Moody's upgrades Growthpoint ratings, outlook stable

Moody's Investors Service has upgraded Growthpoint Properties's ratings, due to leading market position, strong balance sheet and its property portfolio's increased resilience and defensive nature...

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Growthpoint owns and manages a diversified portfolio of 477 properties in SA, 51 properties in Australia through its investment in Growthpoint Properties Australia and a 50% interest in properties at V&A Waterfront, Cape Town.

The ratings agency raised Growthpoint's global scale issuer and senior unsecured ratings to Baa2/P-2 from Baa3/P-3 and its national scale issuer ratings to A1.za/P-1.za from A2.za/P-2.za.

It also upgraded Growthpoint's national scale senior unsecured medium-term note programme ratings to (P)A1.za/(P)P-1.za from (P)A2.za/(P)P-2.za.

"The outlook on all ratings is stable, reflecting Moody's view that despite a weakening economic climate in South Africa, Growthpoint will continue to produce steady revenues and operating profits and will continue to maintain conservative credit metrics within its current rating guidance levels," Growthpoint said in a statement on Tuesday.

Gerald Völkel, the financial director at Growthpoint, said the upgrade of the group's investment-grade ratings from Moody's showed increased confidence in Growthpoint's core credit quality on a globally comparable basis for real estate investment trusts (REITs) and other commercial property firms.

"We are extremely pleased with our new rating," Völkel said.

Dirkje Bouma, Growthpoint's treasurer, added that Growthpoint's upgrade should favour its ability to raise funding and benefit its funding costs.

Dion Bate, Moody's vice president and senior analyst, said the upgrade recognised Growthpoint's sizable property portfolio

- around R95 billion post its Acucap acquisition - track record of sound liquidity management and strong financial metrics.

Source: INET BFA

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