare players MediClinic and Netcare. In addition, Netcare also rents 50% of the space in N1 City Medical Chambers, the medical suites adjacent to the N1 City Hospital.

It also has a R750m pipeline of hospital developments, which will benefit from Growthpoint's well-established property development expertise. The first is a new R450m specialist hospital that will break ground in June this year. Another R300m specialised facility is in advance discussions. Growthpoint also has several acquisition and development opportunities on the horizon, which are being evaluated.

Growthpoint provided R2.1bn to acquire the Growthpoint Healthcare's starting portfolio, a portion of which has been converted into equity leaving Growthpoint as the anchor investor with an equity investment to R650m on the first close date. The remainder is a R1.4bn loan to Growthpoint Healthcare, which will be settled over time as the company raises further capital.

Head of Corporate Finance at Growthpoint, George Muchanya, confirms that Growthpoint will remain a key strategic investor in the Growthpoint Healthcare. He says: *"Growthpoint Healthcare is playing a leading role in promoting the growth of the healthcare sector by providing the capital that emerging operators and other new entrants to the sector require to establish themselves. It is often estimated that up to 70% of the capital required to start a new healthcare facility is spent on the property. Growthpoint Healthcare takes this burden off the operators and this will certainly help more projects to come on stream. Further, in the medium to long term, the creation of this healthcare focussed property company gives established hospital operators a credible platform to which to sell and lease back some of their property assets as a means to more efficiently manage their balance sheet. This is consistent with models followed by other hospital groups globally."*

The launch of Growthpoint Healthcare coincides with a phase where many the incumbent players in the healthcare sector, particularly newer or smaller operators, are seeking to grow. This is expected to provide deal flow for the specialised investment vehicle.



Muchanya adds: *“Investors, particularly pension funds have shown an initial keen interest in the investment opportunity as it provides them with the ability to match their long-term liabilities with long-dated assets. A further attraction to the investors is that Growthpoint Healthcare provides them an opportunity to invest in healthcare property assets exclusively.”*

Growthpoint Healthcare provides a unique opportunity for investors to access the defensive SA healthcare property sector. The sector is distinguished by quality covenants from healthcare operators with licences linked to their operating addresses. It is also characterised by long leases, with many hospitals and clinics being longstanding landmarks in their communities. Growthpoint Healthcare’s portfolio has a weighted average lease expiry period of nine years.

The specialised healthcare property holding company furthers Growthpoint’s strategy to introduce new low-risk revenue streams that leverage its management strength. Growthpoint’s management business is now actively managing two investment vehicles, the other being Growthpoint Investec African Properties (GIAP) via Growthpoint Investec African Property Management.

Norbert Sasses, Group CEO of Growthpoint, says: *“We’re pleased that Growthpoint’s funds management strategy is making real progress and successfully attracting third-party capital. We look forward to the positive contributions - both from management fees and property returns - that this will introduce for Growthpoint’s investors, as well as the additional new possibilities it represents for our property incomes streams.”*

Growthpoint provides space to thrive with innovative and sustainable property solutions. It is an international property company with assets on three continents and the largest South African primary REIT listed on the JSE. It owns and manages a diversified portfolio of 559 property assets, locally and internationally, with a value of R128 billion at 31 December 2017. Growthpoint is a Top 10 constituent of the FTSE EPRA/NAREIT Emerging Index. It is also a constituent of the FTSE/JSE Top 40 Index and the FTSE4Good Emerging Index and has been included in the FTSE/JSE Responsible Investment Index for eight years running.

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