

South African properties lift Growthpoint

By [Alistair Anderson](#)

5 Mar 2014

Growthpoint Properties, the biggest JSE-listed real estate investment trust (Reit) that operates in South Africa, managed to grow its distributions 8% to 78.5c per share in the six months to December last year.



Growthpoint Properties has been on target to achieve excellent results for the full year according to the company. Image: Master Isolate Images [Free Digital Photos](#)

The company said its net asset value had increased 8.2% to 2,103c per share in the reporting period.

Growthpoint's portfolio includes 388 directly owned properties in South Africa valued at R40.6bn, a 63.5% interest in Growthpoint Properties Australia, which owns 49 properties in Australia valued at R16.8bn, and a 50% interest in the V&A Waterfront with Growthpoint's share of the properties valued at R5.7bn.

Chief executive Norbert Sasse said the strong results had stemmed from a solid performance from Growthpoint's South African property portfolio. He also said growing distributions from Growthpoint Properties Australia helped, with exchange rates moving markedly in Growthpoint's favour.

"Notwithstanding the challenging market conditions, we're pleased to report a positive performance for our investors and deliver results ahead of expectations," said Sasse.

Growthpoint's distributions are based on sustainable rental income. It does not distribute capital profits.

Sasse said shareholders could expect this positive performance from Growthpoint to continue.

Continued profitability

"Should current economic conditions prevail, Growthpoint is likely to deliver similar growth in distributions for shareholders for the full year to June," Sasse said.

He also said the Competition Commission had given Growthpoint the green light to buy the entire Tiber Group portfolio of properties and management business as at the end of January.

This was the last condition required for Growthpoint to conclude its largest single transaction to date - the R6.1bn it paid for Tiber.

Under Sasse's stewardship, Growthpoint has grown from a market capitalisation of about R30m in 2001 to nearly R50bn this year. This has been largely through an aggressive acquisition strategy.

The Tiber portfolio spans 320,000m² of mainly P- and A-grade office space concentrated in Sandton and surrounds and includes several multinational head offices.

Tiber's properties

Tenants of these properties include Nestlé, PPC, AngloGold Ashanti, Norton Rose Fulbright, Merrill Lynch, Barclays and Absa Capital.



Norbert Sasse says the full value of the Tiber Group acquisition will come through next year. Image: Growthpoint

It comprises 27 prime properties and a 50% stake in a further nine properties. It also incorporates 48,000m² of undeveloped bulk.

Growthpoint would internalise the asset management and property management business of Tiber Projects, gaining the skills of 55 full-time employees.

Growthpoint also secured a three-year strategic deal with the Tiber Projects executive team of Stephen Scott, Germano Cardoso and Artur Carrazedo.

Sasse said the acquisition became effective on Tuesday (4 March) when the properties and shares were transferred into Growthpoint's name.

"The real benefits will come through in the next financial year when shareholders will enjoy the full 12-month impact of the transaction," he said.

At a 7.7% property yield on income-producing properties, the deal will also enhance Growthpoint's distribution per share, based on the mix of funding Growthpoint is planning to use to pay for the acquisition. This includes the bulk of the cash it raised in May last year, when it issued 90m shares at R28 per share, raising R2.5bn in new equity.

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