

# Growthpoint issues inaugural \$425m Eurobond

JSE-listed REIT Growthpoint Properties has issued its maiden US dollar-denominated 144A/Reg S Eurobond with a five-year maturity. It plans to swap the net proceeds into euros to fund its expansion in Central and Eastern Europe (CEE).



© Iulian Dragonir – [123RF.com](https://123RF.com)

The \$425m Eurobond matures on 2 May 2023 and carries a fixed interest rate of 5.872% payable semi-annually.

“With its first ever Eurobond, Growthpoint has taken advantage of a low interest rate environment in the Eurozone to raise long-term debt, which also diversifies our sources of funding and extends our debt maturity profile,” says Dirkje Bouma, Growthpoint’s group treasurer.

## Refinancing its existing CEE investments

The Eurobond proceeds will be used by Growthpoint to refinance certain of its existing CEE investments and to fund its investment into Warsaw-listed pure-play Polish property investor Griffin Premium RE N.V. (GPPE), which is focused on office and mixed-use assets.

Growthpoint owns a 29.0% stake in the LSE AIM-listed Romania-based Globalworth Investments, the largest office property owner in Romania. Growthpoint recently invested a further €113.8m into Globalworth, which helped Globalworth acquire a 71.7% stake in GPPE, which is set to be rebranded Globalworth Poland.

Growthpoint will now also participate in the issue of new ordinary shares of GPRE, intended to raise capital for the expansion of Globalworth Poland. Growthpoint will invest between €120m and €150m in GPRE ordinary shares.

## **Positive yield spreads**

Commenting on Growthpoint's focus on investment in Romania and Poland with Globalworth, Norbert Sasse, group CEO of Growthpoint, says: "We identified this core market for our international expansion because of its positive economic growth rates - GDP estimates for 2018 are 4.1% and 3.8% respectively - and appealing office-market dynamics. It gives Growthpoint access to prime properties in the heart of thriving financial districts in major capital cities that are enjoying growing popularity with multinational tech and business outsourcing blue chips. These markets offer positive yield spreads that are much wider than those currently found in Australia, where we also invest, not to mention South Africa where yield spreads are negative."

The joint lead managers for the issue of Growthpoint's inaugural Eurobond are JP Morgan and Deutsche Bank and, locally, Absa and RMB acted as co-managers.

For more, visit: <https://www.bizcommunity.com>