

Growthpoint Properties issues R1bn 10-year bond

Growthpoint Properties (JSE: GRT) has issued a R1bn senior unsecured bond with a 10-year maturity. The offering came after strong investor interest in long-term Growthpoint debt, which the sole arranger, Standard Bank, successfully executed as a private placement of R1bn.

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Estienne de Klerk, SA CEO at Growthpoint Properties

The 10-year note was placed at a margin of 185bps above three-month JIBAR, the most favourable pricing achieved in a number of years. The issue attracted multiple investors, reflecting the market's continued trust and confidence in Growthpoint.

"We are delighted with the strong support received from our investor base and the success of the long-dated debt issuance especially given the current global turmoil and local market challenges," says Estienne de Klerk, SA CEO of Growthpoint Properties.

"In the last 12 months, Growthpoint has managed to raise close to R2.5bn of 10-year funding in the listed bond market at compressing spreads. This demonstrates the strength of Growthpoint's credit quality and the long tenure of the bonds is a vote of confidence from investors in the future of the business," says Carl Wiesner, head, Syndicate (South Africa) at Standard Bank Group, Debt Capital Markets.

Growthpoint has both Fitch and Moody's credit ratings. Its Fitch global scale rating is BB+ and national scale rating is AAA.za and its Moody's global scale rating is Ba2 and national scale rating is Aa1.za

Its latest issuance reaffirms Growthpoint's robust access to debt capital markets. Growthpoint, being an active issuer in the debt capital markets, also recently won the Bonds, Loans & ESG Capital Markets Africa Award 2024 for Real Estate Financial Deal of the Year for its R910m bond issue in October 2023, for which Standard Bank was also the book-runner.

The company also successfully privately placed a R1bn Green Bond for 10 (R650m) and seven years (R350m). A portion of the proceeds of the Green Bond will be used to finance renewable energy projects for its property portfolio.

Growthpoint recently signed a landmark Power Purchase Agreement (PPA) with Etana Energy for 195GWh of renewable

energy a year, representing 32% of its total current annual electricity consumption (612GWhs in FY23) in addition to its long-standing investment in solar plants at its properties, furthering its climate commitment of being carbon neutral by 2050.

“We value our investors’ trust in Growthpoint’s proposition, their confidence in its sound creditworthiness and belief in our long-term direction,” says de Klerk.

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