Early Warning System

IFC-36873

Africa Real Estate Platform

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Quick Facts

Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2015-11-13
Borrower	GROWTHPOINT INVESTEC AFRICAN PROPERTIES LIMITED
Sectors	Finance, Industry and Trade
Investment Type(s)	Loan
Investment Amount (USD)	$ 40.50 million
Project Cost (USD)	$ 255.00 million

Project Description

This project finances the establishment of and the first capital raise for the Africa Real Estate Platform (AREP), an investment platform which will acquire and manage a portfolio of income-producing commercial properties in order to develop capital markets in sub-Saharan Africa.

Investment Description

- International Finance Corporation (IFC)

The Africa Real Estate Platform (AREP) is being established by (i) Investec Asset Management (IAM), the asset management arm of Investec, a leading South Africa-based international financial services group; and (ii) Growthpoint Properties Limited (Growthpoint), South Africa's largest REIT. ManCo will be jointly owned by IAM and Growthpoint on a 50-50 percent basis. It will draw upon competences and experience of IAM and Growthpoint and manage HoldCo's assets on commercial terms. IFC and ManCo's shareholders are expected to jointly provide up to 40 percent of HoldCo's initial capital through a targeted US$250 million capital raise. With IFC being an anchor investor HoldCo, the remaining HoldCo investors will be identified during the capital raise exercise. It is expected that, after several rounds of capital raising and deployment, AREP will reach an optimal size for an initial public offering (IPO) on a major stock exchange and convert into a form analogous to a real estate investment trust (REIT), which will achieve liquidity within 5-7 years. AREP is conceived to become one of the first REITs in SSA and the first Africa-focused collective investment vehicle designed to ramp up to a size feasible for a major stock exchange listing. AREP will target multiple countries in the Sub-Saharan Africa (SSA) region and will provide institutional investors, including African pension funds, with an opportunity for diversification. AREP will comprise: (i) an investment holding company (HoldCo), which will pool investors' funds and use them to acquire income producing commercial properties in target African countries; and (ii) an asset management company (ManCo), which will manage HoldCo's assets on commercial terms. Investors' returns will come from rental cash flows of the property portfolio, as well as from capital appreciation.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- Growpoint Investec African Properties Limited (Financial Intermediary)

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/