Early Warning System

IFC-42256

Growthpoint Properties Limited

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Quick Facts

Countries	South Africa
Financial Institutions	International Finance Corporation (IFC)
Status	Approved
Bank Risk Rating	B
Voting Date	2020-03-23
Borrower	GROWTHPOINT PROPERTIES LTD
Sectors	Construction, Education and Health
Investment Type(s)	Equity, Loan
Investment Amount (USD)	$ 80.00 million
Loan Amount (USD)	$ 60.00 million

Project Description

The proposed IFC investment is a ZAR1.2 billion (US$80 million) equity and convertible debt package to finance the development and acquisition of properties for Growthpoint Healthcare Property Holdings Ltd (“GHPH”), South Africa’s first healthcare Real Estate Investment Trust (REIT). Established in 2016, GHPH was founded by Growthpoint Properties Limited (the Sponsor), South Africa’s largest REIT. GHPH is an unlisted REIT specialized in building a portfolio of income producing healthcare property assets in South Africa and these include hospitals, clinics, diagnostics centers, laboratories and other healthcare related real estate.

GHPH will build its portfolio through: (a) acquiring existing properties; and (b) developing new properties (new developments will comprise up to 30% of GHPH’s target portfolio). GHPH already holds five assets with the aggregate value of ZAR2.5 billion (US$174 million), four of which are hospitals and one a medical chamber – small office suites for doctors. Growthpoint is developing a fifth hospital for GHPH called Pretoria Head and Neck hospital, a specialized hospital focused on the head and neck, spinal and vascular surgery. It is expected to be completed in 2020. Concurrently, GHPH is pursuing a pipeline of additional investment opportunities and expects to grow to ZAR5 billion worth of assets over the next three years. The proposed IFC financing package is to support GHPH’s growth plans.

Investment Description

- International Finance Corporation (IFC)

The proposed IFC financing package consists of: (i) a US$20 million equivalent equity investment in GHPH; and (ii) a US$60 million convertible C loan to Growthpoint. The C-loan investment shall be lent to Growthpoint for on-lending to GHPH. Upon the completion of the initial ramp-up phase of GHPH, which is expected to take 2-3 years, IFC will have the option to convert the C-loan or any portion of it into common equity in GHPH.

Private Actors Description

GHPH is majority-owned by Growthpoint and the balance of equity stake is owned by South African institutional investors. Founded in 1987, Growthpoint is South Africa's largest REIT, listed on the JSE with a market capitalization of ZAR33billion (US$2. billion) as at March 18th, 2020. Growthpoint owns and manages a diversified property portfolio valued at ZAR136.5 billion (US$8.2 billion) as at December 31, 2019. The portfolio of 502 properties is also diversified across geography and sub-sectors, that is retail, office and industrial properties. Growthpoint's portfolio comprised of the following:

a) South Africa: (i) 436 directly owned properties in South Africa; (ii) a 50 percent interest in the V&A Waterfront, an iconic mixed-use development in Cape Town, South Africa; and (iii) a majority stake interest in GHPH.

b) Australia: 58 properties through Growthpoint's 66 percent investment in Growthpoint Properties Australia Limited listed at the Australia Stock Exchange.

c) Eastern Europe: a 29.8 percent interest in Globalworth Real Estate Investment Limited (GWI), which owns 60 properties in Poland and Romania valued at approximately EUR3 billion

d) Sub-Saharan Africa (ex-South Africa): a 20.3% percent interest in Growthpoint Investec African Properties Fund (GIAP), which now owns 8 properties.

Private Actor 1	Private Actor 1 Role	Private Actor 1 Sector	Relation	Private Actor 2	Private Actor 2 Role	Private Actor 2 Sector
-	-	-	-	Growthpoint Properties Limited	Client	-

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/

Bank Documents

- Environmental & Social Review Summary