

# IFC commits \$40m to Growthpoint's plan to expand in Africa

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Growthpoint Properties, the largest SA-based property company, has received a boost to its Africa expansion plan, with the International Finance Corporation having committed \$40m (R606m).



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Last year, Growthpoint entered into a joint venture with Investec Asset Management, to create Growthpoint Investec African Properties Limited, a property investment holding company that would seek out acquisition or development opportunities in Africa.

Many South African funds have placed their Africa property expansions on hold due to relative weak economic growth among African countries this year, as well as currency volatility. A weak oil price has also affected investment into the likes of Nigeria.

Growthpoint invested \$50m (about R758m) and now the IFC - a member of the World Bank Group - has committed \$40m.

Growthpoint, which is a JSE Alsi Top 40 Index company has grown its asset base from R1.5bn to about R100bn in 14 years, but there are now fewer local acquisitions and more competition.

Analysts expect Growthpoint to gain from the venture in the longer term.

"This is small fry for Growthpoint - a \$50m investment, they have individual buildings worth more - but it may be a toe in the water. African investments take time. They are targeting a listing in five to seven years, which suggests this," said Evan Robins of Old Mutual Investment Group.

Keillen Ndlovu, head of listed property funds at Stanlib, said: "We view this as a long-term story. African economies are going through short-term challenges at present but we believe that the continent has pretty amazing long-term prospects. It is a good move for Growthpoint to diversify its nonSouth African exposure,"

IFC director for Eastern and Southern Africa Oumar Seydi said on Monday: "As Africa grows it will require improved properties and large-scale developments that can be used by productive businesses and meet increasing consumer demand. We are confident that Investec Asset Management and Growthpoint Properties provide the right combination to successfully create a robust portfolio of property investments across Africa."

Commercial real-estate assets targeted for investment include high-quality office space, retail and industrial or logistics properties - all of which existed especially in the region's largest and fastest-growing economies.

Head of global client group at Investec Asset Management John Green said the IFC had deep knowledge of African markets.

"We welcome IFC's equity partnership at this time as an endorsement of our view that the African real-estate markets are well positioned for a long-term growth phase, given the significant supply deficit across the continent."

He added: "Investec's pan-African investment experience, Growthpoint's industry-leading property investment expertise, and IFC's deep African knowledge create an excellent formula for success."

Norbert Sasse, CEO of Growthpoint Properties said: "With the full commitment of our partners, we are creating a powerful platform for pan-African property investment. This venture with Investec Asset Management and IFC will encourage significant real estate business across Africa."

*Source: BDpro*

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