

RABINOV PROPERTY TRUST

RABINOV PROPERTY MANAGEMENT LIMITED (ACN 004 672 815)
as responsible entity of the

RABINOV PROPERTY TRUST

ARSN 099 776 342

Target's Statement

In the absence of a Superior Proposal, the Rabinov Property Management Limited Directors unanimously recommend that you

ACCEPT

**Growthpoint's Offer of
0.48 Growthpoint Securities per
Rabinov Unit**

**For each of your Rabinov Units you will also be
entitled to receive a special distribution of 2.3 cents
from Rabinov**

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION. IF YOU ARE IN ANY DOUBT AS TO HOW TO ACT, YOU SHOULD CONSULT YOUR FINANCIAL OR LEGAL ADVISER AS SOON AS POSSIBLE.

Rabinov Corporate Adviser
ERNST & YOUNG TRANSACTION ADVISORY SERVICES
LIMITED

 **ERNST & YOUNG**
Quality In Everything We Do

Rabinov Legal Adviser

BAKER & MCKENZIE

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Important Information

This Target's Statement is issued by Rabinov Property Management Limited ACN 004 672 815 in its capacity as responsible entity of the Rabinov Property Trust in response to the Bidder's Statement issued by Growthpoint Properties Australia Limited in its capacity as responsible entity for Growthpoint Properties Australia Trust. You should read this Target's Statement in its entirety. This Target's Statement is dated 21 April 2011 and a copy of this Target's Statement was lodged with ASIC and ASX on that date. Neither ASIC, ASX nor any of their respective officers take any responsibility for the contents of this Target's Statement.

A number of defined terms are used in this Target's Statement. These terms are explained in section 8 along with certain rules of interpretation which apply to this Target's Statement.

Growthpoint Information in this Target's Statement

Except where disclosed otherwise, the information on the Growthpoint Group in this Target's Statement has been obtained by Rabinov from the Bidder's Statement and other publicly available information. Rabinov and the Directors are unable to verify the accuracy or completeness of the information in relation to the Growthpoint Group. Accordingly, Rabinov and the Directors do not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

No Account of Personal Circumstances

This Target's Statement does not take into account the investment objectives, financial situation or particular needs of individual Unitholders. Rabinov encourages you to seek independent financial and taxation advice before making a decision whether or not to accept the Offer.

Forward Looking Statements

This Target's Statement contains forward looking statements which have not been based solely on historical facts, but are rather based on Rabinov's current expectations about future events. Such statements are subject to inherent risks and uncertainties in that they may be affected by a variety of known and unknown risks, variables and other factors many of which are beyond the control of Rabinov. Actual events or results may differ materially from the events or results expressed or implied in any forward looking statement.

None of Rabinov, the Directors or officers nor any person named in this Target's Statement with their consent nor any person involved in the preparation of this Target's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any events or results expressed or implied in any forward looking statement, except to the extent required by law. You are cautioned not to place undue reliance on any such statement.

The forward looking statements in this Target's Statement reflect views held only as at the date of this Target's Statement.

Unitholder Queries

If Unitholders have any queries regarding the Offer they should call Link Market Services Limited on 1300 558 249.

How to accept the Offer

You should read this Target's Statement and the Bidder's Statement before making a decision whether to accept the Offer.

There are several ways to accept the Offer:

For Issuer Sponsored Holdings of Units	If your Units are held on Rabinov's issuer sponsored sub register (such holdings will be evidenced by an "I" appearing next to your holder number on the Acceptance Form), to accept the Offer, you must complete and sign the Acceptance Form and return it to the address indicated on the form before the Offer closes.
For CHESS Holdings of Units	If your Units are in a CHESS Holding (such holdings will be evidenced by an "X" appearing next to your holder number on the Acceptance Form), you may accept the Offer by either: ▪ completing and signing the Acceptance Form and returning it to the address indicated on the form; or ▪ instructing your broker to accept the Offer on your behalf, before the Offer closes.
For Participants	If you are a Participant, acceptance of the Offer must be initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the Offer closes.

To validly accept the Offer for your Units, your acceptance must be received before the close of the Offer. Full details on how to accept the Offer are set out in your personalised Acceptance Form enclosed with the Bidder's Statement.

**The Directors unanimously recommend that
you ACCEPT the Offer in the absence
of a Superior Proposal**

If you have any questions, please call Link Market Services Limited on 1300 558 249.

RABINOV PROPERTY TRUST

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21 April 2011

Dear Unitholders

Letter from the Chairman

Growthpoint Properties Australia Limited as responsible entity for the Growthpoint Properties Australia Trust has made a conditional scrip for scrip takeover offer of **0.48 Growthpoint Securities per Unit**.

The Offer equates to a combined implied value of approximately **95 cents** per Unit, comprising the aggregate of the implied value of the Offer and the Special Distribution of **2.3 cents** per Unit. The Offer has an implied value of approximately **93 cents** per Unit (using the last traded price of Growthpoint securities on the ASX of \$1.93 on 13 April 2011, being the day on which the transaction was announced).

The Special Distribution of 2.3 cents cash per Unit will be made if the Offer is to become or is declared unconditional. The record date for the Special Distribution will be the date which is 7 Business Days after the earlier of (1) the date on which Growthpoint announces an intention to declare the Offer unconditional and (2) the date on which the Growthpoint Offer is declared or becomes unconditional¹. The Special Distribution is expected to be paid to Unitholders within 14 days of the record date.

The Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal.

The key reasons for you to consider accepting the Offer are:

- The Offer represents a significant premium to the recent trading price of Units.
- Unitholders will be entitled to receive the special distribution of 2.3 cents per Unit cash as set out above.
- The Offer is unanimously recommended by the Directors in the absence of a Superior Proposal.
- The Independent Expert has concluded that the Offer is fair and reasonable to Unitholders. Please see **Annexure A** for details.
- The Directors and the Major Unitholder have indicated that they intend to accept the Offer in the absence of a Superior Proposal.
- Unitholders will have the opportunity to participate in the potential upside of the Merged Group including enhanced liquidity.

¹ The ex-date for the Special Distribution will be the date which is 4 Business Days before the record date for the Special Distribution

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- There are risks associated with not accepting the Offer.
- You may be eligible for Australian capital gains tax rollover relief on a substantial proportion of your capital gain.
- You will be eligible to participate in the proposed Capital Raising if you accept the Offer during the Offer Period.
- You may potentially receive higher distributions from the Merged Group.

Growthpoint has given guidance of a distribution of 8.7 cents per Growthpoint Security in respect of the half year period ending 30 June 2011. Any Unitholder who accepts the Offer and who is on the record date in respect of that distribution on the register of members as the holder of the Growthpoint Securities that are proposed to be issued as consideration under the Offer will be entitled to receive that distribution. Alternatively, Unitholders who do not accept the Offer and who remain on the register of members of Rabinov on the record date of the Rabinov distribution for the period ending 30 June 2011 will be entitled to receive a broadly equivalent distribution of up to 4.15 cents per Unit in respect of the half year period ending 30 June 2011. In either case, payment of the distribution is likely to be made around 31 August 2011. Growthpoint and Rabinov have agreed that the above mentioned distributions will have the same 'ex-date' and 'record date', expected to be 24 June 2011 and 30 June 2011 respectively. Payment of the distributions is expected to be made on 31 August 2011.

The Offer is conditional on, among other things, Unitholders approving the divestment to a Rabinov subordinated debt holder, Anrose Nominees Pty Ltd (which is an entity associated with the Major Unitholder), of six properties which do not meet Growthpoint's investment criteria (the "Excluded Properties"). The Excluded Properties have a book value of \$50.8 million and will be transferred to Anrose in satisfaction of a subordinated debt of the same value. A general meeting of Unitholders to approve the divestment of the Excluded Properties is scheduled to be held on 31 May 2011. The Directors recommend that you vote in favour of the resolution approving the divestment of the Excluded Properties in the absence of a Superior Proposal. If the resolution approving the divestment of the Excluded Properties is not passed by Unitholders, a condition of the Offer will not be satisfied and the Offer is not expected to take effect.

This Target's Statement which I encourage you to read in its entirety sets out further the reasons for the unanimous recommendation of the Directors as well as additional information.

Section 4.5 of this Target's Statement also sets out important risk factors associated with accepting the Offer and owning Growthpoint Securities which you should have regard to.

To accept the Offer, you should follow the instructions on your personalised Acceptance Form enclosed with the Bidder's Statement.

The Offer is scheduled to close on **15 June 2011** unless extended.

If you have any queries in relation to the Offer, please consult your financial or legal adviser or contact Link Market Services Limited on 1300 558 249.

Yours sincerely



Ray Schoer
Chairman
Rabinov Property Management Limited
as responsible entity of the Rabinov Property Trust

Section 1: Why you should accept the Offer

1. The Offer represents a significant premium to the recent trading price of Units.
2. Unitholders will be entitled to receive a Special Distribution of 2.3 cents per Unit if the Offer is or is to become unconditional.
3. The Offer is unanimously recommended by the Directors in the absence of a Superior Proposal.
4. The Independent Expert has concluded that the Offer is fair and reasonable to Unitholders.
5. The Directors and the Major Unitholder have indicated that they intend to accept the Offer in the absence of a Superior Proposal.
6. Unitholders will have the opportunity to participate in the potential upside of the Merged Group including enhanced liquidity.
7. There are risks associated with not accepting the Offer.
8. You may be eligible for Australian capital gains tax rollover relief on a substantial proportion of your capital gain.
9. You will be eligible to participate in the proposed Capital Raising.
10. You may potentially receive higher distributions from the Merged Group.

The Directors unanimously recommend that you ACCEPT the Offer of 0.48 Growthpoint Securities for each Unit in the absence of a Superior Proposal

In deciding to recommend the Offer, the Directors have had regard to a number of considerations. A more detailed overview of the principal reasons for the Directors' recommendation to accept the Offer in the absence of a Superior Proposal follows.

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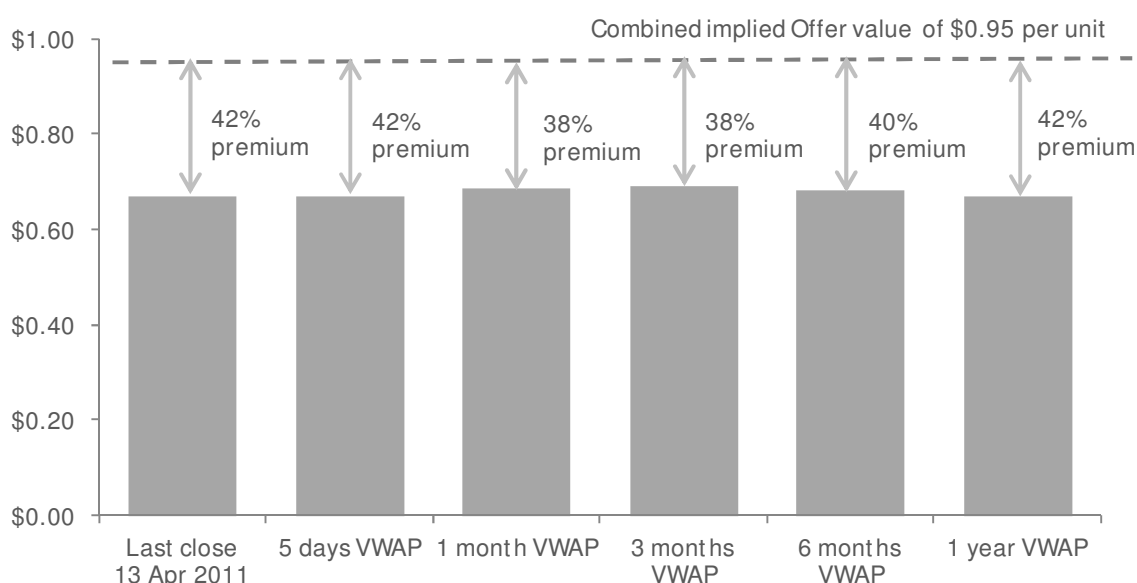
1. *The Offer represents a significant premium to the recent trading price of Units*

The implied value of the Offer represents a significant premium to recent trading of Rabinov Units on the ASX.

The aggregate of the Offer and the Special Distribution implies a combined value of approximately 95 cents per Unit. The Offer values the Units at approximately 93 cents each (using the last traded price of Growthpoint Securities on the ASX of \$1.93 on 13 April 2011, being the day on which the transaction was announced), and the Special Distribution amounts to 2.3 cents per Unit.

Based on the last traded price of Units on 13 April 2011, being the day on which the transaction was announced, of 67 cents, the combined value of the Offer and the Special Distribution of 95 cents represents a substantial premium for Unitholders of:

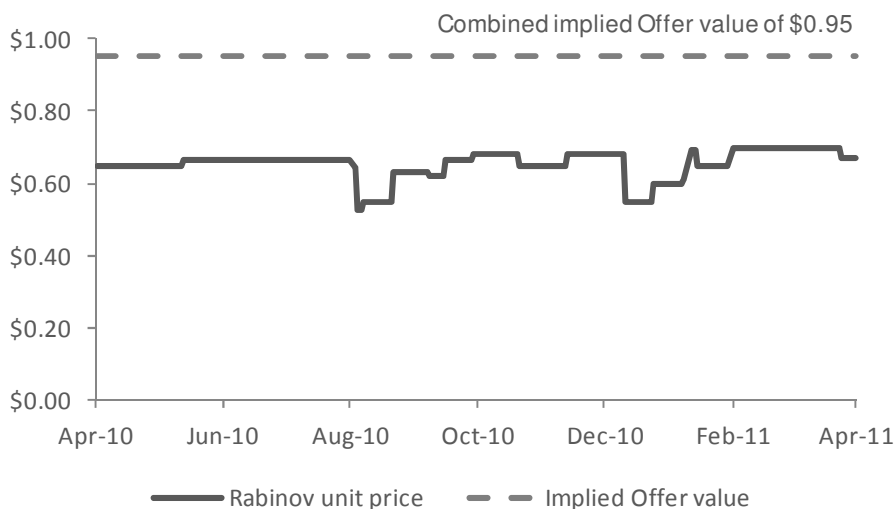
- 41.8% to the last trading price;
- 37.7% to Rabinov's three month volume weighted average price ("VWAP");
- 39.7% to Rabinov's six month VWAP; and
- 41.8% to Rabinov's twelve month VWAP.



The combined implied value of the Offer and the Special Distribution is broadly consistent with the relative NTA positions of the Rabinov Group and the Growthpoint Group as at 31 December 2010, valuing the Units at \$1.00 each based on Growthpoint's most recently reported net tangible asset value². The equity value is approximately \$49.6 million, based on the number of Units in issue.

² As at 31 December 2010, Growthpoint's net tangible asset value was \$2.03 per Growthpoint Security and Rabinov's net tangible asset value was \$0.99 per Rabinov Unit. Based on the Offer exchange ratio together with the amount of the Special Distribution, Rabinov Unitholders will receive an implied value for each of their Rabinov Units of approximately \$1.00 ($(\$2.03 \times 0.48) + \$0.023 = \0.9974), which exceeds Rabinov's net tangible asset value per Rabinov Unit.

Over the past year to 13 April 2011, Units have consistently traded at a significant discount to the combined implied value of the Offer.



Source: Bloomberg, 13 April 2011

2. Unitholders will be entitled to receive a Special Distribution of 2.3 cents per Unit if the Offer is or is to become unconditional

If the Offer is to become or is declared or becomes unconditional, Rabinov will pay a special distribution of 2.3 cents cash per Unit. The record date for the Special Distribution will be the date which is 7 Business Days after the earlier of:

- (a) the date on which Growthpoint announces an intention to declare the Offer unconditional; and
- (b) the date on which the Offer is declared or becomes unconditional.

The 'ex-date' for the Special Distribution will be the date which is four Business Days before the record date for the Special Distribution. If you acquired Units on or after the 'ex-date' in respect of the Special Distribution, you will not be entitled to be paid the Special Distribution on those Units.

The Special Distribution is expected to be paid to Unitholders within 14 days of the record date.

Growthpoint and Rabinov have agreed that no Units which are acquired pursuant to the Offer will be registered in Growthpoint's name until after the record date in respect of the Special Distribution in order to ensure that all Unitholders have the opportunity to receive the Special Distribution.

3. The Offer is unanimously recommended by the Directors in the absence of a Superior Proposal

The Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal for the reasons set out in this Target's Statement.

As at the date of this Target's Statement, no Superior Proposal has been received by, or is currently known to, the Directors. Should a Superior Proposal arise, the Directors will reconsider their recommendation and inform you accordingly.

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4. The Independent Expert has concluded that the Offer is fair and reasonable to Unitholders

Rabinov appointed PKF Corporate Advisory (East Coast) Pty Ltd ("Independent Expert") as an independent expert to prepare an independent assessment of the Offer. The Independent Expert has concluded that the Offer is fair and reasonable to Unitholders.

The Independent Expert valued Rabinov Units, on a control basis, at between 86 cents and \$1.03. The Independent Expert also calculated the fair market value of a Unit to be \$1.03 using the NTA method.

The Independent Expert stated that the Offer is fair as the assessed range of the value offered to Unitholders, including the Special Distribution and the Offer consideration (89 cents to 93 cents), on a minority interest basis, is within the assessed range of the value per Unit (86 cents to \$1.03), on a control basis.

The Independent Expert concluded that the Offer is reasonable because it is fair and the advantages of accepting the Offer outweigh the disadvantages.

The above summary of the key conclusions and opinion of the Independent Expert should be read in conjunction with the Independent Expert's Report which is contained in **Annexure A**.

5. The Directors and the Major Unitholder have indicated that they intend to accept the Offer in the absence of a Superior Proposal

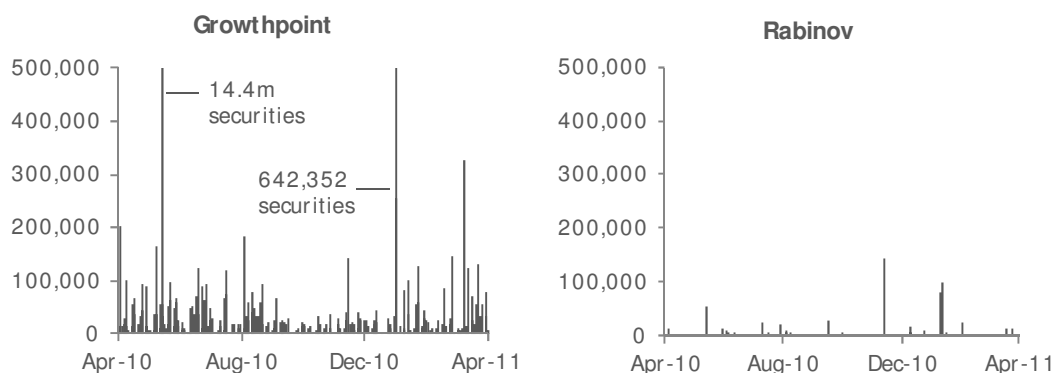
The Major Unitholder holds a relevant interest in 83.4% of Units and has indicated that it intends to accept the Offer in the absence of a Superior Proposal. The Directors consider that this increases the prospects that the Offer will succeed. The Directors have also agreed to accept the Offer in respect of all Units in which they have a relevant interest in the absence of a Superior Proposal.

6. Unitholders will have the opportunity to participate in the potential upside of the Merged Group

If the Offer becomes or is declared unconditional and as set out in more detail in the Independent Expert Report, Unitholders will share in the potential benefits of combining the Rabinov Group and the Growthpoint Group, including:

- Enhanced liquidity as Growthpoint securities are currently trading with significantly higher liquidity than Rabinov Units.

Growthpoint Securities and Rabinov Unit trading volumes on the ASX over April 2010 – April 2011



- Improved gearing position from approximately 76% to 50% in the Merged Group post-rights issue (refer to Reason 9 below).
- Increased geographic diversification and scale, with Unitholders to own interests in a portfolio of property assets with a book value of approximately \$1.2 billion post-transaction.
- An estimated market capitalisation of the Merged Group of approximately \$541 million.
- Potentially improved income distribution moving forward.

7. There are risks associated with not accepting the Offer

If the Offer is unsuccessful and there is no other bid for Rabinov, there is a risk that the Unit price will trade below the implied value of the Offer. For the year up to the date of announcement of the Offer, the Units have at all times traded significantly below the implied Offer value.

In addition, there are risks associated with retaining Units, including those set out in section 5.6 of this Target's Statement.

8. You may be eligible for Australian capital gains tax rollover relief on a substantial proportion of your capital gain

If, as a result of the Offer, Growthpoint becomes the holder of 80% or more of the voting Units and you are an Australian resident Unitholder who acquired your Units on or after 20 September 1985 and have made a capital gain as a result of accepting the Offer, you may be able to choose to obtain capital gains tax scrip for scrip rollover relief on a substantial proportion of the resulting capital gain which may arise from accepting the Offer.

Based on the relative market values of the Growthpoint Unit and GPAL Shares provided by Growthpoint, this means, broadly, approximately 96% of the capital gains made by the eligible Unitholders on the disposal of their Units may qualify for the scrip for scrip roll over relief.

Accordingly, if you are eligible and choose to apply the scrip for scrip roll over relief, approximately 96% of the capital gain on disposal of your Units will be disregarded for the purpose of calculating your assessable income for the income year, and approximately 4% of the capital gain made on the disposal

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of your Rabinov Units should be included as assessable income (after taking account of any capital losses and capital gains tax discount that may be available to you).

See section 7.7 of this Target's Statement for details.

9. You will be eligible to participate in the proposed Capital Raising

Growthpoint Properties Australia Limited has stated that following the close of the Offer, it intends to carry out an \$80.7 million underwritten renounceable pro-rata entitlement offer of Growthpoint Securities at a price of \$1.90 each (Capital Raising).

The opportunity to participate in the Capital Raising will be available to all Unitholders who have accepted the Offer prior to the close of the Offer Period on the same terms as existing holders of Growthpoint Securities. Further details of the Capital Raising are set out in Section 11.5 of the Bidder's Statement.

10. You will potentially receive higher distributions from the Merged Group

In Section 8.5 of its Bidder's Statement, Growthpoint has provided pro forma forecast distribution guidance for the Merged Group for the financial year ending 30 June 2012 of 17.5 cents. Growthpoint has also stated in its Bidder's Statement that based upon its forecast pro forma distribution for the year ending 30 June 2012, the Capital Raising will provide holders of Growthpoint Securities (including Rabinov Unitholders that accept the Offer before the end of the Offer Period and who participate in the Capital Raising) a pro forma distribution yield of 9.2%³. Please refer to the Bidder's Statement for further detail on Growthpoint's distribution projections.

Unitholders may receive higher distributions from the Merged Group than would otherwise be available from Rabinov if the Offer is unsuccessful. If the Offer is unsuccessful, Unitholders will not receive the Special Distribution. Additionally, future distributions which Rabinov may make (including the proposed distribution of up to 4.15 cents for the half year period ending 30 June 2011) may be reduced to take into account capital expenditure which is expected to be required on Rabinov's properties, most of which is required on the Excluded Properties (which would not be paid by the Merged Group if the Offer is successful), and risks associated with certain key Rabinov properties being close to the expiry of their current lease term.

³ Based on FY2012 pro forma distribution of 17.5 cents per Growthpoint Security and a Growthpoint Security price of \$1.90 per security.

Section 2: Frequently asked questions

This section answers some frequently asked questions about the Offer. It is not intended to address all issues relevant to Unitholders. This section should be read together with all other parts of this Target's Statement.

Question	Answer	Further Information
What is the Offer for my Units?	Growthpoint has made a conditional Offer of 0.48 Growthpoint Securities for each of your Units subject to the satisfaction or waiver of the conditions to the Offer. In addition, if the Offer is to become or is declared unconditional, Rabinov will pay a Special Distribution of 2.3 cents per Unit (see below for further details).	
What choices do I have as a Unitholder?	As a Unitholder you can: - accept the Offer for all of the Units you hold. Your Directors recommend that you accept the Offer in the absence of a Superior Proposal; - sell your Units on market (unless you previously accepted the Offer and have not validly withdrawn your acceptance); or - reject the Offer by doing nothing.	Sections 1, 3 and 6
What are the Directors of RPML recommending?	Your Directors unanimously recommend that you accept the Offer in the absence of a Superior Proposal. If there is any change to this recommendation or any material development in relation to the Offer, Rabinov will inform you.	Section 1, Reason 3 and Section 7.1
What are the risks associated with becoming a Growthpoint Securityholder?	If you accept the Offer and become a holder of Growthpoint Securities you will be exposed to a range of risks, some of which you are already exposed to as a Unitholder, but some of which are new or potentially have a greater impact.	Section 4.5
What did the Independent Expert conclude?	The Independent Expert concluded that the Offer is fair and reasonable to Unitholders.	Section 1 and Annexure A
How do I accept the Offer?	You may only accept the Offer in respect of all of your Units. To accept the Offer, you should: - if your Units are held on the issuer sponsored sub register (such holdings will be evidenced by an "I" appearing next to your holder number on the Acceptance Form), complete and sign the Acceptance Form and return it to the address indicated on the form before the Offer closes; - if your Units are in a CHESS Holding (such holdings will be evidenced by an "X" appearing next to your holder number on the Acceptance Form), either: - complete and sign the Acceptance Form and return it to the address indicated on the form; or - instruct your broker to accept the Offer on your behalf, before the Offer closes; or - if you are a Participant, acceptance of the Offer must be	Refer to your personalised Acceptance Form

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Question	Answer	Further Information
	initiated in accordance with rule 14.14 of the ASX Settlement Operating Rules before the Offer closes.	
What is the Major Unitholder's position in relation to the Offer?	The Major Unitholder has indicated that it intends to accept the Offer in respect of the 83.4% of Units it owns in the absence of a Superior Proposal.	Section 7.2
What happens if Growthpoint improves the consideration offered?	If Growthpoint improves the consideration offered under its Offer, you will obtain the benefit of that improved consideration even if you have already accepted the Offer.	Section 6.6
What are the consequences of accepting the Offer now?	If you accept the Offer now, you will be unable to accept a superior bid from another bidder if such a bid is made unless any withdrawal rights apply at the applicable time and you withdraw your acceptance of the Offer or unless the Offer lapses. If you accept the Offer now, you will not be able to sell your Units on market or deal with them in any other manner unless any withdrawal rights apply at the applicable time and you withdraw your acceptance of the Offer or unless the Offer lapses.	Section 6.6
Who is entitled to receive the Special Distribution?	If the Offer is to become or is declared unconditional, Rabinov will pay a Special Distribution of 2.3 cents per Unit. The record date for the Special Distribution will be the date which is 7 Business Days after the earlier of: (a) the date on which Growthpoint announces an intention to declare the Offer unconditional; and (b) the date on which the Offer is declared or becomes unconditional. The Special Distribution is expected to be paid to Unitholders within 14 days of the record date.	Section 1 Reason 2
Will I receive a distribution for the financial year ending 30 June 2011 from Growthpoint or Rabinov?	In respect of the half year period ending 30 June 2011: (a) Growthpoint has given guidance regarding a distribution of 8.7 cents per Growthpoint Security; and (b) Rabinov expects to pay a distribution of up to 4.15 cents per Unit. In respect of both distributions, the record date for the payment will be 30 June 2011 and the 'ex-date' for the payment will be 24 June 2011. The payment dates are expected to be 31 August 2011 each. Any Unitholder who accepts the Offer and is noted on the Growthpoint register of members as holding Growthpoint Securities issued as consideration under the Offer on 24 June 2011 will be entitled to receive the Growthpoint distribution. Any Unitholder who does not accept the Offer and who remains a Unitholder on 24 June 2011 will be entitled to receive the Rabinov distribution. Unitholders will only be entitled to receive one of these distributions, and not both. Based on the implied merger ratio these distributions are broadly equivalent.	Chairman's Letter

Question	Answer	Further Information
Why has a general meeting been convened?	A general meeting has been convened for 31 May 2011 in order to seek Unitholder approval of a proposed divestment of six properties (the Excluded Properties) to a Rabinov subordinated debt holder (which is also an associate of the Major Unitholder), Anrose, in satisfaction of subordinated debt in the amount of \$50.8 million owed by Rabinov to Anrose. A Notice of Meeting, Explanatory Memorandum, Independent Expert Report and proxy form in respect of the meeting have been issued to Unitholders containing further detail regarding the matters to be considered at the meeting. If Unitholder approval of the transfer of the Excluded Properties is granted, completion of the transfer will occur when the Offer is to become or is declared unconditional and Growthpoint holds a relevant interest in at least 80% of Rabinov Units. If Unitholder approval of the transfer of the Excluded Properties is not granted, a condition of the Offer will not be satisfied and the Offer is not expected to complete. Rabinov will also be required to pay a \$700,000 fee to Growthpoint.	Sections 5.2, 7.2 and 7.5
How do the Directors recommend that I vote at the general meeting?	The Directors unanimously recommend that Unitholders vote in favour of the resolution at the general meeting to approve the divestment of the Excluded Properties, in the absence of a Superior Proposal.	Sections 5.2, 7.2 and 7.5
Can I accept for some of my units?	Unless you hold the Units as trustee or nominee for or otherwise on account of more than one person, you cannot accept the Offer for only some Units held.	Section 12 of the Bidder's Statement
If I accept the Offer now, can I withdraw my acceptance?	You may only withdraw your acceptance in very limited circumstances which may not apply at the time you wish to withdraw your acceptance. You may withdraw your acceptance if Growthpoint postpones the closing date of its Offer by more than one month and the Offer is still conditional.	Section 6.6
Does satisfaction of the 90% minimum acceptance condition mean that I will definitely get paid if I accept?	No. All the conditions of the Offer must be satisfied or waived for the Offer to become unconditional.	Sections 6.2 to 6.4
Can I be forced to sell my Units?	You cannot be forced to sell your Units unless Growthpoint acquires a relevant interest in at least 90% of all Units by the end of the Offer Period, and proceeds to compulsory acquisition of your Units. If that happens, you will receive the same consideration offered by Growthpoint for Units before compulsory acquisition commences.	Section 6.7

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Question	Answer	Further Information
When does the Offer close?	The Offer is presently scheduled to close on the date set out in the Chairman's Letter unless it is extended under the Corporations Act. See section 6.5 for details of the circumstances in which the Offer Period can be extended.	Chairman's Letter
What are the conditions to the Offer?	A summary of the offer conditions is set out in section 6.2, and all offer conditions are set out in Section 12.8 of the Bidder's Statement.	Section 6.2
What happens if the conditions of the Offer are not satisfied or waived?	If the conditions are not satisfied or waived before the Offer closes, the Offer will lapse and you will not get issued the Offer Consideration (even if you had accepted the Offer as your acceptance will become void). However, you would then be free to deal with your Units.	Section 6.3
What are the risks associated with holding Growthpoint Securities?	There are various risks associated with holding Growthpoint Securities.	Section 4.5
What are the risks associated with holding Rabinov Units?	There are various risks associated with holding Units in Rabinov.	Section 5.6
What if I am a foreign Unitholder?	Foreign Unitholders will not be generally entitled to receive Growthpoint Securities as consideration for their Units pursuant to the Offer, unless Growthpoint otherwise determines. The Growthpoint Securities which would otherwise have been issued to foreign Unitholders will instead be issued to a nominee approved by ASIC, who will sell these Growthpoint Securities and remit the net proceeds of sale to the foreign Unitholder.	Sections 11.8 and 12.7 of the Bidder's Statement
When will I receive the Growthpoint Securities if I accept the Offer?	If you accept the Offer, you will be issued Growthpoint Securities by the earlier of: - one month after acceptance or within one month after the Offer becomes unconditional (whichever is the later); or 21 days after the end of the Offer Period.	Section 12.6 of the Bidder's Statement
What are the tax implications of accepting the Offer?	A general outline of the tax implications of accepting the Offer for certain Australian resident Unitholders is set out in section 10 of the Bidder's Statement and section 7.7. You may be eligible for Australian capital gains tax relief on a substantial portion of your capital gain.	Section 7.7
What happens if the Offer fails?	Assuming there is no other bid for Rabinov, Rabinov will remain a listed trust on the ASX and the Directors will continue to work to generate value for Unitholders.	
Is there a phone number that I can call if I have further queries in relation to the Offer?	If you have any further queries in relation to the Offer please call Link Market Services Limited on 1300 558 249.	

Section 3: Your choices as a Unitholder

Rabinov encourages you to consider your personal risk profile, investment strategy, tax position and financial circumstances before making any decision in relation to your Units. As a Unitholder, you currently have three choices available to you.

3.1. CHOICE 1: Accept the Offer

You may choose to accept the Offer. This is the approach unanimously recommended by the Directors in the absence of a Superior Proposal. Details of the payment that you will receive if you accept the Offer are set out in section 2. You will only receive that payment if the conditions of the Offer are all either satisfied or waived. The consequences of accepting the Offer are discussed in Section 6.6. If you accept the Offer, you will not be able to sell your Units on market unless, at the time you decide that you no longer wish to accept the Offer, you have the right to withdraw your acceptance and you exercise that right. The limited circumstances in which acceptances of the Offer may be withdrawn are set out in Section 6.6.

An overview of the taxation consequences for certain Australian resident Unitholders of selling Units is set out in Section 7.7.

Details on how to accept the Offer are set out in your personalised Acceptance Form.

3.2. CHOICE 2: Sell Your Units On Market

During the Offer Period, you may sell your Units through the ASX for cash, provided you have not accepted the Offer for those Units. If you sell your Units on market, you will receive the consideration for your Units sooner than if you accept the Offer while it is subject to conditions. If you sell your Units on market, you will lose the ability to accept the Offer, may be liable for tax on the sale of those Units, may incur a brokerage charge and will lose the opportunity to receive future returns from Rabinov (including the Special Distribution if your Units are sold before the ex-date for the Special Distribution).

The most recent price for Units may be obtained from the ASX website at www.asx.com.au (ASX Code: RBV). You should contact your broker for information on how to sell your Units on the ASX and your tax adviser to determine your tax implications from such a sale.

3.3. CHOICE 3: Take No Action

If you do not wish to sell your Units on market and do not wish to accept the Offer, you should take no action. You should note that:

- if you choose not to accept the Offer, Growthpoint will not be able to acquire your Units unless the Offer is unconditional and Growthpoint holds 90% of the Units at the end of the Offer Period. In this event, Growthpoint will become entitled to compulsorily acquire those Units that it does not already own (see section 6.7 for further information regarding compulsory acquisition). You might also miss the opportunity to participate in the Capital Raising which will be available to all Unitholders who have accepted the Offer prior to the close of the Offer Period; and
- if the Offer fails and there are no other bids for Rabinov, Rabinov will remain a listed trust. If this occurs, the Directors will continue to work to generate value for Unitholders. Some of the risks associated with being a holder of Units in Rabinov are explained in Section 5.6.

RABINOV PROPERTY TRUST

Section 4: Profile of Growthpoint

4.1. Overview of Growthpoint and its principal activities

Growthpoint Group is an ASX listed A-REIT (Code: GOZ). It has a stapled entity structure comprising shares in Growthpoint Properties Australia Limited and units in Growthpoint Trust. Growthpoint Trust also has an internalised management structure, with Growthpoint Properties Australia Limited being the responsible entity of Growthpoint Trust. Holders of Growthpoint Securities own both the property trust and the manager/responsible entity of the property trust.

Growthpoint SA is the majority security holder in Growthpoint. As at the date of this Bidder's Statement, Growthpoint SA had a Relevant Interest in 67.6% of the Growthpoint Securities.

Growthpoint Group was formed in August 2009 when Growthpoint SA restructured and recapitalised what was then an externally managed ASX-listed property trust, known as "Orchard Industrial Property Fund". Further information about Growthpoint is contained in section 3 of the Bidder's Statement.

4.2. Growthpoint property portfolio and financial position

Growthpoint Group currently has a portfolio of 32 properties across Australia. A summary of Growthpoint Group's property portfolio is contained in the Independent Expert Report and attachment 4 to the Bidder's Statement.

On 25 March 2011, Growthpoint announced its results for the six month period ended on 31 December 2010 and released its audit reviewed half year financial reports for the same period (Growthpoint Half Yearly Report). Growthpoint's Half Yearly Report is available on its website at www.growthpoint.com.au and on ASX website at www.asx.com.au, company code: "GOZ".

4.3. Growthpoint board

Section 3.2 of the Bidder's Statement sets out biographies of the current members of the Growthpoint board.

4.4. Other Information about Growthpoint

Growthpoint Group is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Unitholders seeking further information on Growthpoint are directed to the Independent Expert Report, section 3 of the Bidder's Statement and Growthpoint's publicly available announcements on the ASX website (www.asx.com.au, company code "GOZ") or on the Growthpoint website (www.growthpoint.com.au).

4.5. Uncertainties and Risk Factors Relating to Growthpoint and the Offer

The Independent Expert Report and Section 8 of the Bidder's Statement sets out a range of information in relation to Growthpoint. If you accept the Offer and the Offer becomes unconditional, then you will become a holder of Growthpoint Securities and have exposure to the benefits and risks of that holding. Section 9 of the Bidder's Statement sets out a range of risk factors that may affect the value of the Growthpoint Securities issued as consideration under the Offer. These risk factors include risks associated with:

- Growthpoint Group's business (Section 9.2 of the Bidder's Statement);
- property investment and valuation risks (Section 9.3 of the Bidder's Statement);

- the A-REIT sector (Section 9.4 of the Bidder's Statement);
- the Merged Group (Section 9.5 of the Bidder's Statement); and
- other general risks (Section 9.6 of the Bidder's Statement).

Some of these risks relate to A-REITS generally, or also relate to Rabinov and are therefore risks to which Unitholders already have some exposure. However, a number of the risks will be new or potentially greater in impact than is currently the case in relation to Rabinov. Additional risks not currently known about Growthpoint Group may also have a material adverse effect on the business of the Merged Group. The information referred to in this Target's Statement including any of the information referred to in the Bidder's Statement does not purport to be, nor should it be construed as representing, an exhaustive list of risks affecting Growthpoint Group.

In addition to the above risks, you should consider the following risks associated with accepting the Offer:

- You will only receive the Offer Consideration if all the conditions are satisfied or waived.

The Offer is subject to conditions, as set out in set out in Section 12.8 of the Bidder's Statement and summarised in section 6.2 of this Target's Statement. All conditions must be satisfied or waived by Growthpoint before Unitholders who accept the Offer receive the Offer Consideration. If you accept the Offer and any condition is not satisfied or waived at the end of the Offer Period, Growthpoint will not acquire your Units and you will not receive the Offer Consideration. In the meantime, Unitholders who accept the Offer will be unable to trade their Units, or withdraw their acceptance (other than in accordance with their statutory rights).

- If a Superior Proposal is announced, you will not be able to withdraw your acceptance of the Offer.

If a Superior Proposal is announced, Unitholders who accept the Offer will not be able to withdraw their acceptance of the Offer and accept a Superior Proposal unless:

- (a) the Offer is still subject to a condition; and
- (b) the Offer is varied in a way that postpones, for more than one month, the time when Growthpoint needs to meet its obligations under the Offer, or the Offer lapses while still subject to a condition or is withdrawn.

At the date of this Target's Statement, Rabinov is not aware of any Superior Proposal.

- The implied value of the Offer Consideration is variable

Unitholders who accept the Offer will receive 0.48 Growthpoint Securities for each Unit for which they accept the Offer if the Offer becomes unconditional. Any fluctuation in the price of Growthpoint Securities will affect the Offer value. The future trading price of Growthpoint Securities is uncertain and will be influenced by a wide range of economic, market and business-specific factors, many of which are not controllable by Growthpoint. Some of these factors are set out in section 5.6 as well as section 9.6 of the Bidder's Statement. Unitholders should carefully consider these risk factors when assessing the Offer. To assist in this regard, please see the Independent Expert Report set out in **Annexure A**.

RABINOV PROPERTY TRUST

Section 5: Profile of Rabinov

5.1. Overview of Rabinov and its Principal Activities

Rabinov is a registered managed investment scheme which was established in 1998 and listed on the ASX in 2003. RPML became the responsible entity of Rabinov in June 2009. Rabinov is a diversified property investment vehicle which has an established portfolio of office, retail and industrial properties located throughout Australia. RPML has entered leases with well known tenants, the majority of which have fixed annual rental increases.

5.2. Property Profile

Rabinov currently owns 12 properties located throughout Australia, in capital cities and regional areas. However, 6 of these properties do not meet Growthpoint Group's investment criteria and as such have been excluded from the transaction (the "Excluded Properties").

Rabinov has entered into conditional sale contracts in respect of the six Excluded Properties. The sale contracts in respect of the Excluded Properties are conditional on Unitholder approval at a meeting of Unitholders which has been convened for 31 May 2011. If Unitholder approval is granted and the Offer is to become or is declared unconditional, the Excluded Properties will be sold to one of Rabinov's Subordinated Debt Holders, Anrose Nominees Pty Ltd (Anrose) who is associated with the Major Unitholder.

The Directors unanimously recommend that Unitholders vote in favour of the resolution at the general meeting to approve the sale of the Excluded Properties, in the absence of a Superior Proposal.

Rabinov's property portfolio following the sale of the Excluded Properties is summarised in the table below:

Tenant	Location	Lease Expiry	Book value (as at 31 December 2010)
Hydro Tasmania Consulting	Kennedy Drive, Cambridge, Tasmania	30 April 2024	\$27.5 million
Westpac Banking Corporation	Laffer Drive, Bedford Park, South Australia	22 July 2013	\$19 million
GE Capital Finance	Buildings 1 & 3, 572 Swan Street, Richmond, Victoria	1 February 2018	\$47 million
GE Capital Finance	Building 2, 572 Swan Street, Richmond, Victoria	1 February 2018	\$70 million
Trimas Corporation	Abbotts Road, Lyndhurst, Victoria	9 January 2014	\$8 million
Bridgestone Australia Limited	Fitzgerald Road, Derrimut, Victoria	31 December 2018	\$12.5 million
Total			\$184 million

5.3. Financial Information

Rabinov has provided Growthpoint with certain financial information relating to Rabinov which is contained in the Bidder's Statement. This information is defined as "Rabinov Information" in the Bidder's Statement and has been prepared and approved by Rabinov to assist Unitholders to consider the Offer.

In particular, a forecast income statement of Rabinov for the year ending 30 June 2011 is contained in section 8.3(c) of the Bidder's Statement and a forecast income statement for Growthpoint Group, Rabinov Group and the Merged Group for the year ending 30 June 2012 is contained in section 8.3(d) of the Bidder's Statement.

Consistent with its practice on forecast distributions and in view of the difficulties in reliably making distribution forecasts, Rabinov is not forecasting distributions beyond 30 June 2011.

5.4. Directors

The Directors and a brief description of them are set out below:

Raymond Schoer, Non Executive Chairman

Raymond has been a Board member, Chairman since 2009 and Chairman of the Audit, Risk and Compliance Committee. He is currently Chairman of Asia Pacific Exchange Ltd; Dove River Pty Ltd, and the Compliance Committee of Japara Property Management Ltd and a Director of Benetas; and Pluton Resources Ltd. Raymond is a member of the Advisory Board of the Graduate Program in Corporations and Securities Law of the University of Melbourne; Emeritus Trustee of the Committee of the Centre for Economic Development of Australia; Past President of the Australian Institute of International Affairs (Vic); former Chief Executive of the National Companies and Securities Commission and Principal Director of the Australian Stock Exchange. Ray has been awarded the title Knight of the Royal Order of Sulu and Sabah, has a Bachelor of Arts (Admin) and is a Fellow of the Australian Society of Certified Practising Accountants, a Fellow of the Australian Institute of Company Directors and a Fellow of the Chartered Institute of Company Secretaries.

Tony Boothroyd, Managing Director

Tony Boothroyd has in excess of 40 years experience in commercial, retail and industrial real estate and has been a fully licensed estate agent since 1972. His extensive experience in property development, finance, investment and management has been responsible for the creation of various sized portfolios for a number of listed and unlisted entities. He has been a member of the project team for iconic developments such as Collins Place, BHP House and Illoura Plaza, and instrumental in the development of countless other office and retail projects. Tony has been Asset Manager for Rabinov since 2007 and has an intimate knowledge of its portfolio. He is a Fellow of the Real Estate Institute of Australia, a Fellow of the Australian Property Institute, a Certified Property Practitioner and a Member of the Royal Institute of Chartered Surveyors. Tony is also an Associate of the Australian Compliance Institute. He has been responsible for the acquisition, development and management of properties for interests associated with the Rabinov Group since 1977.

Eric Cohen, Non Executive Director

Eric is currently a consultant to Morris Cohen Glen and Co., Chartered Accountants, having been a long-time partner of the firm. He has been auditor of several public companies including Woodside Oil, Mid-Eastern Oil, Mid-Eastern Minerals, RVB Limited and Simalex Ltd, as well as share register auditor of Woodside Petroleum, Triako Resources and Claremont Petroleum. Eric manages property portfolios for a number of private companies. He is also an executor of a number of estates, some of which have extensive and large property portfolios. He is a member of the Institute of Chartered Accountants in Australia's Disciplinary Committee and was for a number of years a member of the Joint Legislation

Review Committee and its former chairperson. Eric is a Rotarian having held the position of both treasurer and president and has been honoured as a Paul Harris Fellow for his years of dedicated service. On 14 June 2004, he was awarded the Order of Australia Medal (OAM).

Chris Gillies, Non Executive Director

Chris is an independent non-executive director serving on a number of boards, associations and charities and advises boards on establishing IT Governance leadership in the boardroom. She also uses her current and past experience as an executive mentor and facilitator. The Board she has served on include Oakton, Emergency Telecommunications Statutory Authority Victoria and CenITex. She is Chairman of the MS Society New South Wales, Victoria and ACT. She has established and chairs three board IT committees and advises a number of others. Prior to her board career, Chris was Group Executive, Group Services at St George Bank (where her role included Marketing, Human Resources and managing the integration with Advance), Chief Information Officer for the Bank of Melbourne and Victorian Director of the DMR Group (an international IT consulting company, where she specialized in mergers and acquisitions and in designing and implementing major IT change programs to deliver business results). Chris has over 20 years experience as a director and more than 40 years experience in business management and information technology. Chris is a Fellow of the Australian Institute of Company Directors.

David Harris, Non Executive Director

David graduated with a Bachelor of Economics and Politics from Monash University. He is a Certified Practising Accountant and a member of CPA Australia. He is the Joint Managing Director of TIC Group Pty Ltd, a leading retailer service company specialising in recycling and logistics. He is also a Non-Executive Director of a number of private companies with interests in the fields of retailing, manufacturing, importing and distribution. Previously he was an accountant with, and then the General Manager of Kortex (Australia) Pty Ltd, before eventually becoming a director and part-owner of that company. He has also developed and sold a number of start-up businesses in the manufacturing, retailing and advertising sectors and has been involved in office, retail and industrial property developments. He is currently the President of FareShare, a food rescue organisation and also sits on the board of Victorian Relief Foodbank, the state's leading emergency relief organisation.

5.5. Other Information about Rabinov

Rabinov is a "disclosing entity" under the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. Unitholders seeking further information on Rabinov are directed to the list of publicly available announcements on the ASX (www.asx.com.au, company code "RBV") or on the Rabinov website (www.rabinov.com.au).

5.6. Uncertainties and Risk Factors Relating to Rabinov

If you do not accept the Offer and Growthpoint does not acquire 100% of Units, set out below are some of the risks for you in continuing to hold Units. Many of these risks are relevant to Unitholders today and will be relevant to Unitholders who become holders of Growthpoint Securities following completion of the Offer.

The price of Units and the future performance of Rabinov will be influenced by a range of factors and risks. Whilst some of these risks can be mitigated by the use of safeguards and appropriate systems and actions, some are outside the control of Rabinov and cannot be mitigated. The principal risks include, but are not limited to, those detailed below. Unitholders should also have regard to the uncertainties and risk factors set out in the Independent Expert Report. Rabinov does not give any form of guarantee of future distributions, return of capital or the price at which the Units might trade in the future on the ASX.

5.6.1. Specific Rabinov Uncertainties and Business Risks if Growthpoint does not acquire 100% of Rabinov's Units

Trading Price of Units	The Units are listed on the ASX, where their price will fluctuate according to a range of factors, many of which are beyond the control of Rabinov including market movement. The Units currently trade on the ASX at a price that is at a discount to the Units' underlying net tangible assets value.
Rabinov is heavily geared	Rabinov has a senior debt facility with ANZ which as at 31 March 2011 was drawn to \$125.5 million. The key risks in this regard relate to the following aspects: ▪ Interest rate fluctuations; and ▪ Rabinov's ability to refinance facility before maturity (30 September 2013). Further, as at the date of the Offer, Rabinov has interest bearing subordinated debt of \$59 million. The Offer provides for full settlement of the subordinated debt, in cash and through the transfer of the Excluded Properties. These factors may affect the future level of distributions to Unitholders.
Access to funding	The ability to make further investments is dependent on its ability to access funding from external sources and there can be no assurance that any such funding will be available to Rabinov or on favourable terms.
There is currently very limited liquidity in the Units	Rabinov Units trade at low liquidity levels relative to Growthpoint Securities.
Performance of investment Properties	The performance of Rabinov depends upon the ability to efficiently manage Rabinov's property portfolio. There is no guarantee that existing or future investments will be successful or that any further properties will be acquired.
Unplanned capital expenditure	Unforeseen capital expenditure requirements may adversely impact on Rabinov.
Potential loss on revaluation of investments	The carrying value of properties in Rabinov's accounts for the year ended 30 June 2011 may well be revalued downwards by \$1.5 million having regard to recent advice received with respect to the carrying value of the Excluded Properties.

5.6.2. General Uncertainties and Economic and Market Risks

General economic conditions	The performance of Rabinov Units (including property values) are influenced by general economic and business conditions, including the state of the Australian property market, inflation, interest rates, access to debt and capital markets and regulatory policies.
Ability to pay distributions	Rabinov must have sufficient cash resources and distributable income to pay distributions to Unitholders. This would be effected by default in payment of rent by a lessee or variances in operating costs.

Section 6: Other important information about the Offer

6.1. The Offer

The consideration being offered to you under the Offer is 0.48 Growthpoint Securities for each Unit you hold. The Offer is to acquire all Units, including any rights attaching to them, other than:

- rights to receive the Special Distribution;
- rights to receive the distribution of up to 4.15 cents for the half year ending 30 June 2011 which will be paid to you if the record date for the distribution of 30 June 2011 occurs prior to Growthpoint or its nominee being registered as the holder of your Units; and
- the right to vote at the general meeting of Unitholders to be held on 31 May 2011.

You may only accept the Offer for all of your Units. You cannot accept the Offer for only some of your Units. The consideration offered will only be issued to you if all of the conditions of the Offer are satisfied or waived. These conditions are summarised in section 6.2.

The Offer is scheduled to close within the timeframe set out in the Chairman's Letter, unless Growthpoint extends the Offer Period in accordance with the Corporations Act. Growthpoint may be able to withdraw its Offer with the written consent of ASIC, subject to the conditions (if any) specified in such consent. The Offer will lapse if, at the end of the Offer Period, the conditions to which the Offer is subject are not satisfied or waived. If this occurs then any contracts resulting from acceptance of the Offer by Unitholders will become void. If the Offer lapses then Unitholders who have accepted the Offer will continue to own the Units that are the subject of any such acceptances and will be free to deal with them as they choose.

6.2. Conditions of the Offer

The Offer is subject to a number of conditions. Those conditions are set out in Section 12.8 of the Bidder's Statement. By way of a broad overview, the conditions of the Offer include:

- (a) the Offer results in Growthpoint having relevant interests in at least 90% of the Units;
- (b) completion of the Excluded Property sales having taken place;
- (c) all necessary regulatory approvals and consents in relation to the acquisition of Rabinov are obtained;
- (d) there is no adverse regulatory action by any public authority;
- (e) no material adverse change occurs in relation to the Rabinov business during the Offer Period;
- (f) no material amendments to Growthpoint's facility agreement term sheets;
- (g) no material change in respect of any of the Properties other than the Excluded Properties;
- (h) no Rabinov distributions occur during the Offer Period, other than the distribution for the half-year period ending 30 June 2011 of up to 4.15 cents and the Special Distribution;
- (i) no 'prescribed occurrences' occur during the Offer Period;
- (j) no material acquisitions, disposals or changes in the conduct of the business during the Offer Period;

- (k) the State Revenue Office of Victoria issuing a ruling that corporate reconstruction relief will be available in respect of the Victorian post-offer property transfers;
- (l) the S&P ASX300 Index and the S&P ASX A-REIT 300 Index do not close below the number which is 15% below the number each of them closed at on the last trading day before the date of the Announcement, for 5 or more consecutive trading days;
- (m) no person acquires 10% or more of the voting power in Rabinov; and
- (n) Rabinov does not agree to a break fee with any third party.

6.3. Consequences of Conditions Not Being Satisfied

There is a risk that some of the conditions of the Offer may not be satisfied or waived. You should be aware that, even if the conditions of the Offer are not satisfied or are triggered, as appropriate, they may be waived by Growthpoint. If any condition is unsatisfied or has been triggered and has not been waived, Growthpoint can decide whether or not to proceed with the acquisition of Units under its Offer or allow its Offer to lapse as a result of unsatisfied conditions.

6.4. Notice of Status of Conditions

Growthpoint needs to give a Notice of Status of Conditions by no later than seven days prior to the end of the Offer Period. Growthpoint is required to set out in its Notice of Status of Conditions:

- whether the Offer is free of any or all of the conditions of the Offer;
- whether, so far as Growthpoint knows, any of the conditions have been fulfilled; and
- Growthpoint's then current voting power in Rabinov.

If the Offer Period is extended before the time by which that notice is to be given, the date that Growthpoint must give its Notice of Status of Conditions will be taken to be postponed for the same period. In the event of such an extension, Growthpoint is required, as soon as reasonably practicable after the extension, to give a notice to the ASX and Rabinov that states the new date for giving the Notice of Status of Conditions.

In addition, if a condition of the Offer is fulfilled during the Offer Period but before the date on which the Notice of Status of Conditions is required to be given, Growthpoint must, as soon as practicable, give the ASX and Rabinov a notice that states that the particular condition has been fulfilled.

6.5. Extension of the Offer Period

Growthpoint may extend the Offer Period at any time before giving the Notice of Status of Conditions while the Offer is subject to conditions. However, if the Offer is unconditional (that is, all the conditions are satisfied or waived), Growthpoint may extend the Offer Period at any time before the end of the Offer Period.

In addition, there will be an automatic extension of the Offer Period if, within the last seven days of the Offer Period, Growthpoint improves the consideration under the Offer or Growthpoint's voting power in Rabinov increases to more than 50%. If either of these two events occurs within the last seven days of the Offer Period, the Offer Period is automatically extended so that it ends 14 days after the relevant event occurs.

6.6. Effect of Acceptance and Rights of Withdrawal

Accepting the Offer would (subject to the withdrawal rights discussed below):

- prevent you from accepting any higher takeover bid that may be made by a third party or any alternative transaction proposal that may be recommended by the Directors;
- relinquish control of your Units to Growthpoint with no guarantee of payment until the Offer becomes, or is declared, unconditional;
- if the conditions of its Offer are not satisfied, give Growthpoint the option to either keep your Units (by waiving the conditions) or allow the Offer to lapse (as discussed in section 6.3); and
- prevent you from selling your Units on the ASX.

If you accept the Offer, you will have a right to withdraw your acceptance in some circumstances. Those withdrawal rights comprise general statutory withdrawal rights under the Corporations Act. In summary, under the Corporations Act, you may withdraw your acceptance of the Offer if the Offer is conditional and Growthpoint varies its Offer in a way that postpones, for more than one month, the time when Growthpoint needs to meet its obligations under the Offer. This will occur if Growthpoint extends the Offer Period by more than one month and the Offer is still subject to conditions.

In those circumstances, you will have a period of one month after the date that the Offer is extended to withdraw your acceptance. Your statutory withdrawal rights will terminate upon the expiry of that one month period, although if the Offer Period is then further extended you will receive further statutory withdrawal rights (that is, a further month long withdrawal right for each and every extension thereafter provided the Offer is still conditional).

If Growthpoint improves the Offer Consideration, all Unitholders who accept the Offer (whether or not they have accepted prior to that improvement) will be entitled to the benefit of that improved consideration.

The effect of acceptance of the Offer is set out in more detail in section 12.5 of the Bidder's Statement. You should read those provisions in full to understand the effect that acceptance will have on your ability to exercise the rights attaching to your Units and the representations and warranties that you are deemed to give to Growthpoint by accepting the Offer.

6.7. Compulsory Acquisition

Growthpoint may compulsorily acquire all remaining Units if by the end of the Offer Period Growthpoint acquires a relevant interest in least 90% or more of the Units and has acquired 75% of the Units which Growthpoint offered to acquire under the Offer. Growthpoint has stated in section 7.2 of its Bidder's Statement that it intends to compulsorily acquire the remaining Units if it becomes entitled to do so.

Compulsory acquisition is commenced by lodging a compulsory acquisition notice with ASIC and sending the notice to the ASX and all remaining Unitholders who did not accept the Offer. Unitholders have statutory rights to challenge compulsory acquisition, but if Growthpoint establishes to the satisfaction of a court that the consideration being offered for the securities represents fair value, the court must approve the compulsory acquisition on those terms. Unitholders should be aware that if their Units are compulsorily acquired, they are not likely to receive payment until at least one month after the compulsory acquisition notice is issued by Growthpoint. Unitholders whose Units are compulsorily acquired may not be entitled to participate in the Capital Raising.

6.8. Implications if Growthpoint Acquires Less than 90% of the Units

In section 7.3 of the Bidder's Statement, Growthpoint sets out its intentions if it were to declare the Offer free from the 90% minimum acceptance condition and gain effective control of Rabinov, but not receive sufficient acceptances to proceed to compulsory acquisition. If Growthpoint obtains a majority

unitholding in Rabinov of less than 90%, those Unitholders who do not accept the Offer will be minority Unitholders in Rabinov. This has a number of possible implications, including:

- Growthpoint may replace the responsible entity of Rabinov with a member of Growthpoint Group. Under the Bid Implementation Agreement, if the Offer is unconditional and Growthpoint has voting power of at least 50.1% in Rabinov, RPML may be required to retire as responsible entity in accordance with Growthpoint's instructions. This means that a different responsible entity, with a different board, may control Rabinov.
- Growthpoint will be in a position to cast the majority of votes at a general meeting of Rabinov. This will enable it to control the composition of the responsible entity's board and senior management, and control the strategic direction of the businesses of Rabinov and its subsidiaries, subject to the fiduciary duties of the newly composed responsible entity's board;
- it is possible that, even if Growthpoint is not entitled to proceed to compulsory acquisition of minority holdings after the end of the Offer Period under Part 6A.1 of the Corporations Act, it may subsequently become entitled to exercise rights of general compulsory acquisition under Part 6D.2 of the Corporations Act. For example, this may occur as a result of acquisitions of Units in reliance on the "3% creep" exception in item 9 of section 611 of the Corporations Act. If this opportunity arises, Growthpoint has stated that it intends to exercise those rights to the extent it is able to do so;
- consideration will be given as to whether to maintain Rabinov's listing on ASX having regard to listing costs and unit holdings; and
- the liquidity of the Units is likely to remain low.

Section 7: Additional information

7.1. Directors' Recommendation, Intentions and Interests

In assessing the Offer, your Directors have had regard to a number of considerations, including the information set out in the Bidder's Statement. Based on this assessment and for the reasons set out in this Target's Statement, the Directors' unanimous recommendation to Unitholders is to accept the Offer in the absence of a Superior Proposal.

Each Director of RPML who holds or has a relevant interest in any Units intend to accept the Offer in relation to all those Units in the absence of a Superior Proposal. The number, description and amount of securities of Rabinov in which each of the Directors has a relevant interest are as follows:

Name	Units Held
Raymond Schoer	31,530
Eric Cohen	38,364
Tony Boothroyd	Nil
Chris Gillies	Nil
David Harris	Nil

In the four months ending on the day preceding the date of this Target's Statement, no Director provided or agreed to provide, or received or agreed to receive, consideration for any marketable securities of Rabinov under a sale, purchase or agreement for sale or purchase of such securities. None of the Directors has any relevant interest in any securities of Growthpoint, is party to any agreement or arrangement with any other person in connection with or conditional on the outcome of the Offer or has any interest in any contract entered into by Growthpoint.

Except as set out in this Target's Statement, no benefit (other than a benefit permitted by the Corporations Act) will or may be given to a Director in connection with their loss of or resignation from office as a Director or in connection with the transfer of the whole or any part of the undertaking or property of Rabinov. Except as set out in this Target's Statement, no agreement has been made between any of the Directors and any other person in connection with or conditional upon the outcome of the Offer other than in their capacity as a Unitholder. No Director has any interest in any contract entered into by Growthpoint.

7.2. Major Unitholder's Interests and Intentions

The Major Unitholder, which is ultimately controlled by Mrs Roseanne Amarant, has a relevant interest in 83.41% of the Rabinov Units. The Major Unitholder also controls RPML, Genox and Anrose. Genox and Anrose together hold an aggregate of \$59 million of subordinated debt owed by Rabinov. Rabinov has entered into conditional agreements to repay the subordinated debt by way of a transfer of the Excluded Properties to Anrose and a cash repayment to Genox to be funded by Growthpoint if the Offer is to become or is declared unconditional and certain other conditions of the agreements are satisfied. Further detail regarding the subordinated debt arrangements is set out in Section 7.5.

The transfer of the Excluded Properties to Anrose in order to repay the subordinated debt owed to Anrose is subject to Unitholder approval. A Unitholder meeting has been convened to vote on this matter and a notice of meeting and explanatory memorandum have been sent to Unitholders containing further details of the proposed Excluded Property transfers. The Major Unitholder holds 10,000 Growthpoint Securities.

7.3. Interests and Dealings In Growthpoint Securities

Neither Rabinov nor any Director has a relevant interest in Growthpoint Securities. There have been no acquisitions or disposals of securities in Growthpoint by Rabinov or any Director in the four months ending on the day preceding the date of this Target's Statement.

7.4. Rabinov Capital Structure

As at the date of this Target's Statement, there are 52,204,212 Units on issue. No other securities are on issue.

7.5. Subordinated Debt Arrangements

As at the date of this Target's Statement, Rabinov had interest bearing subordinated debt of \$59 million. At the time the Offer becomes or is declared unconditional \$50.8 million (plus accrued interest) will be owed to Anrose and \$8.2 million (plus accrued interest) will be owed to Genox. In connection with the Offer:

- Rabinov has agreed that it will transfer the Excluded Properties to Anrose in consideration for the extinguishment of the entire principal amount of the subordinated debt (plus an amount in respect of accrued interest) owed by Rabinov to Anrose (being the \$50.8 million); and
- Growthpoint has agreed that it will loan the sum of \$8.2 million (plus an amount in respect of accrued interest) to Rabinov which Rabinov will use to repay, and which Genox will accept as settlement of the entire amount of the subordinated debt owed to Genox.

Each of these arrangements is conditional upon Unitholders approving the Excluded Property transfers at a general meeting, an announcement being made that the Offer is to become or has been declared unconditional and Growthpoint having a relevant interest in at least 80% of the Units.

Rabinov and Anrose entered into conditional property sale contracts on standard terms in respect of the transfer of each of the Excluded Properties. Each property is to be transferred to Anrose subject to any existing leases and subject to the existing mortgages in favour of Rabinov's financier ANZ until the end of the compulsory acquisition process. For further details in relation to the Excluded Properties transfers, refer to the notice of meeting package which has been released to ASX and which is being sent to Unitholders.

7.6. Potential Impact of the Offer on Rabinov's material contracts

Rabinov has a \$135 million senior debt facility agreement with the ANZ which has a maturity date of 30 September 2013. Sections 3.1 and 8.3(g)(3) of the Bidder's Statement set out details of the enlarged and extended debt facility which will become available to the Merged Group if Growthpoint acquires all of the Rabinov Units.

Rabinov is not aware of any change of control provision in any of Rabinov's material contracts which will be triggered if Growthpoint successfully acquires control of Rabinov giving the counterparty the ability to terminate the contract or which may have a material adverse effect on the assets and liabilities, financial position and performance, profits and losses and prospects of Rabinov.

7.7. Taxation Considerations for Unitholders

7.7.1. Introduction

The following is a general description of the Australian income tax consequences for the Unitholders who dispose of their Units by accepting the Offer.

The commentary below are provided on the assumption that Rabinov and Growthpoint Trust would be characterised as fixed trusts in accordance with the exercise of the Commissioner's discretion under subsection 272-5(3) of Schedule 2F of the Income Tax Assessment Act 1936. This should be discussed with your own tax advisor.

The comments set out below in relation to Australian income tax are relevant only to Unitholders who:

- are residents for Australian tax purposes;
- hold their Units as capital assets for the purpose of investment and who do not (or would not) hold their units in connection with the conduct of a business.

Unitholders who are not Australian residents for tax purposes should seek their own independent professional advice regarding the tax implications under the laws of their country of residence, as well as under Australian law, in relation to the acceptance of the Offer.

These comments relate to the Units only, and not apply to other rights held over the Units (e.g. options to acquire the Units).

The Australian income tax consequences of accepting the Offer depend on a number of factors that will vary depending on your particular circumstances. A general outline of the Australian income tax consequences for accepting the Offer set out below is based on Australian taxation law and practices in effect as at the date of this Target's Statement. It is not intended to be an authoritative or complete statement or analysis of the taxation laws applicable to the particular circumstances of every Unitholder. You should make your own inquiries and seek your own independent professional advice regarding the tax consequences applicable to your circumstances.

7.7.2. Taxation consequences of accepting the Offer by Australian residents

If you accept the Offer you will be treated as having disposed of your Units to Growthpoint. Such a disposal will constitute a capital gains tax (CGT) event for CGT purposes, and the effective date of disposal will be the day you accept the Offer or the day when the Offer becomes unconditional (whichever occurs later).

If you accept the Offer and you are an Australian resident Unitholder, you may make a capital gain or capital loss on the disposal of your Units.

A capital gain will arise if the capital proceeds exceed the cost base of the Units. Conversely, a capital loss will arise if the capital proceeds are less than the reduced cost base of your Units.

In this regard:

- the capital proceeds for the disposal of your Units will be equal to the market value of the Growthpoint Securities at the time of the disposal; and
- the cost base and reduced cost base of your Units should broadly equal to the money you paid or were required to pay to acquire your Units, plus certain amounts associated with acquisition and disposal (e.g. brokerage or stamp duty).

(a) Net capital gain

As a general rule, subject to the CGT reductions and exemptions discussed below, your capital gains and capital losses in an income year are aggregated to determine whether you have a net capital gain for that income year. Any net capital gain, after applying carry forward capital losses from prior years, is included in your tax return as assessable income.

(b) Net capital losses

If you make a net capital loss for the income year, that amount of net capital loss may only be carry forward to offset capital gains in future income years.

7.7.3. Circumstances in which capital gains may be reduced or disregarded

You may be able to reduce or disregard a capital gain in the circumstances set out below.

(a) Pre-CGT Unitholders

If you acquired (or are deemed to have acquired) your Units prior to 20 September 1985, any gain or loss arising from the disposal of those units are exempt from any Australian CGT consequences.

(b) Indexation

If you acquired (or are deemed to have acquired) your Units at or before 11:45am on 21 September 1999, but after 19 September 1985, the cost base of your Units may be indexed for inflation, by reference to changes in the Consumer Price Index from the calendar quarter in which the Units were acquired (or deemed to be acquired) until the calendar quarter ended 30 September 1999. It must be noted that indexation adjustments are taken into account only for the purposes of calculating a capital gain, not a capital loss.

Generally, if you are an individual, complying superannuation entity or a trust and has held your Units for at least 12 months, you will have the option of applying either the indexation method or the CGT discount (refer below) in calculating the capital gain from the disposal of your Units, but you cannot apply both.

Whether you should use the indexation method or CGT discount method will depend upon your particular circumstances. You should consult your own tax advisers in this regard.

(c) CGT discount

If you make a capital gain on the disposal of your Units, you may be eligible to apply CGT discount to your capital gain if:

- you are not eligible or do not choose for the scrip for scrip roll over relief to apply (refer below);
- you do not choose to apply the indexation method (discussed above); and
- the capital gain relates to the Units that you have held for at least 12 months prior to the disposal.

The CGT discount is applied to your net capital gain (i.e. the amount of capital gain remaining after you have applied carry-forward capital losses from prior years).

Broadly, individuals and trusts are entitled to a CGT discount of 50% (i.e. only 50% of your net capital gain will be included in assessable income) while complying superannuation entities are entitled to a CGT discount of 33.3%.

CGT discount is not available to companies (other than in the capacity as a trustee).

(d) Partial scrip for scrip roll over relief

Scrip for scrip roll over relief may be available to defer your capital gains resulting from an acceptance of the Offer if you are a resident for Australian tax purposes who acquired your Units on or after 20 September 1985, and you derive a capital gain on the disposal of those units by accepting the Offer. This is conditioned on Growthpoint becoming the owner of 80% or more of the voting units in Rabinov.

Where Growthpoint does not become the owner of 80% or more of the Units, scrip for scrip roll over relief will not be available to you.

Scrip for scrip roll over relief does not apply if you make a capital loss in respect of the disposal of your Units.

Under the terms of the Offer, Units are exchanged for Growthpoint Securities (each Growthpoint Security comprises of a Growthpoint Unit and a GPAL Share). Only the portion of the Units exchanged for Growthpoint Unit will be eligible for the scrip for scrip rollover relief. As such, only partial scrip for scrip rollover relief may be available to defer your capital gains realised on the disposal of your Units.

That is, if you elect to apply the scrip for scrip roll over relief, the capital gain is disregarded to the extent that the gain is made on the disposal of your Units in exchange for Growthpoint Unit.

Scrip for scrip roll over relief will not be available to the extent that a capital gain is made in respect of the exchange of Units for GPAL Shares. To the extent that scrip for scrip roll over relief is not available, you should realise a capital gain or capital loss with respect to the disposal.

Based on the relative market values of the Growthpoint Unit and GPAL Shares provided by Growthpoint, this means, broadly, approximately 96% of the capital gains made by the eligible Unitholders on the disposal of their Units may qualify for the scrip for scrip roll over relief.

Accordingly, if you are eligible and choose to apply the scrip for scrip roll over relief, approximately 96% of the capital gain on disposal of your Units will be disregarded for the purpose of calculating your assessable income for the income year, and approximately 4% of the capital gain made on the disposal of your Units should be included as assessable income (after taking account of any capital losses and CGT discount that may be available to you).

You should seek independent professional advice regarding whether you are eligible to obtain the scrip for scrip roll over relief.

(e) Choosing scrip for scrip roll over

If you are eligible to obtain scrip for scrip roll over relief and wish to do so, you must elect for the roll over to apply. You are not required to lodge a separate form in relation to the making of such an election. Rather, the way in which you prepare your income tax return will provide sufficient evidence of the making of this choice. You can choose for the roll over to apply by excluding the appropriate amount of capital gain arising from the disposal of your Units in your tax return for the income year in which you accept the Offer.

7.7.4. Cost bases of Growthpoint Securities acquired

(a) Cost base of the Growthpoint Unit

If you choose to obtain the scrip for scrip roll over relief, the cost base and time of acquisition of your Growthpoint Unit should be determined by reference to the acquisition date and cost base of the Units as follows:

- the cost base in the Units disposed of will be allocated proportionately over their replacement Growthpoint Unit; and
- you will be deemed to have acquired your new Growthpoint Unit at the same time as they acquired the original Units.

Due to the fact that less than one Growthpoint Unit is obtained in exchange for one Unit, it may be necessary to aggregate the Units into parcels by dates of acquisition and aggregate your interests in Growthpoint Trust into whole number of units for this calculation.

In determining the time of acquisition, the preferred approach is to apply the first in first out approach with aggregation, relying on the earlier date of acquisition of aggregated units.

For the purpose of determining eligibility for cost base indexation or the CGT discount on a sale of the replacement Growthpoint Unit, you will be treated as having acquired the Growthpoint Unit at the time when you acquired the relevant Units.

(b) Cost base of the GPAL Shares

The cost base of the GPAL Shares acquired in exchange for your Units should be equal to their market value on the date of the exchange.

7.7.5. Impact of tax-deferred distributions

In calculating the cost base of Units, you are required to make adjustments for distributions that have been received but were not assessable (this amount is shown as a "tax-deferred amount" in your distribution statements).

7.7.6. Future distributions from Growthpoint

Your future distributions from Growthpoint Securities may consist of a trust distribution from the Growthpoint Trust and a dividend from Growthpoint Properties Australia Limited. It is anticipated that Growthpoint will provide you with annual taxation statements that will set out how the distribution is made up and a tax guide to assist in the completion of your tax return.

It is expected that the trust component of any distribution will generally retain the character it had when it was derived by the Growthpoint Trust. For example, if a net capital gain is included in the taxable income of the Growthpoint Trust, you will be regarded as having derived a capital gain equal to your share of that net capital gain. However, where discount capital gains treatment has been applied in calculating the net capital gain in the Growthpoint Trust, you will be required to gross-up the amount of the capital gain included in your assessable income. You can then apply any capital losses available to you to offset the capital gain and then apply your CGT discount factor, if applicable.

If you receive a "tax deferred" distribution, this will generally not be included in your assessable income. However, the tax deferred component will reduce your cost base of the units in the Growthpoint Trust and a capital gain will only arise to the extent a tax deferred distribution exceeds the cost base of the units.

The Australian taxation treatment of managed investment trusts like the Growthpoint Trust has been under review for a number of years. The Federal Government released a discussion paper in 2010 setting out a process of public consultation covering suggested changes to the taxation of managed investment trusts with start date of 1 July 2012. In addition, the Federal Government is proposing to introduce legislation to amend the taxation rules regarding the taxation of trusts and distributions to beneficiaries generally in the middle of 2011. Unitholders should seek their own advice on how any changes introduced as a result of this process will affect the taxation of distributions from the Growthpoint Securities.

7.7.7. Other considerations

Scrip for scrip roll over relief is optional for each Unitholder in respect of each Unit. Therefore, you can choose not to apply the scrip for scrip roll over relief to the disposal of all of your Units.

There may be situations where you may wish to consider the option of choosing the scrip for scrip roll over only in relation to some (and not all) the Units disposed of under the Offer and this is something you should discuss with your own tax advisor.

7.8. Bid Implementation Agreement

Growthpoint Properties Australia Limited and Rabinov Property Management Limited have entered into the Bid Implementation Agreement in relation to the Offer. Under the agreement, Growthpoint entered into an exclusivity and break fee arrangement with Rabinov. The exclusivity arrangements are standard no-shop and no-talk agreements supported by break fee arrangements. A copy of the Bid Implementation Agreement was released to the ASX on 13 April 2011 and these aspects are summarised in section 11.3 of the Bidder's Statement.

7.9. Change in Financial Position of Rabinov Since Last Financial Report

Rabinov's last published audited financial statements are for the year ended 31 December 2010 as lodged with ASX on 8 February 2011. Except as disclosed in this Target's Statement and any announcement made by Rabinov since 8 February 2011, your Directors are not aware of any material change to the financial position of Rabinov since 8 February 2011.

7.10. Early dispatch of Bidder's Statement

The Directors have allowed Growthpoint to send the Bidder's Statement to Unitholders earlier than would otherwise be permitted under the Corporations Act.

7.11. Consent to Inclusion of Statements

Each of Link Market Services Limited, Ernst & Young and Baker & McKenzie have given their consent to being named in this Target's Statement in the form and context in which they are named.

PKF Corporate Advisory (East Coast) Pty Ltd has given its consent to the inclusion of the Independent Expert Report and to references to it in this Target's Statement in the form and context in which those references appear.

7.12. Disclaimers Regarding Responsibility

Each person or organisation named as having given consent to the inclusion of a statement in this Target's Statement:

- does not make, or purport to make, any statement in this Target's Statement or any statement on which a statement in this Target's Statement is based other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, a statement included in this Target's Statement with the consent of that person; and
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Target's Statement, other than, in the case of a person referred to above as having given their consent to the inclusion of a statement, any statement or report which has been included in this Target's Statement with the consent of that party.

7.13. No Other Material Information

This Target's Statement is required to include all the information that Unitholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer, but:

- only to the extent to which it is reasonable for Unitholders and their professional advisers to expect to find such information in this Target's Statement; and
- only if the information is known to any of the Directors.

The Directors are of the opinion that the information that Unitholders and their professional advisers would reasonably require to make an informed assessment whether to accept the Offer is:

- the information contained in the Bidder's Statement;

- the information contained in Rabinov's releases to the ASX prior to the date of this Target's Statement; and
- the information contained or referred to in this Target's Statement.

7.14. Approval of this Target's Statement

This Target's Statement has been approved by a unanimous resolution of the Directors.

Signed by Raymond Schoer, Chairman.

A handwritten signature in blue ink, appearing to read 'R. Schoer', is written over a faint, light blue circular stamp.

21 April 2011

Section 8: Definitions and Interpretation

8.1. Definitions

In this Target's Statement, the following words have these meanings unless the contrary intention appears or the context otherwise requires:

\$ or **dollar** means Australian dollars, unless otherwise stated.

Acceptance Form means the acceptance form enclosed with the Bidder's Statement.

Anrose means Anrose Nominees Pty Ltd (ACN 004 726 390).

ANZ means Australia and New Zealand Banking Group Limited (ACN 005 357 522).

ASIC means Australian Securities and Investments Commission.

Associates means as set out in the Corporations Act

ASX Settlement Operating Rules means the rules of the ASX Settlement Pty Ltd from time to time.

ASX means ASX Limited or the financial market which it operates, as the context requires.

Bid Implementation Agreement means the agreement between Rabinov Property Management Limited and Growthpoint Properties Australia Limited released to ASX on 13 April 2011.

Bidder's Statement means the bidder's statement issued by Growthpoint relating to the Offer.

Business Day has the meaning given to that term in the Bid Implementation Agreement.

Capital Raising means as set out in section 1 of this Target's Statement.

CHESS Holding means a holding of Units which are registered on the Rabinov register of members which is administered by the ASX Settlement and which records uncertificated holdings of units.

Control has the meaning given in section 50AA of the Corporations Act.

Controlling Participant has the same meaning as in the ASX Settlement Operating Rules.

Corporations Act means the Corporations Act 2001 (Cth).

Directors means the members of the RPML Board.

Excluded Properties means:

- 68-76 Grand Junction Road, Kilburn, South Australia 5084 (Certificate of Title, Volume 5928, Folio 469);
- 11-13 West Thebarton Road, Thebarton, South Australia 5031 (Certificate of Title, Volume 5227, Folios 307 and 446 and Volume 5365, Folio 208);
- 10 Werribee St, North Rockhampton, Queensland 4701 (Title Reference 50136801);
- 385-395 Grieve Parade, Altona North, Victoria 3025 (Certificate of Title, Volume 10217, Folio 289);
- 42-48 Callandoon St, Goondiwindi, Queensland 4390 (Title Reference 50371572); and

- Plant 2, 1735 Sydney Road, Campbellfield, Victoria (Certificate of Title Volume 10560, Folio 286).

Genox means Genox Pty Ltd (ACN 006 699 047).

GPAL Share means a fully paid ordinary share in Growthpoint Properties Australia Limited.

Growthpoint Properties Australia Limited means Growthpoint Properties Australia Limited (ACN 124 093 901) in its own capacity and as responsible entity of the Growthpoint Trust.

Growthpoint means Growthpoint Properties Australia Limited (ACN 124 093 901) in its capacity as responsible entity of the Growthpoint Trust.

Growthpoint Group means Growthpoint Properties Australia Limited (ACN 124 093 901) and its controlled entities and Growthpoint Trust and its controlled entities.

Growthpoint SA means Growthpoint Properties Limited of South Africa.

Growthpoint Securities means a fully paid ordinary share in Growthpoint Properties Australia Limited stapled to a fully paid ordinary unit in Growthpoint Trust.

Growthpoint Trust means Growthpoint Properties Australia Trust (ARSN 120 121 002).

Growthpoint Unit means a fully paid ordinary unit in Growthpoint Trust.

Independent Expert means PKF Corporate Advisory (East Coast) Pty Ltd.

Independent Expert Report means the report by the Independent Expert set out in Annexure A.

Major Unitholder means Mrs Roseanne Amarant and any entity Controlled by or associated with Mrs Amarant (other than RPML and Rabinov), including Rabinov Holdings Pty Limited and Sharon Investments Pty Limited.

Merged Group means Growthpoint Group and Rabinov Group.

Notice of Meeting means the notice of meeting issued by Rabinov in relation to a general meeting of Unitholders.

NTA means net tangible assets.

Offer means the offer for all the Units under the Bidder's Statement.

Offer Consideration means the consideration under the Offer of 0.48 Growthpoint Securities for each Unit.

Offer Period means the period during which the Offer remains open for acceptance in accordance with the Bidder's Statement.

Participant means an entity admitted to participate in the Clearing House Electronic Sub-register system under Rule 4.3.1 and 4.4.1 of the ASX Settlement Operating Rules.

Rabinov means Rabinov Property Trust (ARSN 099 776 342).

Rabinov Group means Rabinov and its controlled entities.

Register Date means the date set by Growthpoint under section 633(2) of the Corporations Act as set out in the Bidder's Statement.

Related Body Corporate has the same meaning as in the Corporations Act.

Relevant Interest has the meaning given to that term in sections 608 and 609 of the Corporations Act.

Rabinov Property Management Limited means Rabinov Property Management Limited (ACN 004 672 815) in its own capacity and as responsible entity of Rabinov.

RPML means Rabinov Property Management Limited (ACN 004 672 815) as responsible entity of Rabinov.

RPML Board means the board of directors of RPML.

Special Distribution means a distribution to be paid to Unitholders of 2.3 cents per Unit if the Offer becomes or is declared unconditional.

Subordinated Debt Holders means Genox and Anrose, which together hold a total of \$59 million of subordinated debt owed by Rabinov.

Superior Proposal has the meaning given in the Bid Implementation Agreement.

Target's Statement means this document.

Units means units in Rabinov.

Unitholder means a person registered in the register of members of Rabinov as a holder of Units.

VWAP means the volume weighted average price.

8.2. General Interpretation

The following rules of interpretation apply unless the contrary intention appears or the context requires otherwise:

- (a) a reference to time is a reference to Melbourne (Victoria) time;
- (b) headings are for convenience only and do not affect interpretation;
- (c) the singular includes the plural and conversely;
- (d) a reference to a section is to a section of this Target's Statement;
- (e) a gender includes all genders;
- (f) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (g) \$, dollar or cents is a reference to the lawful currency in Australia, unless otherwise stated;
- (h) a reference to a person includes a body corporate, an unincorporated body or other entity and conversely;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a term not specifically defined in this Target's Statement has the meaning given to it (if any) in the Corporations Act or the ASX Settlement Operating Rules, as the case may be;
- (m) a reference to a right or obligation of any two or more persons confers that right, or imposes that obligation, as the case may be, jointly and individually; and

- (n) the words "include", "including", "for example" or "such as" are not used as, nor are they to be interpreted as, words of limitation, and, when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind.

CORPORATE DIRECTORY

Directors

Raymond Schoer
Tony Boothroyd
Chris Gillies
Eric Cohen
David Harris

Company Secretary

Andrew Metcalfe

Website

www.rabinov.com.au

Financial Adviser

Ernst & Young
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Principal and Registered Office

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PO Box 7527
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MELBOURNE VIC 8004

Legal Adviser

Baker & McKenzie
Level 19, 181 William Street
Melbourne VIC 3000

Annexure A

Independent Expert's Report

Rabinov Property Trust

Independent Expert's Report
in relation to the proposed off-market takeover offer
by Growthpoint Properties Australia Limited

21 April 2011

This Financial Services Guide is issued in relation to an independent expert's report ("**IER**") prepared by PKF Corporate Advisory (East Coast) Pty Limited (ABN 70 050 038 170) ("**PKFCA**") at the request of the Directors ("**Directors**") of Rabinov Property Trust ("**RBV**") in relation to the proposed off-market takeover offer ("**Proposed Transaction**") by Growthpoint Properties Australia Limited in its capacity as responsible entity of the Growthpoint Properties Australia Trust.

Engagement

The IER is intended to accompany a target statement ("**Document**") that is to be provided by the Directors to RBV unitholders to assist them in deciding whether to accept the Proposed Transaction.

Financial Services Guide

PKFCA holds an Australian Financial Services Licence (License No: 247420) ("**Licence**"). As a result of our IER being provided to you PKFCA is required to issue to you, as a retail client, a Financial Services Guide ("**FSG**"). The FSG includes information on the use of general financial product advice and is issued so as to comply with our obligations as holder of an Australian Financial Services Licence.

Financial services PKFCA is licensed to provide

The Licence authorises PKFCA to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues, to carry on a financial services business to provide general financial product advice for securities and certain derivatives (limited to old law securities, options contracts and warrants) to retail and wholesale clients.

PKFCA provides financial product advice by virtue of an engagement to issue the IER in connection with the issue of securities of another person.

Our IER includes a description of the circumstances of our engagement and identifies the party who has engaged us. You have not engaged us directly but will be provided with a copy of our IER (as a retail client) because of your connection with the matters on which our IER has been issued.

Our IER is provided on our own behalf as an Australian Financial Services Licensee authorised to provide the financial product advice contained in the IER.

General financial product advice

Our IER provides general financial product advice only, and does not provide personal financial product advice, because it has been prepared without taking into account your particular personal circumstances or objectives (either financial or otherwise), your financial position or your needs.

Some individuals may place a different emphasis on various aspects of potential investments.

An individual's decision in relation to the Proposed Transaction described in the Document may be influenced by their particular circumstances and, therefore, individuals should seek independent advice.

Benefits that PKFCA may receive

PKFCA will receive a fee based on the time spent in the preparation of this Report in the amount of approximately \$57,000 (plus GST and disbursements). PKFCA will not receive any fee contingent upon the outcome of the Proposed Transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction. In addition, fees of the independent property valuer for their report have been paid by RBV and such fees are on the basis of the time spent in the preparation of the property valuation report.

Remuneration or other benefits received by our employees

All our employees receive a salary. Employees may be eligible for bonuses based on overall productivity and contribution to the operation of PKFCA or related entities but any bonuses are not directly connected with any assignment and in particular are not directly related to the engagement for which our IER was provided.

Referrals

PKFCA does not pay commissions or provide any other benefits to any parties or person for referring customers to us in connection with the reports that PKFCA is licensed to provide.

Associations and relationships

PKFCA is the licensed corporate advisory arm of PKF (East Coast Practice), Chartered Accountants and Business Advisers. The directors of PKFCA may also be partners in PKF New South Wales, Chartered Accountants and Business Advisers.

PKF (East Coast Practice), Chartered Accountants and Business Advisers is comprised of a number of related entities that provide audit, accounting, tax and financial advisory services to a wide range of clients.

PKFCA's contact details are as set out on our letterhead.

PKFCA is unaware of any matter or circumstance that would preclude it from preparing this Report on the grounds of independence under regulatory or professional requirements. In particular, PKFCA has had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and Australian Security and Investment Commission's ("**ASIC**").

Complaints resolution

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, PKF Corporate Advisory (East Coast) Pty Limited, Level 10, 1 Margaret Street, Sydney NSW 2000.

On receipt of a written complaint we will record the complaint, acknowledge receipt of the complaint and seek to resolve the complaint as soon as practical. If we cannot reach a satisfactory resolution, you can raise your concerns with the Financial Ombudsman Service Limited ("**FOS**"). FOS is an independent body established to provide advice and assistance in helping resolve complaints relating to the financial services industry. PKFCA is a member of FOS. FOS may be contacted directly via the details set out below.

Financial Ombudsman Service Limited
GPO Box 3
Melbourne VIC 3001

Toll free: 1300 78 08 08
Email: info@fos.org.au

21 April 2011

The Directors
Rabinov Property Trust
Level 6, 492 St Kilda Road
MELBOURNE, VIC 3004

Dear Directors

INDEPENDENT EXPERT'S REPORT IN RELATION TO THE PROPOSED OFF-MARKET TAKEOVER OFFER BY GROWTHPOINT PROPERTIES AUSTRALIA

Introduction

The directors ("**Directors**") of Rabinov Property Trust ("**RBV**") have appointed PKF Corporate Advisory (East Coast) Pty Limited ("**PKFCA**") as independent expert in relation to the proposed off-market takeover offer ("**Proposed Transaction**") by Growthpoint Properties Australia Limited ("**GPAL**") in its capacity as responsible entity ("**RE**") of the Growthpoint Properties Australia Trust ("**GPAT**"). GPAL in its own capacity and in its capacity as RE of GPAT have a stapled entity structure known as Growthpoint Properties Australia ("**GOZ**").

Rabinov Property Trust ("**RBV**") is listed on the Australian Securities Exchange ("**ASX**") and is a diversified property investment vehicle which has a portfolio of office, retail and industrial properties located in four Australian states namely Victoria, Tasmania, South Australia and Queensland. Rabinov Property Management Limited ("**RPML**") is the RE of RBV.

GOZ is an ASX listed, Australian real estate investment trust ("**A-REIT**") that invests in properties throughout Australia. GOZ currently owns properties in Victoria, Queensland, Western Australia, South Australia and New South Wales. It has a stapled entity structure, comprising shares in GPAL (the RE) and units in GPAT, with internalised management.

The major unit holder of RBV ("**the RBV Major Unitholder**") owns approximately 83% of the units of RBV through certain controlled entities, Rabinov Holdings Pty Ltd and Sharon Investments Pty Ltd. The RBV Major Unitholder is a related entity to the subordinated debt holders, Anrose Nominees Pty Ltd ("**Anrose**") and Genox Pty Ltd ("**Genox**").

This independent expert's report ("**IER**") is to accompany the target's statement ("**Target's Statement**") required to be provided to the unitholders ("**Unitholders**") and has been prepared to assist the Directors in fulfilling their obligation to provide the Unitholders with full and proper disclosure to enable them to assess the merit of the takeover offer and to decide whether to accept the offer under the Proposed Transaction.

The IER provides our opinion as to whether or not the Proposed Transaction is fair and reasonable for the Unitholders.

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The Proposed Transaction

On 13 April 2011, GPAL (in its capacity as the RE of GPAT) and RPML as RE of RBV jointly announced a proposal involving the following inter-conditional and inter-dependent transactions (collectively the **"GOZ Offer"**):

- the off-market takeover offer by GPAL (in its capacity as the RE of GPAT) for a 100% interest in RBV via a scrip for scrip offer. In order to implement the Proposed Transaction, GOZ will offer GOZ stapled securities as consideration for RBV units. The merger ratio offered is 0.48 GOZ securities per 1.0 RBV unit;
- RBV has agreed that, prior to the GOZ Offer becoming unconditional or on the completion date (**"Completion Date"**), RBV will transfer six properties of RBV (**"Excluded Properties"**) to Anrose pursuant to the terms of the permitted property sale contracts (refer to the Target's statement for further details) in consideration for the extinguishment of the entire amount of the subordinated debt owed by RBV to Anrose (being \$50.8 million after debt assignment as part of debt restructuring as explained below) (**"Anrose Facility"**) (**"Permitted Property Sale Transaction"**); and
- GPAL (in its capacity as the RE of GPAT) has agreed that, prior to the GOZ Offer becoming unconditional or on the Completion Date, it will, pursuant to the terms of the Subordinated Debt Deed dated 13 April 2011 (**"Subordinated Debt Deed"**), loan the sum of \$8.2 million (plus an amount in respect of accrued interest) to RBV which RBV will use to repay, and which Genox will accept as full and final settlement of, the entire amount of the subordinated debt owed to Genox (**"Cash Repayment"**).

RPML and GPAL have entered into a Bid Implementation Agreement dated 13 April 2011 (**"BIA"**) in relation to the GOZ Offer.

Prior to the GOZ Offer becoming unconditional, a debt restructuring will be undertaken in accordance with the Deed of Assignment of Debt dated 13 April 2011 between RPML, Anrose and Genox (**"Deed of Assignment of Debt"**), pursuant to which Genox will assign and transfer a sum of \$32.8 million from the Genox subordinated debt (**"Genox Facility"**) to Anrose (**"Debt Assignment"**).

As part of the Proposed Transaction, six of RBV's investment properties, as selected by GOZ, will be sold at carrying value as at 31 December 2010 for an equivalent reduction in RBV's subordinated debt owed to Anrose of \$50.8 million (post Debt Assignment). This aspect of the Proposed Transaction relating to the Permitted Property Sale is subject to a separate independent expert's report by PKFCA pursuant to ASX Listing Rule 10.1.

A "special income distribution", based on there being undistributed income for the half year ended 31 December 2010, is to be made by RBV to its unitholders of approximately \$1.2 million (which equates to approximately 2.3 cents per RBV unit) upon the GOZ Offer being declared or becoming unconditional.

The GOZ Offer is subject to the fulfilment or waiver of a number of conditions, including GOZ obtaining a relevant interest in at least 90% of RBV units.

GOZ intends to carry out a renounceable rights issue (**"Capital Raising"**) following the close of the GOZ Offer and Unitholders who accept the GOZ Offer during the offer period (the period during which the GOZ Offer is open for acceptance) will be entitled to participate in the Capital Raising. The Capital Raising entails a renounceable, pro-rata entitlement offer of 1 new GOZ security for every 5.6 GOZ securities held at an offer price of \$1.90 per new GOZ security.

If GPAL in its capacity as the RE of GPAT acquires 50% or more units in RBV then the management of RBV is proposed to be internalised, with GPAL or its nominee will become RE or trustee of RBV.

Summary of Regulatory Requirements

The regulatory requirements relevant to this IER are summarised below.

Section 640 of the Corporations Act

Section 640 of the Corporations Act ("**Section 640**") requires an expert opinion to be provided where the bidder is connected with the target company. Specifically, Section 640 requires an expert's report if:

- the bidder's voting power in the target is 30% or more; or
- the bidder is a director of the target or a director of the bidder is a director of the target.

We understand that in relation to Section 640, neither of the above conditions apply in relation to the Proposed Transaction, and therefore there is no statutory requirement for RBV to commission an IER. However, as the Proposed Transaction involves related parties of RBV (Permitted Property Sale Transaction and Cash Repayment), the Directors of RBV have considered that the commissioning of an independent expert's report for the Proposed Transaction would be good corporate governance.

This IER will assist the Unitholders with their assessment of the Proposed Transaction.

Regulatory Guide 111

The Corporations Act does not define the expression "*fair and reasonable*". However, guidance is provided by ASIC's Regulatory Guides in particular, Regulatory Guide 111 *Content of expert reports* ("**RG 111**") which establish certain guidelines in respect of independent expert reports required under the Corporations Act.

In analysing a control transaction under the Corporations Act, the tests are:

- is the offer 'fair'; and
- is it 'reasonable'?

That is, the terms "fair" and "reasonable" are regarded as separate elements and are not regarded as a compound phrase.

Summary of Opinion

In our opinion, the GOZ Offer is "fair" and "reasonable" to the Unitholders.

The GOZ Offer is Fair

We note that for an offer to be "fair", the consideration under the terms of the offer should be equal to or greater than the value of the securities under offer.

We note that the GOZ Offer is based on a merger ratio of 0.48 GOZ securities per 1.0 RBV unit. Given that if the Proposed Transaction is completed, the Unitholders will receive securities in the merged group (RBV and GOZ will merge to form the "**Merged Group**"), we have, therefore, valued the securities of the Merged Group for the purposes of assessing whether the offer is "fair".

In arriving at the fair market value of RBV units and the fair market value of the securities Unitholders are being offered in the Merged Group, we had regards to RG 111.

RG 111.30 and RG 111.31 provide that:

- if the bidder is offering non-cash consideration in a control transaction, the expert should examine the value of that consideration and compare it with the valuation of the target's securities, whether the transaction is effected by a takeover bid, a scheme of arrangement or an issue of shares; and
- the comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:
 - the acquirer is obtaining or increasing control of the target; and
 - the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

Accordingly, we have assessed whether the GOZ Offer is fair by comparing the fair market value of RBV units (assuming 100% control) and the fair market value of the securities of the Merged Group (assuming a minority interest).

Valuation of RBV units

The value of RBV on a control interest basis was determined based on the following valuation methods:

- an asset-based valuation method on a going concern basis; and
- an orderly realisation of assets method.

In arriving at our range of values per RBV unit, we used the asset-based valuation method on a going concern basis to ascribe a high value per RBV unit and the orderly realisation of assets method to ascribe a low value per RBV unit.

In applying the asset-based valuation method on a going concern basis we have used the net tangible assets ("**NTA**") approach. The valuation of RBV units using the NTA approach is set out below.

We used the NTA of RBV as at 31 December 2010 and made certain adjustments to reflect the assessed fair market value of the net assets of RBV and arrived at the fair market value per RBV unit, as follows:

Table 1: Valuation Summary - Fair market value per RBV unit using the NTA method

	Ref in Report	(\$'000s)
Book value of RBV NTA as at 31 December 2010	2.7	51,780
Movement in fair market value - investment properties	8.1.1	(1,592)
Fair market value adjustment - subordinated debt	8.1.1	3,537
Adjusted NTA of RBV		53,725
Number of RBV units on issue	2.7	52,204
Fair market value of RBV unit (\$)		1.03

Source: PKFCA analysis

The movement in fair market value of the investment properties reflects the change in values from 31 December 2010 to more recent valuations of investment properties by the independent property valuer, Jones Lang LaSalle Advisory Services Pty Limited's ("**Jones Lang LaSalle**") valuation reports as at 15 March 2011 and 31 May 2011 ("**Property Valuation Reports**").

The fair market value adjustment to the subordinated debt reflects the change in value by applying a fair market interest rate. PKFCA reviewed the subordinated debt terms and considers that the interest rate on the subordinated debt may not reflect an arm's length interest rate given the subordinated debt is unsecured and is subordinated to the senior debt provider.

Accordingly, PKFCA calculated the fair market value of the subordinated debt by applying a higher interest rate to reflect a fair market interest rate. The result of this exercise was a reduction in the fair market value of the subordinated debt (compared to the face value) and accordingly, an adjustment to reflect the fair market value of the subordinated debt as noted above. Further details in relation to the fair market value adjustment to the subordinated debt are provided in Section 8.1.1.

We have valued RBV units under a wind up scenario based on an estimate of the net proceeds expected to be derived from orderly realisation of assets.

This approach was examined by the Directors (although not approved at the board level) and their advisors. It is considered appropriate as RBV on a stand alone basis may face significant risks in the future, including, the debt repayments due in October 2013 which will need to be refinanced, certain properties would require refurbishments and maintenance costs to be incurred and the lease with its major tenant, GE Capital Finance which accounts for approximately 46% of rental income, would expire in February 2018 and may pose renewal risks.

In applying the orderly realisation of assets method, we have assumed:

- a two year period for wind up;
- the sale price of the properties will be the values set out in the Property Valuation Reports;
- transaction costs (agent fees, legal fees, etc.) of 1.5% of the total value of the properties;
- repayment of total debt will match the timing of the proceeds from the sale of the properties;
- ongoing interest payments (adjusting for repayment of debt) until RBV is wound up;
- ongoing costs until RBV is wound up including, management fees, administration and compliance costs and property maintenance costs; and
- a discount rate of 14.05% (mid point of 13.50% and 14.60%) to present value the net proceeds from realisation of assets.

Our calculation of the fair market value per RBV unit, on a control basis, using orderly realisation of assets method, is as follows:

Table 2: Valuation Summary - Fair market value per RBV unit using orderly realisation of assets method

	Ref	(\$'000s)
Present value of net proceeds from realisation of assets as at 31 December 2010		44,900
Number of RBV units on issue	2.7	52,204
Fair market value of RBV unit (\$)		0.86

Source: PKFCA analysis

Based on the above analysis, the value range per RBV unit, on a control basis, is as follows:

Table 3: Valuation Conclusion - RBV units, control basis

	Ref	(\$)
RBV unit - High Value	Table 1	1.03
RBV unit - Low Value	Table 2	0.86

Source: PKFCA analysis

We have assessed the value per RBV unit, on a control basis, to be in the range of \$0.86 to \$1.03.

Valuation of Merged Group securities

We have valued the securities in the Merged Group by aggregating the NTA of RBV and GOZ, making allowance for any adjustments required, including movement in fair market values of RBV investment properties, deducting the special distribution to be paid to Unitholders of 2.3 cents per RBV Unit if the GOZ Offer becomes or is declared unconditional ("**Special Distribution**") and applying a minority interest discount.

Our valuation of the Merged Group is set out below:

Table 4: Fair market value of the Merged Group

	Ref	(\$'000s)
Book value of RBV NTA as at 31 December 2010	2.7	51,780
Less: Movement in fair market value - investment properties (excluding Excluded Properties)	Table 44	(11)
Less: Special Distribution (2.3 cents per RBV unit - 52,204,212 x \$0.023)		(1,201)
Market value of RBV NTA as at 31 December 2010		50,568
Book value of GOZ NTA as at 31 December 2010	9.1	432,810
Total value - RBV and GOZ		484,579
Total transaction costs	9.2	(8,286)
Value of the Merged Group		475,092

Source: PKFCA analysis

We note the following in relation to the calculations set out in the table above:

- the Permitted Property Sale Transaction will involve reduction in property assets of RBV by \$50.8 million (book value) and reduction in liabilities by \$50.8 million (book value) (Anrose Facility), thereby not impacting the book value NTA of RBV;
- the Cash Repayment will involve reduction in RBV liabilities by \$8.2 million (Genox Facility). However, this will be funded by a loan from GOZ amounting to \$8.2 million. Accordingly, the net impact at the Merged Group level will be nil as the \$8.2 million (liability for RBV) will offset the \$8.2 million (asset for GOZ);
- the movement in fair market value of investment properties of a net amount of \$11,000 relates to RBV properties that will become part of the Merged Group (i.e. other than the Excluded Properties) if the Proposed Transaction is completed;
- as noted earlier, a Special Distribution is to be made by RBV to its unitholders of approximately \$1.2 million (which equates to approximately 2.3 cents per RBV unit) upon the GOZ Offer being declared or becoming unconditional; and
- the Proposed Transaction will involve estimated total transaction costs (for both GOZ and RBV) of \$8.3 million (excluding the transaction costs for Capital Raising).

Our valuation per security in the Merged Group (on a control basis) is set out below:

Table 5: Fair market value per security in the Merged Group - Control Basis

		Ref	(\$'000s)
Value of the Merged Group	A	Table 4	475,092
Number of RBV units on issue	B	2.7	52,204
Merger ratio (0.48 GOZ securities per 1.0 RBV unit)	C		0.48
New GOZ securities to be issued to Unitholders	$B \times C = D$		25,058
Number of GOZ units currently on issue	E	3.7	212,778
Total number of securities in the Merged Group	$D + E = F$		237,836
Fair market value of Merged Group Security (\$) - (on a control basis)	A / F		2.00

Source: PKFCA analysis

Our valuation per security in the Merged Group (minority interest basis) or GOZ Offer is set out below:

Table 6: Valuation Summary - Fair market value of GOZ Offer

		Ref	Low (\$)	High (\$)
Fair market value of Merged Group Security (\$) - (Control basis)	A	Table 5	2.00	
Minority Interest Discount	B	9.3.1	10%	5%
Fair market value of Merged Group Security (\$) - (Minority basis)	$A \times (1-B) = C$		1.80	1.90
Merger ratio (0.48 GOZ securities per 1.0 RBV unit)	D		0.48	0.48
RBV Unitholders' share in the fair market value of Merged Group Security (\$) - (Minority basis)	$C \times D = E$		0.86	0.91
Special Distribution to Unitholders	F		0.023	0.023
RBV Unitholders' share in the fair market value of Merged Group Security after special distribution (\$) - (Minority basis) or GOZ Offer			0.89	0.93

Source: PKFCA analysis

We note the following in relation to the calculations set out in the table above:

- the minority discount of range of 5% to 10% is based on our analysis of the discount to the NTA at which the securities of GOZ have traded since 1 July 2010. Further details are set out in Section 9.3.1; and
- the 2.3 cents per RBV unit has been added to the RBV Unitholders' share in the fair market value of Merged Group Security after special distribution to determine the total value for the RBV Unitholders.

Conclusion on "fair"

The GOZ Offer is fair as the assessed range of the value offered to RBV Unitholders, including the Special Distribution and the Merged Group security (\$0.89 to \$0.93), on a minority interest basis, is within the assessed range of the value per RBV unit (\$0.86 to \$1.03), on a control basis.

The GOZ Offer is Reasonable

RG 111 provides that an offer to acquire securities is considered to be "reasonable", if it is "fair". On this basis, as we have concluded that the Offer is "fair", it is also considered to be "reasonable" under RG 111.

Nevertheless, we have also considered various factors that we believe Unitholders should consider when deciding whether or not to accept the Proposed Transaction. Set out below is a summary of our assessment of the various factors.

Advantages

Units in a larger Property group

The Proposed Transaction, if completed, will allow the Unitholders to be part of a significantly larger Merged Group as compared to RBV. Based on the NTA of RBV and GOZ as at 31 December 2010, GOZ is more than 8 times larger than RBV.

Larger property groups have a number of benefits over their smaller counterparts including, spread of vacancy and tenant default risk due to a bigger tenant base, less dependency on a few large tenants, corporate and other overhead costs are spread across a larger property base.

Units in a larger ASX listed group

Based on GOZ's share price trading before the announcement of the Proposed Transaction, the Merged Group will be a significantly larger ASX listed entity than RBV on a stand alone basis, with a trading price potentially with a lower discount to NTA than that which RBV traded before the announcement of the Proposed Transaction. Further, while there is currently a concentration in the unit holding in RBV, this will be diluted under the Proposed Transaction. We note that there is currently a concentration in the security holding in GOZ as well (although less than RBV).

The liquidity of RBV units is less than the liquidity of GOZ securities, although the liquidity of GOZ securities is low compared to securities other larger ASX listed companies.

Notwithstanding this, units in the Merged Group may provide additional liquidity for the Unitholders as well as interest from larger institutional investors.

Potential upside in the Merged Group

Unitholders will be able to participate in the potential upside presented by the Merged Group, i.e. reduced management fees as GOZ does not have an external manager of the trust. RBV pays 0.7% of the value of the properties as management fees and the management function is to be internalised if the Proposed Transaction proceeds. The synergies or cost savings are expected to be approximately \$1.6 million per annum.

Lower total gearing

The gearing ratio for RBV and GOZ is noted below.

Table 7: Key financial leverage ratios of RBV and GOZ

	Ref	RBV as at 31 Dec 2010	GOZ as at 31 Dec 2010
Debt ratio (%)	2.7 and 3.7	76.3	54.0

Source: PKFCA analysis

Notes:

1. Debt ratio = total interest bearing liabilities / total assets
2. Based on book values

The gearing of the Merged Group is expected to be approximately 56.7% (based on GOZ book values and RBV fair market values of properties (as set out in Section 4.4).

Avoid capital expenditure required on selected properties in the short to medium term

RBV has advised that the Campbellfield property in Victoria (Plant 2, 1735 Sydney Road) requires replacement of the roof and this is expected to cost approximately \$1.1 million.

The Kilburn property in South Australia, an older property (built in 1950's with additions made in 1960's) may require replacement of the asbestos roof in the near future. The details of cost of replacement of the roof are not currently available.

The above two properties form part of the Excluded Properties which will be sold to Anrose and if the Permitted Property Sale Transaction is completed, RBV will not incur this capital expenditure ("**Capex**").

Reduced near term vacancy in the near term

The Rockhampton property (occupied by Nestle) and the Thebarton property (occupied by Thermo Gamma Metrics) are likely to become vacant at the end of their current leases in November 2012 and October 2011 respectively.

This will pose a risk for RBV. These properties form part of the Excluded Properties which will be sold to Anrose if the Permitted Property Sale Transaction is completed.

Significant premium to RBV's recent trading price

The GOZ Offer represents a significant premium to RBV's share trading price of \$0.70 (as at 31 March 2011 and 1 month average up to 31 March 2011) of 27% (based on the assessed low value of the consideration of \$0.89) to 33% (based on the assessed high value of the consideration of \$0.93). RBV units which are listed on ASX are not very liquid as noted in Section 2.11. However, this is the only liquidity mechanism currently available to the Unitholders.

Dependence on a major tenant

As noted in Section 2.4.2, GE Capital Finance is the largest tenant for RBV, accounting for approximately 46% of rental income for the half year period ended 31 December 2010. The GE Capital Finance lease expires in February 2018.

The GE Capital Finance lease expires in February 2018. At the time of RBV's refinancing in October 2013, less than 5 years would remain on the current GE Capital lease.

If the GE Capital Finance lease is renewed, GE Capital Finance is likely to seek various concessions including extensive refurbishment and modernisation of the floor space, upgrading of facilities, etc. The related Capex could amount to more than \$1 million, and would negatively impact on future dividends to the Unitholders.

RBV on a stand alone basis may not have the ability to absorb either losing GE Capital Finance as a tenant (if a comparable replacement tenant(s) cannot be found) or incurring Capex to retain GE Capital Finance as a tenant. The Merged Group will be in a better position to do so.

No current alternative expressions of interests/offers higher than the GOZ Offer

We note that the Directors have received expressions of interest from three parties. The expressions of interest received were incomplete, highly conditional, did not provide superior value and were not capable of acceptance.

Disadvantages

Unitholders may miss the opportunity to directly benefit in any increase in the value of RBV properties

Whilst there is no certainty that the value of RBV properties will appreciate, if the value of RBV properties does appreciate, the Unitholders will not retain the opportunity to participate. However, the Unitholders will participate indirectly on a diluted basis, as security holders in the Merged Group.

Exposure to GOZ properties may not fit within the investment strategy of Unitholders

Whilst the exposure to GOZ properties, if the Proposed Transaction is completed, may diversify the investment risks for the Unitholders, it may not fit within the investment strategy of Unitholders.

Inability to entertain alternative expressions of interests/offers

In the recent past, RBV has been the subject of interest of other industry participants. Approval of the Proposed Transaction will mean that RBV will not be able to explore the existence of possible alternative offer opportunities with a view to possibly negotiating more beneficial terms than embodied in the Proposed Transaction.

However, we note that there is no guarantee that any alternative expressions of interests/offer(s) will be made and that the terms under those alternative expressions of interests/offer(s) would be more beneficial than the Proposed Transaction. We note that at the time of completing this IER, no other alternate expressions of interests/offer(s) had been received by RBV that were considered to be more beneficial to Unitholders than the GOZ Offer.

In addition to the above, as noted in Section 2.9, the top 2 Unitholders (Rabinov Holdings Pty Limited and Sharon Investments Pty Limited) are related parties and hold 64.4% and 19.0% of RBV respectively. Such a concentrated unitholding may represent a significant hurdle for a new bidder, should the top 2 Unitholders decide not to support any new offer from another party.

Tax liabilities

Unitholders may incur tax liabilities on accepting the Proposed Transaction, disposing of their RBV units and receiving the Special Distribution, depending on their tax position. Refer to the Target's Statement for further details in relation to tax matters. Unitholders should consult their tax advisers in relation to their personal circumstances.

Conclusion on "reasonable"

After considering the assessed advantages and disadvantages of accepting the GOZ Offer, we are of the opinion that the advantages to the Unitholders of accepting the GOZ Offer outweigh the disadvantages and according the terms of the GOZ Offer are reasonable to the Unitholders.

Other Matters

Unitholders' individual circumstances

Our analysis has been undertaken, and our conclusions are expressed, at an aggregate level. Accordingly, PKFCA has not considered the effect of the Proposed Transaction on the particular circumstances of individual Unitholders. Some individual Unitholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in this IER. Accordingly, individual Unitholders may reach different conclusions as to whether or not the Proposed Transaction either as a whole or individually are fair and reasonable in their individual circumstances and/or in their individual best interests.

The decision of an individual Unitholder in relation to the Proposed Transaction may be influenced by their particular circumstances and accordingly, Unitholders are advised to seek their own independent advice.

Fair market value

For the purposes of our opinion, the term "fair market value" is defined as the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser, and a knowledgeable, willing, but not anxious vendor, acting at arm's length.

We understand that when applying the term "fair market value" in the context of the test of whether a proposal is "fair" under Australian Securities and Investments Commission's ("ASIC") regulatory guides, ASIC's interpretation is that Regulatory Guide 111:

- does not permit an expert to have regard to the then current situation of the asset being valued, including any then current difficult financial position and the impact of measures required to rectify such a position. Instead, in assessing fairness, the expert should assume an orderly market for the asset being valued, even if such market circumstances do not exist at the time of the fairness assessment; and
- factors such as the then current difficult financial position of the asset and the then current state of the market in which the asset operates are appropriate matters to be taken into account when assessing the reasonableness of the proposal under consideration.

Special value

We have not considered special value in forming our opinion. Special value is the amount that a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the particular potential acquirer of potential economies of scale, reduction in competition, other synergies and cost savings arising from the acquisition under consideration not available to likely purchasers generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchasers.

Current Market Conditions

Our opinion is based on economic, market and other conditions prevailing at the date of this IER. Such conditions can change significantly over relatively short periods of time.

Changes in those conditions may result in any valuation or other opinion becoming quickly outdated and in need of revision. PKFCA reserves the right to revise any valuation or other opinion, in the light of material information existing at the valuation date that subsequently becomes known to PKFCA.

Sources of Information

Appendix 2 to the IER sets out details of information referred to and relied upon by PKFCA during the course of preparing this IER and forming our opinion.

The statements and opinions contained in this IER are given in good faith and are based upon PKFCA's consideration and assessment of information provided by RBV.

Under the terms of PKFCA's engagement, RBV agreed to indemnify the partners, directors and staff (as appropriate) of PKF East Coast Practice and PKFCA and their associated entities, against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided by RBV which is false or misleading or omits any material particulars, or arising from failure to supply relevant information.

Limitations

This IER has been prepared at the request of the Directors for the sole benefit of the Directors and Unitholders to assist them in their decision to accept or reject the Proposed Transaction. This IER is to accompany the Target's Statement to be sent to the Unitholders to consider the Proposed Transaction and was not prepared for any other purpose.

Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and Unitholders without the written consent of PKFCA. PKFCA accepts no responsibility to any person other than the Directors and Unitholders in relation to this IER.

This IER should not be used for any other purpose and PKFCA does not accept any responsibility for its use outside this purpose. Except in accordance with the stated purpose, no extract, quote or copy of our IER, in whole or in part, should be reproduced without our written consent, as to the form and context in which it may appear.

PKFCA has consented to the inclusion of the IER with the Target's Statement. Apart from this IER, PKFCA is not responsible for the contents of the Target's Statement or any other document associated with the Proposed Transaction. PKFCA acknowledges that this IER may be lodged with regulatory authorities.

Summary

This summary should be read in conjunction with the attached IER that sets out in full the purpose, scope, basis of evaluation, limitations, information relied upon, analysis and our findings.

Glossary

A glossary of terms used throughout this IER is set out in **Appendix 1**.

Financial Service Guide

PKFCA holds an Australian Financial Services Licence which authorises us to provide reports for the purposes of acting for and on behalf of clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate restructures or share issues. A financial services guide is attached to this IER.

Yours faithfully



Fiona Hansen
Director

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1 PURPOSE, SCOPE AND LIMITATIONS

1.1 Purpose

PKFCA has been appointed by the Directors to prepare an IER to Unitholders expressing our opinion as to whether or not the proposed takeover offer is 'fair' and 'reasonable' to the Unitholders.

This IER is to accompany the Target's Statement required to be provided to the Unitholders and has been prepared to assist the Directors in fulfilling their obligation to provide the Unitholders with full and proper disclosure to enable them to assess the merits of the takeover offer and to decide whether to accept the offer under the Proposed Transaction.

1.2 Scope

The scope of the procedures we undertook in forming our opinion on whether the GOZ Offer is fair and reasonable to the Unitholders has been limited to those procedures we believe are required in order to form our opinion. Our procedures did not include verification work nor constitute an audit or assurance engagement in accordance with Australian Auditing and Assurance Standards.

The assessment of whether the GOZ Offer is fair and reasonable to the Unitholders involved determining the "fair market value" of various securities, assets and liabilities.

For the purposes of our opinion, the term "fair market value" is defined as *the price that would be negotiated in an open and unrestricted market between a knowledgeable, willing, but not anxious purchaser and a knowledgeable, willing, but not anxious vendor, acting at arm's length.*

1.3 Summary of Regulatory Requirements

The regulatory requirements relevant to this IER are summarised below.

Section 640 of the Corporations Act

Section 640 requires an expert opinion to be provided where the bidder is connected with the target company. Specifically, Section 640 requires an expert's report if:

- the bidder's voting power in the target is 30% or more; or
- the bidder is a director of the target or a director of the bidder is a director of the target.

We understand that in relation to Section 640, neither of the above conditions apply in relation to the Proposed Transaction, and therefore there is no statutory requirement for RBV to commission an IER. However, as parts of the Proposed Transaction (Permitted Property Sale Transaction and Cash Repayment) involve related parties of RBV, the Directors of RBV have considered that the commissioning of an independent expert's report for the Proposed Transaction would be good corporate governance.

The Proposed Transaction will need to be approved by the Unitholders. This IER has been prepared to assist the unitholders with their assessment of the Proposed Transaction.

Regulatory Guide 111

The Corporations Act does not define the expression "*fair and reasonable*". However, guidance is provided by ASIC's Regulatory Guides in particular RG 111 which establishes certain guidelines in respect of independent expert reports required under the Corporations Act.

In analysing a control transaction under the Corporations Act, the tests are:

- is the offer 'fair'; and
- is it 'reasonable'?

That is, the terms "fair" and "reasonable" are regarded as separate elements and are not regarded as a compound phrase.

Fair

RG 111.10 indicates that an offer is 'fair' if the value of the offer price or consideration is equal to or greater than the value of the securities the subject of the offer. RG 111.11 indicates that an offer is 'reasonable' if it is fair. It might also be 'reasonable' if, despite being 'not fair', the expert believes that there are sufficient reasons for security holders to accept the offer in the absence of any higher bid before the close of the offer.

We understand that when applying the term "fair market value" in the context of the test of whether a proposal is "fair" under ASIC regulatory guides, ASIC's interpretation in RG 111 is that:

- an expert is not permitted to have regard to the then current situation of the asset being valued, including any then current difficult financial position and the impact of measures required to rectify such a position. Instead, in assessing fairness, the expert should assume an orderly market for the asset being valued, even if such market circumstances do not exist at the time of the fairness assessment; and
- factors such as the then current difficult financial position of the asset and the then current state of the market in which the asset operates are appropriate matters to be taken into account when assessing the reasonableness of the proposal under consideration.

RG 111.30 and RG 111.31 provide that:

- if the bidder is offering non-cash consideration in a control transaction, the expert should examine the value of that consideration and compare it with the valuation of the target's securities, whether the transaction is effected by a takeover bid, a scheme of arrangement or an issue of shares; and
- the comparison should be made between the value of the securities being offered (allowing for a minority discount) and the value of the target entity's securities, assuming 100% of the securities are available for sale. This comparison reflects the fact that:
 - the acquirer is obtaining or increasing control of the target; and
 - the security holders in the target will be receiving scrip constituting minority interests in the combined entity.

If the expert uses the market price of securities as a measure of the value of the offered consideration, the expert should consider and comment on:

- the depth of the market for those securities;
- the volatility of the market price; and
- whether or not the market value is likely to represent the value if the takeover bid is successful.

For example, trading after a bid is announced may reflect some of the benefits of the combined entity, depending on whether the market has confidence that the transaction will proceed.

Reasonable

RG 111.13 sets out some of the factors that an expert might consider in assessing the reasonableness of an offer, including:

- the bidder's pre-existing voting power in securities in the target;
- other significant security holding blocks in the target;
- the liquidity of the market in the target's securities;
- taxation losses, cash flow or other benefits through achieving 100% ownership of the target;
- any special value of the target to the bidder, such as particular technology, the potential to write off outstanding loans from the target, etc;
- the likely market price if the offer is unsuccessful; and
- the value to an alternative bidder and likelihood of an alternative offer being made.

General requirements in relation to the IER

In preparing the IER, ASIC requires the independent expert when deciding on the form of analysis for a report, to bear in mind that the main purpose of the report is to adequately deal with the concerns that could reasonably be anticipated of those persons affected by the Proposed Transaction. We, therefore, in preparing the IER considered the necessary legal requirements and guidance of the Corporations Act, ASIC regulatory guides and commercial practice, as if the IER was required for legal purposes.

The IERs also includes the following information and disclosures:

- particulars of any relationship, pecuniary or otherwise, whether existing presently or at any time within the last two years, between PKF East Coast Partnership ("PKF") or PKFCA and any of the parties to the Proposed Transaction;
- the nature of any fee or pecuniary interest or benefit, whether direct or indirect, that we have received or will or may receive for or in connection with the preparation of the IER;
- in the IER, that PKFCA has been appointed as independent expert for the purposes of providing an IER for the Target's Statement;
- that we have relied on information provided by the directors and management of RBV and GOZ and that we have not carried out any form of audit or independent verification of the information provided; and
- that we have received representations from the Directors in relation to the completeness and accuracy of the information provided to us for the purpose of our IER.

1.4 Reliance on Information

This IER is based upon financial and other information provided by the Directors. PKFCA has considered and relied upon this information. In addition, PKFCA has relied on the Property Valuation Reports prepared by Jones Lang LaSalle. Unless there are indications to the contrary, PKFCA has assumed that the information provided was reliable, complete and not misleading, and material facts were not withheld. The information provided was evaluated through analysis, inquiry and review for the purpose of forming an opinion as to whether the Proposed Transaction is fair and reasonable.

PKFCA does not warrant that its inquiries have identified or verified all of the matters which an audit, extensive examination or "due diligence" investigation might disclose. In any event, an opinion as to whether a corporate transaction is fair and reasonable is in the nature of an overall opinion rather than an audit or detailed investigation.

It is understood that the accounting information provided to PKFCA was prepared in accordance with generally accepted accounting principles.

Where PKFCA relied on the views and judgement of management the information was evaluated through analysis, inquiry and review to the extent practical. However, such information is often not capable of direct external verification or validation.

Under the terms of PKFCA's engagement, RBV has agreed to indemnify PKFCA and PKF, and their partners, directors, employees, officers and agents (as applicable) against any claim, liability, loss or expense, costs or damage, arising out of reliance on any information or documentation provided, which is false or misleading or omits any material particulars, or arising from failure to supply relevant documentation or information.

1.5 Limitations

PKFCA acknowledges that this IER may be lodged by the Directors with regulatory and statutory bodies and will be included in the Target's Statement to be sent to the Unitholders. The Directors acknowledge that PKFCA's IER has been prepared solely for the purposes noted above and accordingly PKFCA disclaims any responsibility from reliance on its IER in regard to its use for any other purpose. Except in accordance with the stated purposes, no extract, quote or copy of the IER to Directors, in whole or in part, should be reproduced without the prior written consent of PKFCA, as to the form and context in which it may appear.

PKFCA's procedures, in the preparation of the IER, have involved an analysis of financial information and accounting records. This did not include verification work nor constitute an audit or review in accordance with Australian Auditing and Assurance Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit or review. Accordingly, we will not express an audit or review opinion.

It was not PKFCA's role to undertake, and PKFCA has not undertaken, any commercial, technical, financial, legal, taxation or other due diligence, other similar investigative activities or property valuations in respect of RBV and/or GOZ. PKFCA understands that the Directors have been advised by legal, accounting and other appropriate advisors in relation to such matters, as necessary. PKFCA will provide no warranty or guarantee as to the existence, extent, adequacy, effectiveness and/ or completeness of any due diligence or other similar investigative activities by the Directors or their advisors.

We note that the IER does not deal with the individual investment circumstances of Unitholders and no opinion has been provided in relation to same. Some individual Unitholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in our IER. Accordingly, individuals may reach different conclusions on whether or not the Proposed Transaction is fair and reasonable to them. An individual Unitholder's decision in relation to the Proposed Transaction may be influenced by their particular circumstances (including their taxation position) and, therefore, Unitholders are advised to seek their own independent advice.

Apart from the IER, PKFCA is not be responsible for the contents of the Target's Statement or any other document. PKFCA has provided consent for inclusion of its IER in the Target's Statement. PKFCA's consent and the Target's Statement acknowledge that PKFCA has not been involved with the issue of the Target's Statement and that PKFCA accepts no responsibility for that document.

Jones Lang LaSalle has provided its consent to the use of, and reliance upon the Property Valuation Reports. In addition, Jones Lang LaSalle has provided its consent to be named in the IER.

1.6 Prospective Financial Information

In preparing the IER, PKFCA had regard to prospective financial information prepared by RBV management and GOZ management (“**Management Expectations**”). The Management Expectations reflect the expected results of RBV and GOZ based on possible scenarios determined by RBV management and GOZ management. PKFCA understands that any Management Expectations has been prepared as part of the ongoing management processes of RBV and GOZ, and for the purposes of the Proposed Transaction.

For the purposes of the IER, PKFCA understands and has assumed that any Management Expectations provided:

- was prepared on a reasonable basis and was based on the information available to management and directors of RBV and GOZ at the time and within the practical constraints and limitations of such information; and
- does not reflect any material bias or “management stretch” target.

Management Expectations are based on assumptions concerning future events and market conditions. While we understand that any Management Expectations has been prepared with due care and attention and the directors of RBV and GOZ consider the assumptions to be reasonable, future events and conditions are not accurately predictable and the assumptions and outcomes are subject to significant uncertainties.

Actual results are likely to vary from Management Expectations and any variation may be materially positive or negative. Accordingly, PKFCA will not guarantee that any Management Expectations or any other prospective statement contained in the IER will be achieved.

PKFCA has not been engaged to undertake an independent review of any Management Expectations in accordance with Australian Auditing or Assurance standards, and as such, has not undertaken such a review. However, it may become necessary to disclose portions of any Management Expectations in the IER and in order to rely on the Management Expectations in the IERs, PKFCA has satisfied itself that the Management Expectations have a reasonable basis.

Some of the indicative factors that PKFCA have considered in determining whether, for present purposes, any Management Expectations have a reasonable basis are:

- whether a material portion of any Management Expectations incorporates established trends in the business and current arrangements in place;
- management Expectations largely reflect an established history of operations, revenue and profitability of the businesses;
- management Expectations reflect contractual or other forms of written arrangements in place to establish some surety as to future revenues;
- whether any Management Expectations are underpinned by business models that have yet to be proven and/or anticipated arrangements with tenants, suppliers, or other parties that have yet been confirmed;
- whether any Management Expectations are based on detailed models;
- whether any Management Expectations have been endorsed by management and the directors of RBV and GOZ; and
- whether any Management Expectations make allowance for known contingencies.

1.7 Assumptions

In forming our opinion, we have made certain assumptions and outline these in our IER to Directors, including:

- that matters such as title to all relevant assets, compliance with laws and regulations and contracts in place are in good standing, and will remain so, and that there are no material legal proceedings, other than as publicly disclosed;
- information sent out in relation to the Proposed Transaction to Unitholders or any regulatory or statutory body is complete, accurate and fairly presented in all material respects;
- publicly available information relied on by us is accurate, complete and not misleading;
- if the Proposed Transaction is implemented, that it will be implemented in accordance with its stated terms; and
- the legal mechanisms to implement the Proposed Transaction are correct and effective.

2 PROFILE OF RBV

2.1 Overview

RBV was established on 10 November 1998 and has been listed on the ASX since 12 August 2003. RBV was previously known as Australian Commercial Property Trust ("ACPT"). RPML is the RE for RBV. RPML was previously known as Australian Commercial Property Management Limited ("ACPML").

RBV is a diversified property investment vehicle which has a portfolio of office, industrial and retail properties located throughout Australia.

Set out below is a brief corporate timeline of RBV:

Table 8: Key Timeline - RBV

Dates	Description
10 November 1998	RBV was established with RPML as its trustee.
11 August 2003	RBV was listed on the ASX.
31 March 2009	ACPML was sold to parties associated with the major uni tholder in ACPT.
23 April 2009	ACPT was renamed RBV.
11 February 2010	RPML announced the sale completion of a property located at 11 Arunga Drive, Holmwood Business Park, Beresfield, NSW.
11 May 2010	RPML announced the sale completion of a property located at 5 Langford Drive, Elizabeth, SA. This transaction was part of a program of selective disposals of non-core properties, particularly those with considerable tenant renewal risk.
1 June 2010	RPML announced the sale completion of a property located at 12B Kitchen Road, Dandenong South, VIC. Similar to the above, this transaction was part of a program of selective disposal of non-core properties, particularly those with considerable tenant renewal risk.
22 September 2010	RPML announced that RPML and Australia and New Zealand Banking Group Limited ("ANZ") had executed an amendment to the Syndicated Facilities Agreement, extending the current facility until 30 September 2013. This \$135 million facility was previously due for repayment in March 2011.
13 April 2011	GPAL (in its capacity as the RE of GPAT) and RPML as RE of RBV jointly announced the GOZ Offer.

Source: RBV management; ASX announcements

RBV's investment criteria are summarised as follows:

- properties are leased to reputable tenants. Although RPML aims to purchase single tenanted properties, multi-tenanted properties will be considered if they meet other criteria;
- leasing arrangements are in place that permit rental increases that are fixed and/or subject to market reviews, with a "ratchet"¹ or "collar"² thus limiting the extent of a fall in rental income;
- properties yet to be constructed or under construction will be considered as they may achieve acquisitions which have reduced stamp duty costs and increased depreciation allowances; and
- long term leases, generally exceeding five years at the time of purchase, should normally be in place to provide security of income.

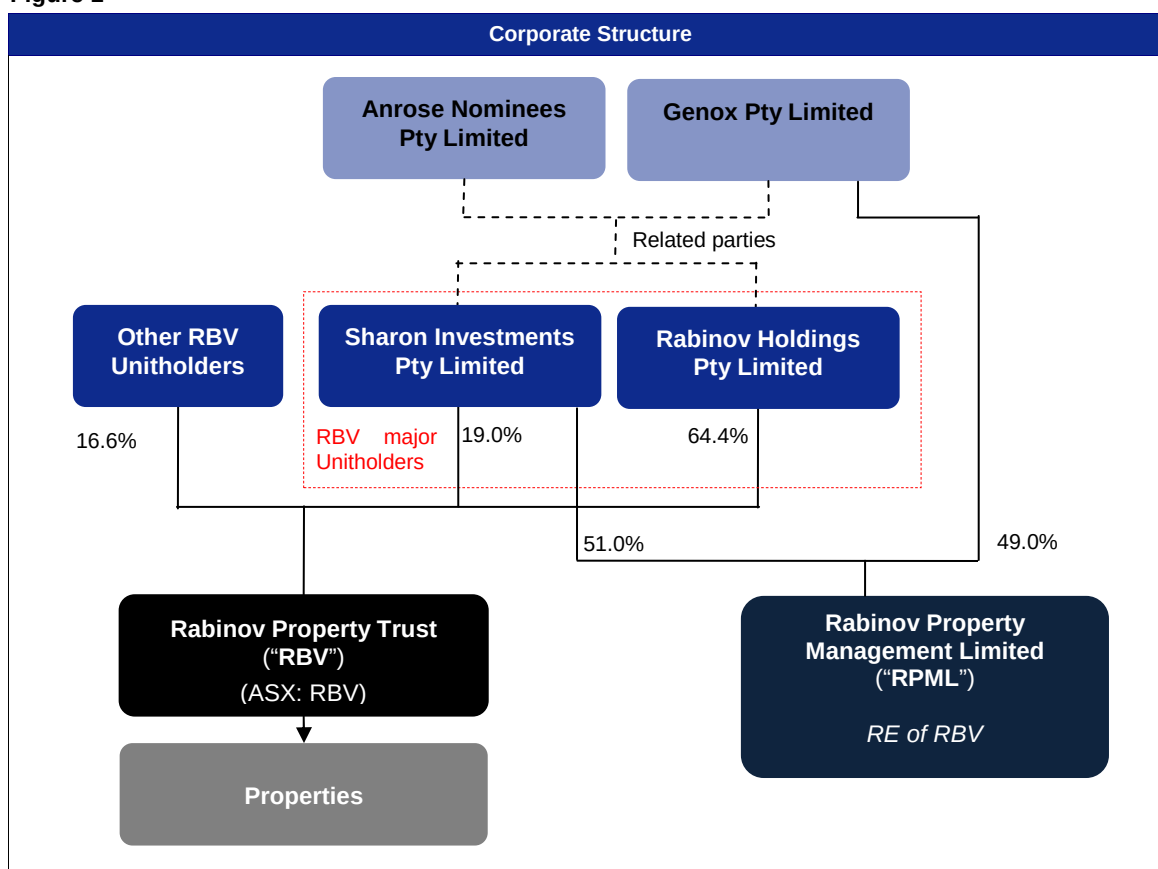
¹ a provision made in the rental contract under which the rights of the involved parties are adjusted according to an agreed upon formula upon completion of a part of stage of the contract.

² a provision made in the rental contract under which the maximum the rent can be decreased on the nominated market review date.

2.2 Corporate Structure

Set out below is the corporate structure of RBV as at 31 March 2011:

Figure 1



Source: RBV management

2.3 Key Fee Arrangements

Based on our discussions with Management, we note the following:

- **Management fee** - management fee is calculated as a percentage of the total value of the investment properties. The management fee charged by RPML is approximately 0.7% of the total value of investment properties; and
- **Termination fee** - the appointment of RPML as the RE was determined by Unitholders. The RE can be removed and a new RE can be appointed subject to approval from Unitholders via a unitholders meeting. RBV management has confirmed that no termination fee will be payable to RPML in the event the management arrangement between RBV and RPML ceases.

RBV management has advised the clause 23.1 of the Consolidated Constitution of the Trust sets out the management fee that the RE is entitled to recover. This document also sets out how the RE can be appointed or retired. The major Unitholder influences the vote in appointing the RE. Since the major Unitholder of RBV also owns the RE, there are currently no management agreements in place.

Nevertheless, RBV management advised that if a third party was appointed as the RE, then it is likely that a management agreement will be implemented.

2.4 Overview of the RBV Property Portfolio

2.4.1 Overview

Set out below is a summary of the key statistics of RBV's property portfolio as at 31 December 2010. Refer **Appendix 4** for a detailed listing of the properties.

Table 9: Property Portfolio Summary

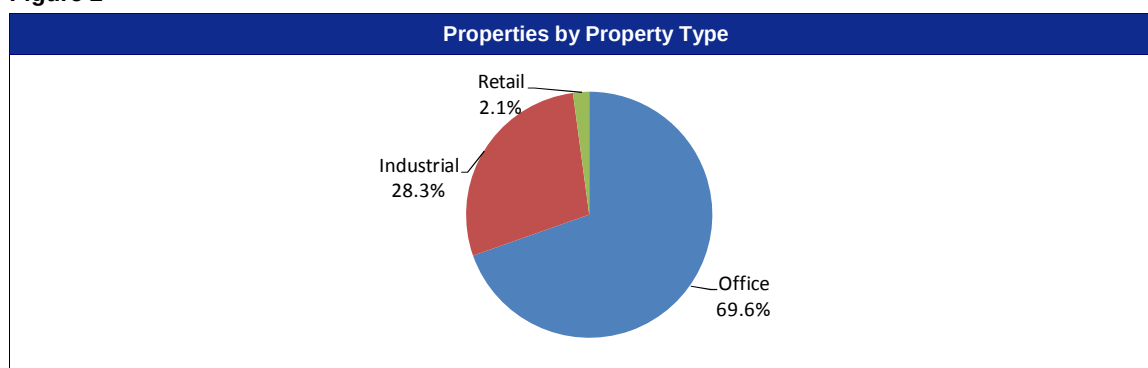
	31 December 2010
Number of properties	12
Number of tenants ¹	11
Building area (m ²)	117,479
Land area (m ²)	293,559
Property portfolio book value (million)	234,892
Portfolio occupancy (%)	100
Weighted average lease expiry ("WALE") (years)	6.6

Source: RBV management

Note 1: GE Capital Finance occupies two properties.

RBV has a diversified property portfolio as at 31 December 2010 as illustrated below:

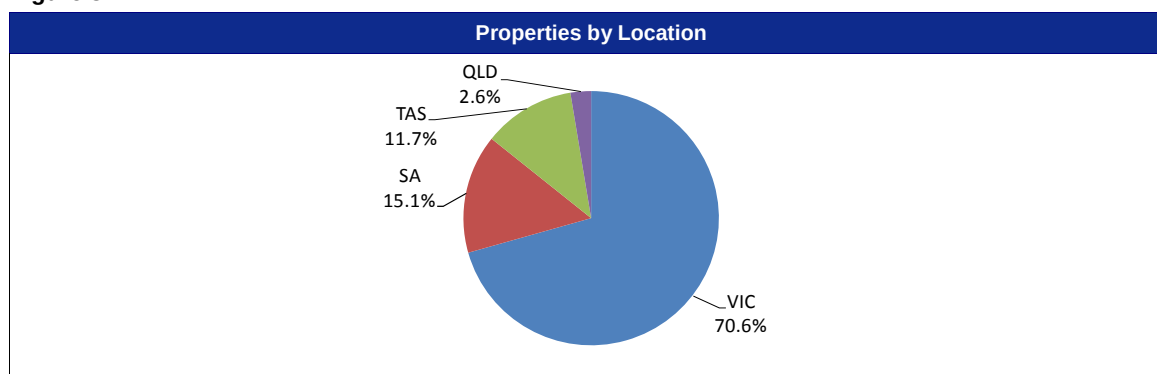
Figure 2



Source: RBV management

Note: Calculated based on book value of properties as at 31 December 2010 and includes the 2 properties classified as held for sale.

Figure 3



Source: RBV management

Note: Calculated based on book value of properties as at 31 December 2010 and includes the 2 properties classified as held for sale.

2.4.2 Occupancy and Tenancy

Set out below are the top 10 tenants of RBV based on net property income as at 31 December 2010.

Table 10: Top 10 Tenants

31 December 2010	
GE Capital Finance	45.8%
Elders (Futuris) Limited	10.7%
Hydro Tasmania Consulting	10.7%
Westpac Banking Corporation	10.3%
One Steel Trading Pty Limited	5.7%
Bridgestone Australia Limited	5.3%
Trimas Corporation	3.5%
Thermo Gamma Metrics Pty Limited	2.6%
Chep Australia Limited	2.6%
Bi Lo Pty Limited	2.2%
Total top 10 tenants	99.4%
Other tenants	0.6%
Total tenants	100.0%

Source: RBV management

Based on the above, we note that GE Capital Finance is RBV's single largest tenant contributing approximately 45.8% of net property income.

2.4.3 Lease Expiry Profile

Set out below is the lease expiry profile of RBV (based on rental income) as at 31 December 2010.

Table 11: Lease Expiry Profile by Rental Income

31 December 2010	
December 2011	3%
December 2012	0%
December 2013	11%
December 2014	9%
December 2015+	77%
Total	100%

Source: RBV management

Based on the above, we note the following:

- the majority (77%) of RBV's leases expire beyond December 2015; and
- the long lease term (exceeding five years) is broadly consistent with RBV's investment criteria as set out in Section 2.1 above.

2.4.4 Development Projects

RBV is not a property developer but invests in, and manages, a portfolio of property assets.

2.5 Directors

The Directors of RPML are as follows:

Table 12: Directors

Name	Position	Background
Tony Boothroyd	Managing Director, Chief Executive Officer	Mr Boothroyd has in excess of 40 years experience in commercial, retail and industrial real estate and has been a fully licensed real estate agent since 1972. Mr Boothroyd has experience in property development, finance, investment and management and has been responsible for the creation of various sized portfolios for a number of listed and unlisted entities. Mr Boothroyd has been Asset Manager for RBV since 2007. He is a Fellow of the Real Estate Institute of Australia, a Fellow of the Australian Property Institute, a Certified Property Practitioner, a member of the Royal Institute of Chartered Surveyors and an Associate of the Australian Compliance Institute.
Raymond Schoer	Non-executive Director and Chairman	Mr Schoer is also the non-executive chairperson of Asia Pacific Exchange Limited. His other directorships and committees include chairperson of Japara Compliance Committee and Plouton Resources Limited and a director of Benetas Aged Care Services Group. Mr Schoer is a Fellow of the Australian Society of Certified Practising Accountants, a Fellow of the Australian Institute of Company Directors, a Fellow of the Institute of Corporate Managers, Secretaries and Administrators, and a Fellow of the Chartered Institute of Company Secretaries.
Chris Gillies	Non-executive Director	Ms Gillies is an independent non-executive director serving on a number of boards, associations and charities and advises boards on establishing IT Governance leadership in the boardroom. Ms Gillies also uses her current and past experience as an executive mentor and facilitator. Boards include Oakton, Emergency Telecommunications Statutory Authority Victoria and CenITex. Ms Gillies is Chairman of the MS Society NSW, VIC and Australian Capital Territory.
David Harris	Independent Director	Mr Harris is the Joint Managing Director of TIC Group Pty Limited and is currently the president of Fare Share, a food rescue organisation. Mr Harris also sits on the board of the Victorian Relief Foodbank, a leading emergency relief organisation. Mr Harris is also a Non-Executive Director of a number of private companies with interests in the fields of retailing, manufacturing, importing and distribution. Mr Harris graduated with a Bachelor of Economics and Politics from Monash University. Mr Harris is a certified practising accountant and a member of CPA Australia.
Eric Cohen	Director	Mr Cohen is currently a consultant to Morris Cohen Glen and Co., Chartered Accountants, having been a long time partner of the firm. Mr Cohen manages property portfolios for a number of private companies. Mr Cohen is also an executor of a number of estates. Mr Cohen is a member of the Institute of Chartered Accountants in Australia's Disciplinary Committee and was for a number of years a member of the Joint Legislation Review Committee and its former chairperson.

Source: RBV management

2.6 Income Statement

The income statements of RBV for the years ended 30 June 2008 ("FY2008"), 30 June 2009 ("FY2009"), 30 June 2010 ("FY2010") and six months ended 31 December 2010 ("H1FY2011") are presented in the table below:

Table 13: RBV Income Statements

	FY2008	FY2009	FY2010	H1FY2011
(\$'000s unless indicated otherwise)	Audited	Audited	Audited	Reviewed
Revenue				
Rental revenue	20,504	22,198	20,624	10,310
Straight line adjustment to property revenue	1,253	(387)	693	541
Interest income	105	187	143	31
Other revenue	3	80	4	376
Total revenue	21,865	22,078	21,464	11,258
Expenses				
Management fee	(1,892)	(1,980)	(1,703)	(822)
Revaluation decrement	(5,347)	(27,493)	(2,947)	(541)
Properties expense	(291)	(398)	(350)	(214)
Other expenses	(906)	(573)	(662)	(194)
Profit/(loss) on disposal of investment property	-	1,775	(861)	-
Finance costs	(14,484)	(15,262)	(11,208)	(6,061)
Total expenses	(22,921)	(43,930)	(17,731)	(7,832)
Profit/(loss) attributable to Unitholders	(1,056)	(21,852)	3,733	3,426
<i>Revenue rental growth (including straight line adjustment) (%)</i>	<i>n/a</i>	<i>0.2%</i>	<i>(2.3)%</i>	<i>n/a</i>
<i>Revenue rental (including straight line adjustment) as a % investment property (%)</i>	<i>8.4%</i>	<i>9.3%</i>	<i>9.4%</i>	<i>n/a</i>
<i>Management fee as a % investment property (closing balance) (%)</i>	<i>0.7%</i>	<i>0.8%</i>	<i>0.8%</i>	<i>n/a</i>
<i>Basic earnings/(loss) per unit (\$/unit)</i>	<i>(0.02)</i>	<i>(0.42)</i>	<i>0.07</i>	<i>0.07</i>
<i>Diluted earnings/(loss) per unit (\$/unit)</i>	<i>Note 2</i>	<i>Note 2</i>	<i>Note 2</i>	<i>Note 2</i>
<i>Weighted average number of units ('000)</i>	<i>48,423</i>	<i>52,204</i>	<i>52,204</i>	<i>52,204</i>

Sources: RBV Annual Reports; Half-year Financial Report

Notes:

1. n/a – not applicable
2. As noted in the audited accounts, diluted earnings/(loss) per unit was not disclosed as the amount did not materially reflect a less favourable result than basic loss per unit.

Based on the above, we note that:

- **rental revenue:**
 - RBV recognises rental revenue from investment properties on a straight-line basis over the lease term;
 - in H1FY2011, rental income (including straight line adjustment to property revenue) represented approximately 96.6% of total revenue;
 - rental revenue has remained relatively flat with approximately 0.2% and (2.3)% growth/(decline) in FY2009 and FY2010 respectively, despite significant revaluation decrements. RBV's investment criteria as set out in Section 2.1 above, in particular, reputable tenants, rent "collar" and long term leases have contributed to the observed stability in rental revenue;

- rental revenue as a percentage of investment property (closing balance) grew from 8.4% in FY2008 to 9.4% in FY2010. Similar to the above, this growth was partially attributed to RBV's investment criteria, coupled with significant revaluation decrements during the global financial crisis ("GFC"); and
- rental revenue is driven primarily from office properties, with approximately 67.0% contribution in FY2009.
- **interest income** - this relates to interest earned from cash held at bank and on property settlements;
- **other revenue (profit on termination of interest rate swap)** - in September 2010, RBV entered into a new interest rate swap and subsequently terminated the existing interest rate swap, achieving a profit on termination;
- **management fee:**
 - this relates to the amount charged by the RE for management services. Refer to Section 2.3 for details;
 - RBV management has advised that 0.7% management fee has always been charged monthly, payable in arrears, on the latest valuation amount (which is either at or slightly under book value) of the properties that RPML manages at the end of the previous month;
 - over the historical period, management fee as a percentage of investment property (closing balance) fluctuated between 0.7% pa and 0.8% pa. This is broadly consistent with the various management agreement and the marginal increase beyond the 0.7% is driven by a decline in closing book value as a result of either property sales or revaluation decrements;
- **revaluation decrement** - following a Directors' review of the valuation of investment properties undertaken as at 30 June 2009, there was a significant revaluation decrement to the total portfolio of approximately \$27.5 million. This downward revaluation was mainly attributed to the GFC which occurred in 2009 and resulted in a reduction in market values of investment properties;
- **properties expenses** - this relates to direct property expenses such as council rates, land taxes, insurance and water rates;
- **other expenses** - this relates to administration and overhead expenses such as accounting fees, audit fees, tax fees, ASX fees, bank charges, legal and professional fees, custodian fees, compliance costs, registry fees and costs in relation to the preparation of the annual report;
- **profit/(loss) on disposal of investment property** - four investment properties were disposed in FY2009 and three investment properties were disposed in FY2010, which resulted in a profit of \$1.8 million and a loss of \$(0.9) million respectively. These investment properties were disposed in accordance with RBV's asset sales program which was implemented in November 2008. The intention of RBV's asset sales program was to divest non-core assets to retire debt;
- **finance costs** - finance costs includes interest expense of approximately \$3.5 million in FY2010 (FY2009: \$7.7 million) which arose from related party borrowings, namely Anrose and Genox. Finance cost decreased by 26.6%, to \$11.2 million in FY2010 from \$15.3 million in FY2009; and
- **profit/(loss) attributable to Unitholders** - the significant decline to \$(21.9) million loss in FY2009, from \$(1.1) million loss in FY2008 was driven by \$27.5 million revaluation decrement in FY2009, as discussed above. RBV's performance turned around to achieve profits in FY2010 (\$3.7 million) and H1FY2011 (\$3.4 million) as the property market recovered from the GFC and revaluation decrements reduced.

2.7 Balance Sheet

The balance sheets of RBV as at 30 June 2008, 30 June 2009, 30 June 2010 and 31 December 2010 are presented in the table below:

Table 14: RBV Balance Sheets

	30 June 2008	30 June 2009	30 June 2010	31 December 2010
(\$'000s unless indicated otherwise)	Audited	Audited	Audited	Reviewed
Assets				
Cash and cash equivalents	804	4,463	1,233	476
Trade and other receivables	1,918	3,243	1,845	1,972
Other current assets	578	925	667	765
Derivative asset (interest rate swap)	-	-	655	1,228
Asset classified as held for sale	-	-	-	4,500
Total current assets	3,301	8,631	4,400	8,941
Non-current assets				
Trade and other receivables	8,098	7,711	8,404	8,945
Investment properties	258,669	235,789	226,396	221,446
Other assets	-	267	-	-
Total non-current assets	266,768	243,767	234,800	230,392
Total assets	270,068	252,398	239,200	239,332
Current liabilities				
Financial liabilities	192,400	52	184,000	-
Trade and other payables	2,781	5,198	4,955	4,827
Total current liabilities	195,181	5,250	188,955	4,827
Non-current liabilities				
Financial liabilities	-	196,383	-	182,725
Total non-current liabilities	-	196,383	-	182,725
Total liabilities	195,181	201,633	188,955	187,552
NET ASSETS	74,887	50,765	50,245	51,780
Equity				
Unit capital	48,804	48,804	48,804	48,804
Reserves	-	(52)	655	851
Retained earnings	26,083	2,013	786	2,125
TOTAL EQUITY	74,887	50,765	50,245	51,780
<i>Number of units on issue at period end ('000s)</i>	<i>52,204</i>	<i>52,204</i>	<i>52,204</i>	<i>52,204</i>
<i>Net tangible assets (\$'000s)</i>	<i>74,887</i>	<i>50,765</i>	<i>50,245</i>	<i>51,780</i>
<i>Net tangible assets per unit (\$/unit)</i>	<i>1.43</i>	<i>0.97</i>	<i>0.96</i>	<i>0.99</i>
<i>Total interest bearing liabilities (\$'000s)</i>	<i>192,400</i>	<i>196,435</i>	<i>184,000</i>	<i>182,725</i>
<i>Debt ratio (%)¹</i>	<i>71.2</i>	<i>77.8</i>	<i>76.9</i>	<i>76.3</i>
<i>Net debt ratio (%)²</i>	<i>70.9</i>	<i>76.1</i>	<i>76.4</i>	<i>76.1</i>

Sources: RBV Annual Reports; Half-year Financial Report

Notes:

1: Debt ratio = Total interest bearing liabilities / total assets

2: Net Debt ratio = Total interest bearing liabilities (less cash) / total assets

We note the following in relation to the above balance sheets:

- **asset classified as held for sale** - as at 31 December 2010, the following two investment properties totalling approximately \$4.5 million had been classified as assets "held for sale":
 - 11-13 West Thebarton Road, Thebarton, SA with a book value of \$3.4 million; and
 - 11 Werribee Street, North Rockhampton, QLD with a book value of \$1.1 million;
- **investment properties:**
 - RBV has a diversified investment portfolio by property type and geographic location, as set out in Section 2.4.1 above;
 - the 8.9% decline in investment properties to \$235.8 million as at 30 June 2009, from \$258.7 million as at 30 June 2008 was primarily driven by the revaluation decrement discussed in Section 2.6 above;
- **financial liabilities:**
 - RBV has two types of borrowings, namely senior secured debt (loan provided by ANZ) and subordinated unsecured debt (loans provided by two related parties, Genox and Anrose);
 - as at 30 June 2008 and 30 June 2010, the senior debt and both the subordinated debt were due to expire within twelve months from balance date. As such, these borrowings were classified as current liabilities in the balance sheet of RBV;
 - over the historical period, RBV has reduced its financial liabilities by 7.0%, from \$196.4 million as at 30 June 2009 down to \$182.7 million as at 31 December 2010, with cash from operations and cash proceeds from asset disposal. This is broadly consistent with the decline in debt ratio, from 77.8% (30 June 2009) to 76.3% (31 December 2010). Short term initiatives to further retire debt are discussed in Section 2.10 below; and
- **net tangible assets per unit** - net tangible assets per unit deteriorated from \$1.43/unit as at 30 June 2008 to \$0.96/unit as at 30 June 2010 primarily due to revaluation decrements as discussed in Section 2.6 above.

2.8 Capital Commitments

Set out below are the capital commitments of RBV as at 22 March 2011.

Table 15: Capital Commitments

Property	Tenant	Works Authorised	Approx/Quoted Price (\$'000)	Status
306-318 Abbots Rd, Lyndhurst, VIC	Trimas Corporation	Replace compressor in No 2 air-conditioning unit (capital)	4	Contractor advised to proceed
Buildings 1 & 3, 572 Swan St, Richmond, VIC	GE Capital Finance	Buildings 1 & 3 - Provide separate water meters (capital)	35	Owners Corporation has accepted quote; awaiting commencement date Awaiting commencement date
Buildings 1 & 3, 572 Swan St, Richmond, VIC	GE Capital Finance	Buildings 1 & 3 - Upgrade combined OWS & fire detection system (capital)	67	
			106	

Source: RBV management

With the exception of the above noted, RBV has no other significant capital, lease or remuneration commitments in existence as at the date of this IER which has not been recognised as liabilities.

2.9 Capital Structure

As at 31 March 2011, RBV had 52.2 million fully paid units on issue.

The top 10 unitholders and total issued units of RBV as at 31 March 2011 are summarised below:

Table 16: Top 10 Unitholders as at 31 March 2011

Unitholder	Number of Units held	Percentage of total Units held
Rabinov Holdings Pty Limited	33,644,732	64.4%
Sharon Investments Pty Limited	9,900,000	19.0%
C S Greensborough Pty Limited	2,375,000	4.5%
Talston Pty Limited	1,000,000	1.9%
JP Morgan Nominees Australia Limited	660,001	1.3%
S & E Goldman Nominees Pty Limited	340,000	0.7%
Tarooba Nominees Pty Limited	340,000	0.7%
Nabe Pty Limited	250,000	0.5%
Bond Street Custodians Limited	200,000	0.4%
Mr Gordan William Elkington & Mrs Janine Lee Elkington	180,000	0.3%
Top 10 unitholders	48,889,733	93.7%
Other unitholders	3,314,479	6.3%
Total unitholders	52,204,212	100.00%

Source: RBV Shareholder Register as at 31 March 2011

The top 10 unitholders hold approximately 93.7% of the total units on issue in RBV, whilst the remaining Unitholders hold parcels which are individually less than 0.3% of the total units on issue. In addition to the above, we note that the top two Unitholders of RBV, namely Rabinov Holdings and Sharon Investments which own 64.4% and 19.0% respectively, are related parties.

There are no other issued securities.

2.10 Debt Structure

2.10.1 Overview

Set out below is the debt structure of RBV as at 31 December 2010:

Table 17: Debt Facilities

Facility	Balance as at 31 Dec 2010 ⁵	Rate	Maturity	LVR Covenant	LVR as at 31 Dec 2010	ICR Covenant	ICR as at 31 Dec 2010
	(\$'000s)	(% pa)		(%)	(%)	(times)	(times)
ANZ facility (senior secured debt)	124,000	BBSY +2.00%	Oct-13	60%	53%	1.5	2.2
Anrose facility (subordinated unsecured debt)	18,000	7.0%	Oct-13	n/a	n/a	n/a	n/a
Genox facility (subordinated unsecured debt)	41,000	BBSY +1.65%	Oct-13	n/a	n/a	n/a	n/a
Less: capitalised transaction costs	(275)						
Total debt	182,725						

Source: RBV management

Notes:

1. n/a - not applicable
2. BBSY – bank bill swap rate
3. LVR - loan to value ratio
4. ICR - interest cover ratio
5. Book value

RBV does not have immediate refinancing risk given all three facilities mature in October 2013.

2.10.2 ANZ Facility

In relation to the ANZ facility, we note that:

- it has a facility limit of \$135.0 million. As at 31 December 2010, \$124.0 million was drawn down, leaving \$11.0 million (8.1%) available to be drawn; and
- RBV has hedged its interest rate exposure with a \$100.0 million interest rate swap at a fixed rate of 4.995% plus 2.00% margin and line fee. This interest rate swap expires in August 2013.

2.10.3 Anrose and Genox Facilities

RBV has commenced initiatives to settle the Anrose and Genox Facilities in full, in relation to the GOZ Offer, as set out below:

Table 18: Anrose and Genox Facilities

Facility	As at 31 Dec 2010 ¹	To be Completed Prior to the GOZ Offer	A Bid Condition of the GOZ Offer		Total (Future)
			Permitted Property Sale Transaction ¹	Cash Repayment	
	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)	(\$'000s)
Anrose Facility (subordinated unsecured debt)	18,000	32,800	(50,800)	-	-
Genox Facility (subordinated unsecured debt)	41,000	(32,800)	-	(8,200)	-
Total	59,000				-
					fully settled

Source: RBV management

Note 1: Book value

Debt Assignment

Prior to the GOZ Offer becoming unconditional or on the Completion Date, a debt restructuring will be undertaken in accordance with the Deed of Assignment of Debt, pursuant to which Genox will assign and transfer a sum of \$32.8 million (principal amount) from the Genox Facility to Anrose.

After the assignment of \$32.8 million (principal amount) debt from Genox to Anrose, the Anrose Facility will increase from \$18.0 million (principal amount) to \$50.8 million (principal amount), while the Genox Facility will reduce by a corresponding amount, from \$41.0 million (principal amount) to \$8.2 million (principal amount).

Permitted Property Sale Transaction

RBV has agreed that prior to the GOZ Offer becoming unconditional or on the Completion Date, RBV will transfer the Excluded Properties to Anrose pursuant to the terms of the permitted property sale contracts (refer to the Target's Statement for further details) in consideration for the extinguishment of the entire amount of the Anrose Facility then existing.

Following the Permitted Property Sale Transaction, RBV's debt obligation to Anrose under the Anrose Facility will be fully settled.

Cash Repayment

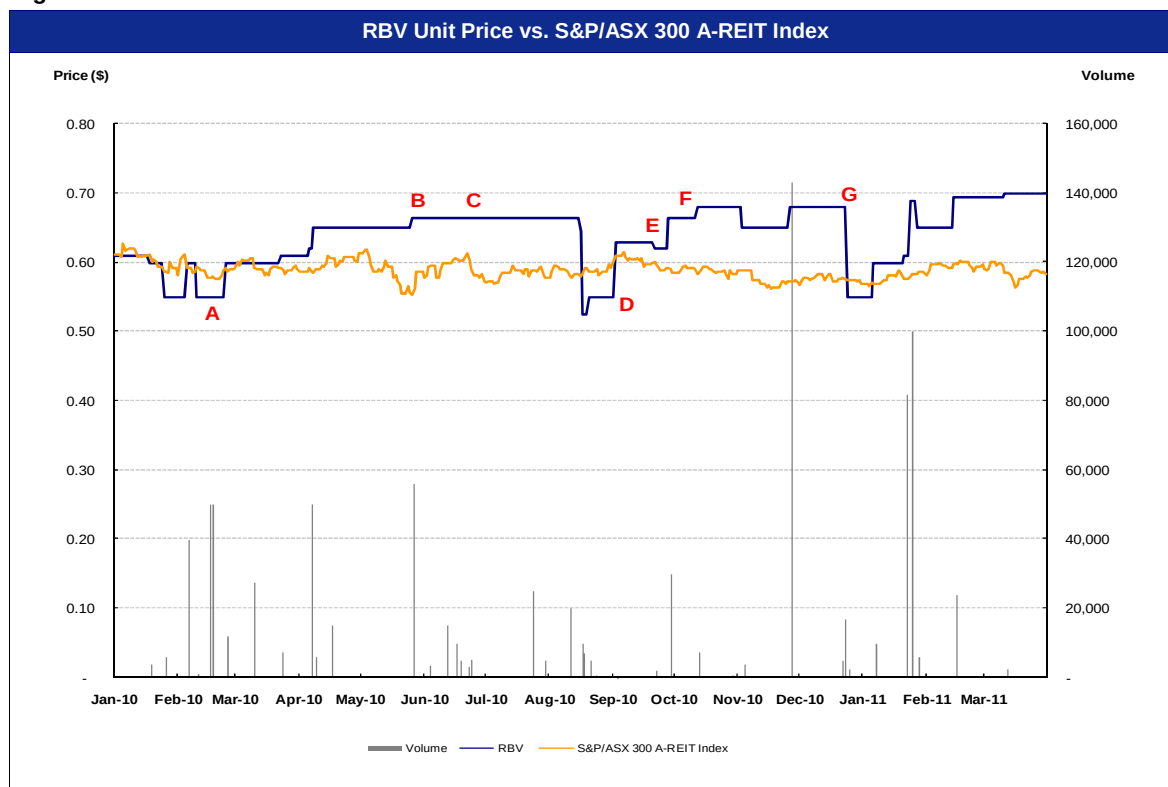
Pursuant to the terms of the Subordinated Debt Deed, GOZ has agreed that, prior to the GOZ Offer becoming unconditional or on the Completion Date, it will loan the sum of \$8.2 million (plus an amount in respect of accrued interest) to RBV which RBV will use to repay, and which Genox will accept as full and final settlement of, the entire amount of the subordinated debt owed to Genox.

Subsequent to the Cash Repayment, RPML's debt obligation to Genox under the Genox Facility will be fully settled.

2.11 Share Price Analysis

The graph below illustrates the movement in the daily unit price and volumes traded from 1 January 2010 to 31 March 2011.

Figure 4



Source: Bloomberg / PKFCA analysis

Factors which may have had an impact on trading in units are detailed below:

Table 19: RBV announcements

Notation	Date	Details of announcement
A	11 February 2010	RBV completed sale of Beresfield, NSW property at book value of \$500,000
B	1 June 2010	RBV completed sale of property located at Dandenong, Victoria for \$2.45 million at a \$50,000 premium above book value
C	21 June 2010	Announcement of the final distribution for year ended 30 June 2010 of 4.75 cents per ordinary unit
D	31 August 2010	Announcement of profit for the year ended 30 June 2010 which was up by 118% from the previous corresponding period
E	22 September 2010	RBV secured a 3 year debt facility extension from ANZ of \$135 million
F	1 October 2010	Suspension from official quotation due to failure to lodge the FY10 annual report and subsequent reinstatement to official quotation on the same day
G	20 December 2010	Announcement of final distribution for 6 months period ended 31 December 2010 of 4 cents per ordinary unit

Source: ASX announcements

In assessing RBV's unit price performance we have had particular regard to the following:

- the 'spread' of Unitholders and the total number of units that Unitholders hold in RBV;
- the level of trading activity of the RBV units (i.e. the volume of trades of the units in the market as a percentage of the total units, and the frequency of the trades);
- the number and frequency of 'unusual' and/or 'abnormal' trading that has taken place in the RBV's units; and
- the level of knowledge that the 'willing' buyers and sellers have in respect of RBV and the market in which it operates.

We have reviewed the following factors relating to the trading activity of RBV's units on the ASX:

- the daily high, low and closing unit price of trades;
- the daily volume of the trades;
- the volume weighted average unit price ("**VWAP**"); and
- average bid/ask spread.

Share Price Analysis as at 31 December 2010

The table below summarises trades over the last 12 months up to 31 December 2010.

Table 20: VWAP of daily trades

RBV	High	Low	VWAP	Total volume traded	Turnover (annualised)	Average bid/ask spread
	(\$)	(\$)	(\$)	(000's units)	(%)	(%)
As at 31 Dec 2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1 month to 31 Dec 2010	0.68	0.55	0.67	24	0.56%	19.53%
3 months to 31 Dec 2010	0.69	0.55	0.68	179	1.37%	13.32%
6 months to 31 Dec 2010	0.69	0.53	0.67	284	1.09%	11.54%
12 months to 31 Dec 2010	0.69	0.53	0.63	651	1.25%	15.77%

Source: Bloomberg, PKFCA Analysis

Note: n.a. - not applicable

We note the following with respect to the liquidity of RBV units during the 12 months up to 31 December 2010:

- there was no trade on 31 December 2010;
- the most recent trade prior to 31 December 2010 was on 24 December 2010 at \$0.55;
- the unit price traded between \$0.53 and \$0.69;
- on one day over the period analysed, the daily volume rose above 100,000 units. The spike in volume is charted in Figure 4 above. Whilst the high volume on certain days could be explained by the announcements, the higher than normal trades are not easily traceable to any particular event;
- VWAP prices are observed to be, in general, on an upward trend;
- as noted in Figure 4 above, over the period analysed RBV outperformed the S&P/ASX 300 A-REIT Index (a capitalisation weighted index that represents all A-REITs in the S&P/ASX 300 Index);
- there is relatively low volume in the trading activity of the units. The total traded volume of units over the whole year analysed was only 1.25% of the total weighted average of units on issue over the period;

- over the year analysed, there were 36 days of trading activity out of a total of a 250 trading days, representing 14.4% trading days;
- the bid-ask spread of the unit prices is relatively wide, ranging from 11.5% to 19.5%; and
- RBV was not followed by analyst(s) up to 31 December 2010; and
- the top 10 Unitholders hold a relatively large portion of the total number of units.

Share Price Analysis as at 31 March 2011

The table below summarises trades over the last 12 months up to 31 March 2011.

Table 21: VWAP of daily trades

RBV	High	Low	VWAP	Total volume traded	Turnover (annualised)	Average bid/ask spread
	(\$)	(\$)	(\$)	(000's units)	(%)	(%)
As at 31 Mar 2011	0.70	0.70	0.70	15	10.49%	4.29%
1 month to 31 Mar 2011	0.70	0.70	0.70	17	0.40%	9.29%
3 months to 31 Mar 2011	0.70	0.60	0.68	239	1.83%	12.71%
6 months to 31 Mar 2011	0.70	0.55	0.68	418	1.60%	13.04%
12 months to 31 Mar 2011	0.70	0.53	0.67	692	1.33%	13.43%

Source: Bloomberg, PKFCA Analysis

We note the following with respect to the liquidity of RBV Units during the 12 months up to 31 March 2011:

- the units were traded on 31 March 2011 at \$0.70;
- the unit price traded between \$0.53 and \$0.70;
- as noted above, on one day over the period analysed, the daily volume rose above 100,000 units;
- VWAP prices are observed to be on an upward trend;
- as noted in Figure 4 above, over the period analysed RBV outperformed the S&P/ASX 300 A-REIT Index (a capitalisation weighted index that represents all A-REITs in the S&P/ASX 300 Index);
- there is relatively low volume in the trading activity of the units. The total traded volume of units over the whole year analysed was only 1.3% of the total weighted average of units on issue over the period;
- over the year analysed, there were 34 days of trading activity out of a total of a 250 trading days, representing 13.6% trading days;
- the bid-ask spread of the unit prices appears to be relatively wide, ranging from 4.3% to 13.4%;
- RBV was not followed by analyst(s) up to 31 March 2011; and
- the top 10 Unitholders hold a relatively large portion of the total number of units. As at 31 March 2011, the top 10 Unitholders held 93.7% of the total issued units.

We note that although RBV was not followed by analyst(s) up to 31 March 2011, it has begun to be followed by analyst(s) in the month of April 2011.

Conclusion

Our analysis as set out above indicates that the liquidity of RBV Units is low and therefore the trading activity up until 31 March 2011 does not provide a robust or reliable measure of the fair market value of RBV units.

3 PROFILE OF GOZ

3.1 Overview

GOZ is an ASX listed A-REIT, that invests in properties in Australia, namely Victoria, Queensland, Western Australia, South Australia and New South Wales. It has a stapled entity structure with internalised management. The shares of GPAL and the units in GPAT are combined and issued as stapled securities.

GOZ was established for the purpose of facilitating a joint quotation of GPAL and its controlled entities and GPAT and its controlled entities on the ASX. The constitutions of GPAL and GPAT ensure that, for so long as the two entities remain jointly quoted, the shares in GPAL and the number of units in GPAT shall be equal and the shareholders and the unitholders are identical. GPAL, both in its personal capacity and in its capacity as the RE of GPAT, must at all times act in the best interest of GOZ.

Set out below is a brief corporate timeline of GOZ:

Table 22: Corporate Timeline - GOZ

Dates	Description
May 2006	Orchard Industrial Property Fund ("OIF") was established with Orchard Property Limited ("OPL") as the responsible entity.
18 June 2007	OIF was admitted to the official list of ASX Limited.
7 December 2007	OPL announced the results of independent valuations completed as at 31 December 2007 for 16 properties held within the OIF portfolio of 28 properties which result in an overall gain from the revaluations of \$11.8 million.
19 December 2007	OPL announced the completion of a major property expansion at 38-40 Annandale Road, Tullamarine for Star Track Express.
18 February 2008	OPL announced that OIF has contracted to sell 2-50 Glenelg Street, Coolaroo, Victoria for \$11.3 million. Proceeds from the sale will be used to reduce debt.
15 May 2008	OPL confirms that it is expecting to demerge its property funds management business from its other activities.
28 May 2008	OPL announced the sale of a non-core property located at 91 Transport Avenue, Adelaide Airport, SA for \$7.59 million.
5 March 2009	OPL announced that OIF has entered into a contract of sale for 26 William Angliss Drive, Laverton North in Victoria at a price of \$3.6 million. The property is considered to be a non-core asset.
8 April 2009	OPL entered into a contract of sale for 830 Wellington Road, Rowville, Victoria at a price of \$8.0 million. The property is considered to be a non-core asset.
18 May 2009	OIF announced a restructuring and recapitalisation plan as follows: - a restructuring plan which involved the internalisation of management, being Orchard Management Limited ("OML"); and - a \$200 million recapitalisation plan.
6 August 2009	OML announced completion of the restructuring plan as follows: - OML shares were transferred to unitholders and stapled to units in accordance with the management internalisation initiative; and - the stapled securities were stapled on a 10:1 basis, with a record date for consolidation of 13 August 2009.
7 August 2009	OIF commenced trading as a stapled security.
19 August 2009	OIF was renamed to GOZ.
19 August 2009	GOZ announced a 13 for 10 renounceable rights issued of new stapled securities at an offer price of \$1.60 per new stapled security. The rights issue had been fully underwritten and will raise a minimum of \$144.4 million. The purpose of the rights issue was to recapitalise and restructure the former Orchard Industrial Property Fund (now known as the Growthpoint Properties Australia Trust).
22 September 2009	GOZ announced the completion of the \$144.4 million renounceable rights issue to the security holders and a \$55.6 million placement by Growthpoint Properties Limited (South Africa).

Dates	Description
23 December 2009	GOZ announced the acquisition of Coles Regional Distribution Centre on 134 Lilkar Road, Goulburn, NSW for \$64 million, with the transaction to be funded by debt. On the same day, GOZ also announced the final payment for expansion of the Woolworths Regional Distribution at 2 Horrie Miller Drive, Perth Airport and a further lease of 27 months secured at 45-55 South Centre Road, Tullamarine.
13 May 2010	GOZ announced it has entered into two new contracts to expand and extend its interest rate hedging cover. The new interest rate swap contracts are a vanilla swap with Westpac of \$75.0 million for 4 years at a fixed rate of 5.47% and a vanilla swap with National Australia Bank of \$87.3 million for 3 years at a fixed rate of 5.75%.
17 June 2010	GOZ announced that it has signed a contract of sale to sell Lot 1, 44-54 Raglan Street, Preston, Victoria 3072 for over \$9.5 million. The property was considered by the board of GOZ to be a non-core asset and the net proceeds from the sale of the asset would be used to reduce debt.
17 August 2010	GOZ announced a \$171.5 million portfolio acquisition from Property Solutions Group and renounceable rights offer to raise approximately \$101.0 million via a rights offer. The portfolio acquired included two office buildings, a car park and four industrial properties in Queensland.
22 September 2010	GOZ announced the completion of the raising of \$101.0 million equity via a rights issue to support the above acquisition. The issue price for the rights offer was \$1.90 per stapled security, with all eligible security holders offered one new stapled security for every three stapled securities.
24 November 2010	GOZ announced that it has signed a contract of sale to sell 45 Northlink Place, Virginia, Queensland for \$3.7 million. The property was considered by the board of GOZ to be a non-core asset and the net proceeds from the sale of the asset would be used to reduce debt.
3 December 2010	GOZ announced that it had purchased the Worldpark:01 office building in Adelaide for \$46.5 million from a subsidiary of Axiom Properties Limited, with the acquisition funded by debt.
13 April 2011	GPAL (in its capacity as the RE of GPAT) and RPML as RE of RBV jointly announced the GOZ Offer.

Source: ASX announcements

GOZ aims to:

- actively grow to a size that it is able to attract institutional investors through the acquisition of properties that offer income and capital growth to security holders;
- optimise the quality of income streams by diversifying into office, retail and industrial real estate classes;
- pursue conservative financial management policies in respect of gearing and interest rate risks; and
- pay distributions semi-annually based on rental income after expenses and interest costs.

GOZ's key strategies are as follows:

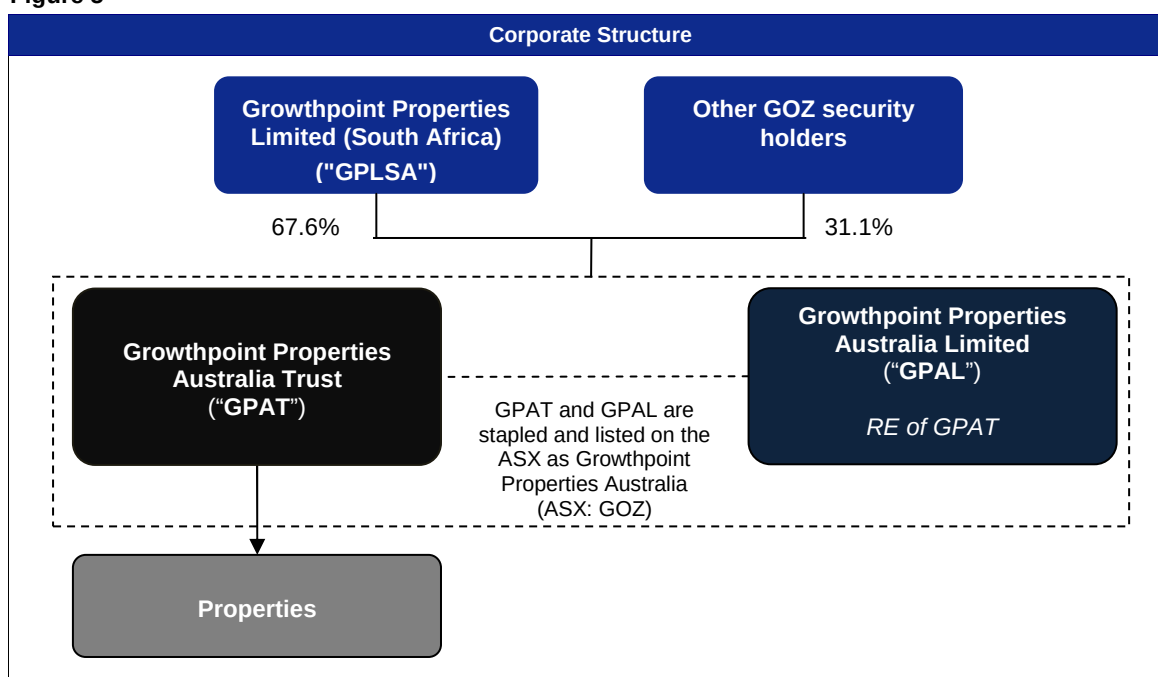
- *100% investment in Australia* – all of GOZ's investment properties are located in Australia where GOZ management understands the key markets. GOZ does not intend to invest off-shore;
- *no funds management* – GOZ does not have a funds management business, nor does it intend to become a funds manager. GOZ intends to only manage properties that its security holders own and, accordingly, GOZ's income is and will continue to be derived solely from rental income rather than funds/asset management fees;
- *not a developer/ develop to own* – GOZ does not operate a property development business. It may purchase a property to be developed, fund construction of a development, or enter a joint venture where GOZ becomes the ultimate owner of the property (or an interest therein) on completion of the development and where pre-commitment lease contracts are in place. GOZ does not intend to undertake speculative developments or develop properties for the purpose of selling to third parties.

- *internalised management* – GOZ has internalised management via a stapled entity structure. Security holders of GOZ own both the property trust and the RE of the property trust. There are no fees payable to third party or external managers for operating the business.

3.2 Corporate Structure

Set out below is the corporate structure of GOZ as at 31 March 2011:

Figure 5



Source: GOZ website

GPLSA is the majority security holder in GOZ. GPLSA is an internally managed property investment group, incorporated and registered as a public company and listed on the Johannesburg Securities Exchange Limited ("JSE"). GPLSA is the largest listed property group on the JSE and has property assets valued at approximately A\$5 billion and a market capitalisation of approximately A\$3.8 billion.

3.3 Key Fee Arrangements

We understand that there is no external manager for GOZ and accordingly, no management fees are paid. The management was internalised with the appointment of GPAL as the manager of the properties. GPAL receives a management fee from GPAT on a cost plus 2.5% basis. This enables GPAL to recover all costs paid and make a small profit.

3.4 Overview of the GOZ Property Portfolio

3.4.1 Overview

Set out below is a summary of the key statistics of GOZ's portfolio as at 30 September 2010 and 31 March 2011. Refer to Appendix 5 for a detailed listing of the properties.

Table 23: Property Portfolio Summary

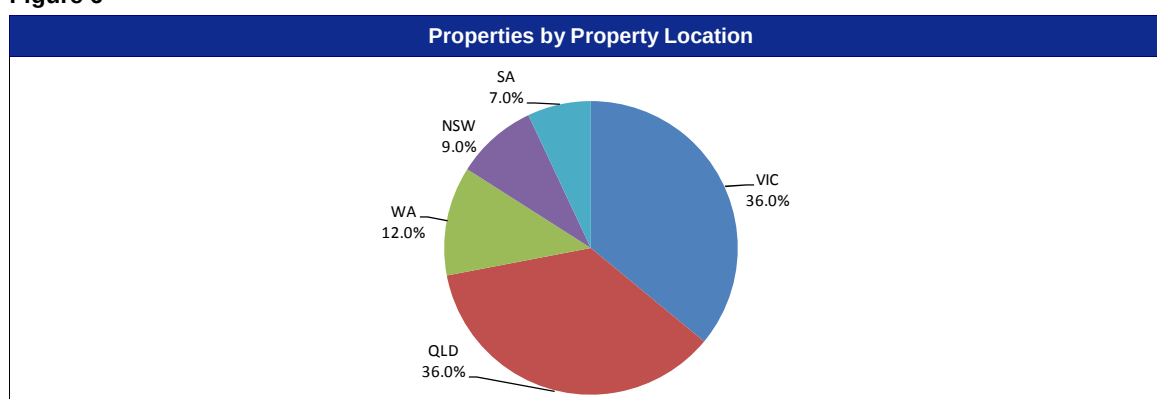
	31 March 2011	30 September 2010
Number of properties	32	32
Number of tenants	41	38
Building area (m ²)	778,462	777,699
Land area (m ²)	2,118,694	2,117,829
Property portfolio book value (million)	987.8	928.5
Portfolio occupancy (%)	100	100
WALE (years)	8.9	9.2

Source: GOZ management, ASX - GOZ Property Portfolio as at 30 September 2010

Note: n.a. - not available

GOZ has a diversified property portfolio as illustrated below:

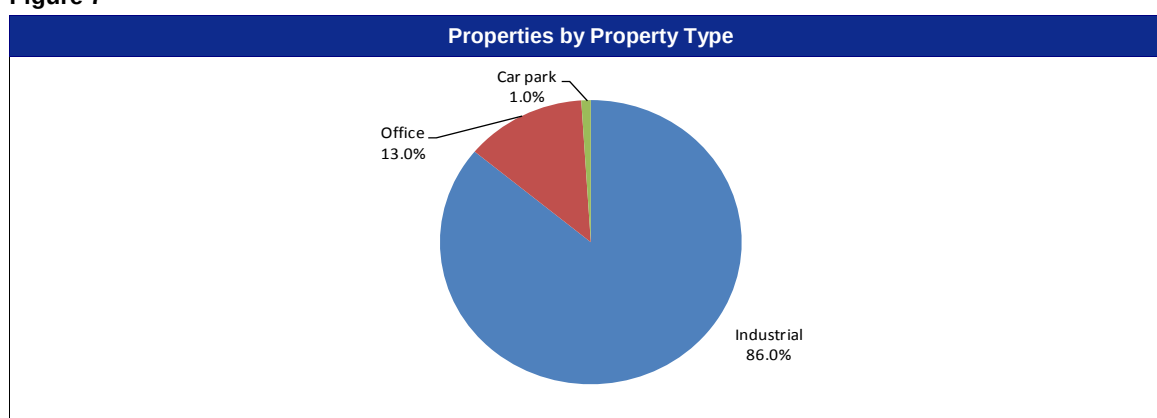
Figure 6



Source: ASX announcement - GOZ Property Portfolio, 30 September 2010

Note: Based on dollar value.

Figure 7



Source: ASX announcement - GOZ Property Portfolio, 30 September 2010

Note: Based on net rental.

3.4.2 Occupancy and Tenancy

Set out below are the top 10 tenants of GOZ based on passing rent as at 30 September 2010 and 31 March 2011:

Table 24: Top 10 Tenants

	31 March 2011	30 September 2010
Woolworths Limited ("Woolworths")	46%	49%
Coles Group (a division of Wesfarmers)	8%	8%
Sinclair Knight Mertz	6%	6%
Star Track Express	4%	4%
Macmahon Contractors Pty Limited	3%	3%
The Laminex Group (a division of Fletcher Building)	2%	2%
Willow Ware Australia Pty Limited	2%	2%
Paper Australia	2%	2%
The Reject Shop Limited	2%	2%
ARB Corporation Limited	2%	2%
Total top 10 tenants	78%	80%
Other tenants	22%	20%
Total tenants	100%	100%

Source: GOZ management, ASX - GOZ Property Portfolio as at 30 September 2010

Woolworths, the largest tenant, contributed approximately half of GOZ's rental revenue. We note that Woolworths occupies 6 properties, some of which are custom built facilities for distribution. As at 30 September 2010, the WALE for these properties ranged from 10.8 years to 15.0 years.

3.4.3 Lease Expiry Profile

Set out below is the lease expiry profile of GOZ:

Table 25: Lease expiry profile by income

	30 June 2010
June 2011	0%
June 2012	7%
June 2013	0%
June 2014	3%
June 2015+	90%
Total	100%

Source: GOZ management

Based on the above, we note that the majority (90%) of GOZ's leases expire beyond December 2015.

3.4.4 Development Projects

GOZ is not a property developer but a landlord. However, we note that GOZ does develop pre-committed buildings for special tenants to suit their needs.

3.5 Key Management

The key management personnel of GOZ are as follows:

Table 26: Key Management Personnel

Name	Position	Background
Tim Collyer	Managing Director	Mr Collyer has over 20 years of experience in listed and unlisted property funds management, property investment and development, property valuation and property advisory. Mr Collyer previously served as the Property Trust Manager at Australand Property Group and has held management positions at Heine Funds Management. Mr Collyer holds a Bachelor of Business (Property) and a Graduate Diploma in Applied Finance and Investment. He is also an Associate of the Australian Property Institute, a Fellow of the Financial Services Institute of Australasia and a member of the Australian Institute of Company Directors.
Michael Green	Portfolio Manager	Mr Green oversees the asset management, transaction management and property analysis functions of GOZ. Mr Green has over eight years of experience in listed and unlisted property fund management, property investment and development, both in Australia and Europe. Mr Green holds a Bachelor of Business (Property).
Dion Andrews	Financial Controller	Mr Andrew is responsible for the financial reporting functions of GOZ. Mr Andrew has over 12 years of experience in accounting roles in a corporate capacity. Prior to joining GOZ, Mr Andrew spent five years at a listed property funds group, MacarthurCook Group, as Senior Finance Manager. Mr Andrew holds a Bachelor of Business from the University of South Australia and is a fellow of the Association of Certified Chartered Accountants.
Aaron Hockly	Company Secretary and General Counsel	Mr Hockly is a practising lawyer and a chartered company secretary responsible for investor relations, company secretarial, legal and compliance functions of GOZ. Mr Hockly has over 10 years of experience in corporate governance, financial services, corporate and commercial law, property finance and M&A. Mr Hockly holds a Bachelor of Laws and a Bachelor of Arts from the University of Auckland, a Graduate Diploma in Legal Practice from the College of Law (Sydney) and a Graduate Diploma in Applied Corporate Governance from Chartered Secretaries Australia. Mr Hockly is also an Associate of Chartered Secretaries Australia and a member of the Australian Institute of Company Directors.

Source: GOZ website

3.6 Income Statement

The income statements of GOZ for FY2008, FY2009, FY2010 and H1FY2011 are presented in the table below:

Table 27: GOZ Income Statements

(\$'000s unless indicated otherwise)	FY2008 Audited	FY2009 Audited	FY2010 Audited	H1FY2011 Reviewed
Revenue				
Property revenue	65,238	61,936	66,909	40,985
Straight line adjustment to property revenue	-	9,130	9,021	5,504
Net changes in fair value of investment property	(3,816)	(185,997)	16,744	(3,789)
Loss on sale of investment properties	-	(2,186)	-	-
Interest income	2,850	1,095	279	413
Net gain/(loss) on derivatives	14,411	(46,041)	(1,523)	7,295
Net investment income/(loss)	78,683	(162,063)	91,430	50,408
Expenses				
Property expenses	(6,043)	(6,819)	(7,608)	(4,131)
Management fees	(1,410)	(1,866)	(292)	-
Other expenses from ordinary activities	(943)	(767)	(2,543)	(1,736)
Borrowing costs	(34,778)	(38,535)	(34,250)	(19,666)
Total expenses	(43,174)	(47,987)	(44,736)	(25,561)
Profit/(loss) for the year	35,509	(210,050)	46,694	24,847
<i>Revenue growth (%)</i>	<i>n/a</i>	<i>(5.1)%</i>	<i>8.0%</i>	<i>n/a</i>
<i>Basic earnings/(loss) per unit (\$/unit)</i>	<i>0.10</i>	<i>(0.61)</i>	<i>0.35</i>	<i>0.13</i>
<i>Diluted earnings/(loss) per unit (\$/unit)</i>	<i>0.10</i>	<i>(0.61)</i>	<i>0.35</i>	<i>0.13</i>
<i>Weighted average number of units ('000)</i>	<i>345,871</i>	<i>345,871</i>	<i>135,271</i>	<i>n.a</i>

Source: GOZ Annual Reports, Half-year Financial Report

Notes:

1. n/a – not applicable, n.a - not available
2. On 5 August 2010, there was a 1 for 10 consolidation of securities.

We note the following in relation to the historical income statements:

- **property revenue:**
 - GOZ recognises rental revenue from investment properties on a straight line basis over the lease term;
 - the increase in property revenue by approximately \$5.0 million in FY2010 was mainly due to:
 - (i) increased property revenue from the acquisition of a modern distribution warehouse in Goulburn, NSW for \$65.5 million, which was leased to Coles Supermarkets Australia Pty Limited ("Coles"). This acquisition was completed in February 2010;
 - (ii) implementation of active leasing strategies to fill vacancies and successfully leasing 14,082 square metres of vacant space at 45-55 South Centre Road, Tullamarine, Victoria and leasing of 12,995 square metres of vacant space at 44-54 Raglan Street, Preston, Victoria;

- (iii) rental revenue is driven predominantly from industrial properties, with approximately 86% contribution, as set out in *Section 3.4.1* above;
- **net changes in fair value of investment property** - there was significant downwards revision in the fair value of investment properties in FY2009 of \$186.0 million. This was mainly due to the effects of the GFC which resulted in falling property values following an increased supply of investment properties for sale, increased gearing levels and stagnation of the Australian debt capital markets with banks not willing to lend to businesses;
- **interest income** - interest income declined by 74.5% between FY2009 (\$1.1 million) and FY2010 (\$0.3 million) despite an increase in cash balance between 30 June 2009 (\$7.0 million) and 30 June 2010 (\$16.7 million). A higher cash balance was maintained as at 30 June 2010 in view of the distribution payment of \$13.6 million (8.5 cents per security) which was to be paid out to security holders on 31 August 2010;
- **loss on sale of investment properties** - this relates to a net loss on the sale of four investment properties in FY2009, the proceeds of which were used to repay debt;
- **net gain/(loss) on derivatives** - these relate to net gain/(loss) from the increase/(decrease) in fair value of GOZ's interest rate swaps. The significant loss of \$46.0 million incurred in FY2009 was driven by falling interest rates during the GFC. For comparison, the Reserve Bank of Australia reduced the cash rate from a peak of 7.25% in March 2008 to a low of 3.00% in April 2009;
- **property expenses** - this relates to direct property expenses such as council rates, land taxes, insurance and water rates;
- **management fees** - the significant reduction in RE management fees by \$1.6 million to \$0.3 million in FY2010 (FY2009: \$1.9 million) was due to a restructuring and recapitalisation exercise plan implemented by GOZ. The management of GPAT was internalised and no external RE or management fees was paid subsequently. The final payment of \$0.3 million in FY2010 was made to the previous external RE (being OML) who was entitled to receive a management fee for their services up to 5 August 2009;
- **other expenses from ordinary activities** - this relates to administration and overhead expenses incurred in the course of business; and
- **borrowing costs** - the borrowing costs for the six months ended 31 December 2010 of \$19.7 million equates to \$49.7 million on an annualised basis, which is approximately \$15.4 million higher than FY2010 (\$34.3 million). The increase in borrowing costs was driven by \$130.1 million additional debt to finance the purchase of eight new properties in Queensland and South Australia.

3.7 Balance Sheet

The balance sheets of GOZ as at 30 June 2008, 30 June 2009, 30 June 2010 and 31 December 2010 are presented in the table below.

Table 28: GOZ Balance Sheets

	30 June 2008	30 June 2009	30 June 2010	31 December 2010
(\$'000s unless indicated otherwise)	Audited	Audited	Audited	Reviewed
Assets				
Cash and cash equivalents	17,560	7,010	16,739	18,758
Trade and other receivables	2,060	2,847	1,100	1,683
Asset held for sale	8,553	-	9,586	13,286
Total current assets	28,173	9,857	27,425	33,727
Non-current assets				
Trade and other receivables	9,972	19,105	28,126	33,629
Derivative financial instrument	15,396	-	-	-
Plant and equipment	-	-	103	75
Investment properties	809,902	642,665	719,174	944,555
Total non-current assets	835,270	661,770	747,403	978,259
Total assets	863,443	671,627	774,828	1,011,986
Current liabilities				
Trade and other payables	1,625	24,247	6,012	9,317
Provision for distribution payable	6,986	2,596	13,568	15,811
Derivative financial instruments	-	15,412	789	263
Total current liabilities	8,611	42,255	20,369	25,391
Non-current liabilities				
Interest bearing liabilities	517,328	506,082	416,630	546,728
Derivative financial instruments	-	6,680	13,826	7,057
Total non-current liabilities	517,328	512,762	430,456	553,785
Total liabilities	525,939	555,017	450,825	579,176
NET ASSETS	337,504	116,610	324,003	432,810
Security holders' funds				
Contributed equity	332,115	332,514	515,579	615,350
Retained profits/(accumulated losses)	5,389	(215,904)	(191,576)	(182,540)
TOTAL SECURITY HOLDERS' FUNDS	337,504	116,610	324,003	432,810
<i>Number of units on issue at period end ('000s)</i>	<i>345,000</i>	<i>346,176</i>	<i>159,620</i>	<i>212,778</i>
<i>Net tangible assets (\$'000s)</i>	<i>337,504</i>	<i>116,610</i>	<i>324,003</i>	<i>432,810</i>
<i>Net tangible assets per unit (\$/unit)³</i>	<i>0.98</i>	<i>0.34</i>	<i>2.03</i>	<i>2.03</i>
<i>Total interest bearing liabilities (\$'000s)</i>	<i>517,328</i>	<i>506,082</i>	<i>416,630</i>	<i>546,728</i>
<i>Debt ratio (%)¹</i>	<i>59.9</i>	<i>75.4</i>	<i>53.8</i>	<i>54.0</i>
<i>Net debt ratio (%)²</i>	<i>57.9</i>	<i>74.3</i>	<i>51.6</i>	<i>52.2</i>

Source: GOZ Annual Reports, Half-year Financial Report

Note 1: Debt ratio = Total interest bearing liabilities / Total assets

Note 2: Net Debt ratio = Total interest bearing liabilities (less cash) / Total assets

Note 3: At 30 June 2009, the stapling transaction had not occurred, nor had the 1 for 10 consolidation of securities. Therefore, comparison with NTA per unit at 30 June 2009 is not meaningful.

Based on the above, we note that:

- **asset held for sale** - in H1FY2011, the following two properties amounting to approximately \$13.3 million were classified as asset held for sale:
 - on 15 June 2010, the GOZ signed a contract to sell the property at Lot 1, 44-54 Raglan Street, Preston, Victoria, with settlement to occur on or before 30 June 2011. This property was re-classified from investment property to assets available for sale. The value transferred was \$9.6 million which represents the fair value less costs to sell the property;
 - On 24 November 2010, GOZ signed a contract to sell the property at 45 Northlink Place, Virginia, Queensland and settlement occurred on 31 January 2011. As a result, this property was re-classified from investment property to assets available for sale. The value transferred was \$3.7 million which represents the fair value less costs to sell the property;
- **investment properties:**
 - the 20.6% decline in investment properties, from \$809.9 million as at 30 June 2008 to \$642.7 million as at 30 June 2008 was primarily driven by the \$186.0 million reduction in fair value of investment properties observed during the GFC;
 - GOZ's investment property portfolio grew by 31.3% (\$225.4 million) between 30 June 2010 and 31 December 2010 following the acquisition of seven new Queensland properties (\$171.5 million) from Property Solutions and one South Australian property (\$46.5 million);
 - GOZ has a diversified investment portfolio across Australia, with a focus on Victoria and Queensland, as set out in *Section 3.4.1* above;
- **debt:**
 - GOZ applied a portion of the \$200 million equity raised in September 2009 against debt, reducing debt by \$89.5 million, down to \$416.6 million as at 30 June 2010 (from \$506.1 million as at 30 June 2009);
 - the \$130.1 million increase in interest bearing liabilities between 30 June 2010 and 31 December 2010 was driven by addition debt funding for the above noted Queensland and South Australian properties;
- **derivative financial instruments** - the decrease in derivative financial instruments of approximately \$7.3 million as at 31 December 2010 (as compared to 30 June 2010) was driven by an increase in the fair value of GOZ's interest rate swaps; and
- **contributed equity** - in September 2011, pursuant to a rights issue exercise, GOZ raised \$101.0 million equity via the issue of 53.2 million new stapled securities.

3.8 Capital Commitments

Based on GOZ's half year accounts, as at 31 December 2010, we note that a total of \$38.3 million in Capex is available to tenants in 6 properties of GOZ. This Capex is to be used to expand or upgrade their respective properties. Tenants must provide 6 months notice of the works and at least 6 months notice prior to the end of the 5 year period of their leases. The works can be extended for up to 9 months post the 5 year Capex period. The cost of the works is paid for at completion of the project (unless agreed otherwise) and the rent is increased according to the percentage yield in the lease at the date of the lease commenced which range from yields of 6.25% to 7.04%. Depending upon the quantum of Capex at an individual property, the lease term may be extended for a period of up to 15 years, with a maximum lease term remaining of 15 years.

In addition to the above, under the Woolworths Capex facility, GOZ has agreed to fund \$1.36 million of works at 70 Distribution Street, Larapinta, Queensland. This Capex will be funded and carried out in FY2011.

With the exception of the above noted capital commitments, GOZ has no other significant capital, lease or remuneration commitments in existence as at the Valuation Date which has not been recognised as liabilities.

3.9 Capital Structure

As at 31 March 2011, GOZ had 212.8 million stapled securities on issue.

The top 10 security holders and total stapled securities of GOZ as at 31 March 2011 are summarised below:

Table 29: Top 10 Security Holders as at 31 March 2011

Security holder	Number of Stapled Securities held	Percentage of total Stapled Securities held
Citicorp Nominees Pty Limited	146,511,981	68.86%
Strategic Real Estate Managers (Pty) Ltd - Emira Property Fund A/c	19,425,832	9.13%
RBC Dexia Investor Services Australia Nominees Pty Limited -Apr A/c	10,547,219	4.96%
HSBC Custody Nominees (Australia) Limited	6,226,337	2.93%
National Nominees Limited	4,911,031	2.31%
J P Morgan Nominees Australia Limited	823,457	0.39%
J P Morgan Nominees Australia Limited - Cash Income A/c	587,006	0.28%
Merrill Lynch (Australia) Nominees Pty Limited	519,134	0.24%
Mrs Claire Maria D'Adorante	400,000	0.19%
RBC Dexia Investor Services Australia Nominees Pty Limited - Pipoled A/c	382,926	0.18%
Top 10 security holders	190,334,923	89.45%
Other security holders	22,442,950	10.55%
Total security holders	212,777,873	100.00%

Source: GOZ Shareholder Register as at 31 March 2011

Citicorp Nominees Pty Limited, and the top 10 security holders hold approximately hold 68.86% and 89.45%, respectively of the total stapled securities on issue in GOZ, whilst the remaining security holders hold parcels which are individually less than 0.18% of the total stapled security on issue.

There are no other issued securities.

3.10 Debt Structure

Set out below is the debt structure of GOZ as at 31 December 2010:

Table 30: Debt Facilities

Facility	Balance as at 31 Dec 2010 ⁵	Rate	Maturity	LVR Covenant	LVR as at 31 Dec 2010	ICR Covenant	ICR as at 31 Dec 2010
	(\$'000s)	(% pa)		(%)	(%)	(times)	(times)
Bank loans	546,728	BBSW + margin ²	Jun-12	65% (default) 60% (operating)	55.8%	1.4	2.0

Source: GOZ Management

Notes:

1. n/a - not applicable
2. the interest rate was inclusive of the bank margin. The bank margin is as follows:
 - Tranche A (\$480 million limit) margin of 0.88% and facility fee of 1.32%
 - Tranche B (\$78 million limit) margin of 1.10% and facility fee of 1.10%
3. LVR - loan to value ratio
4. ICR - interest cover ratio
5. Book value

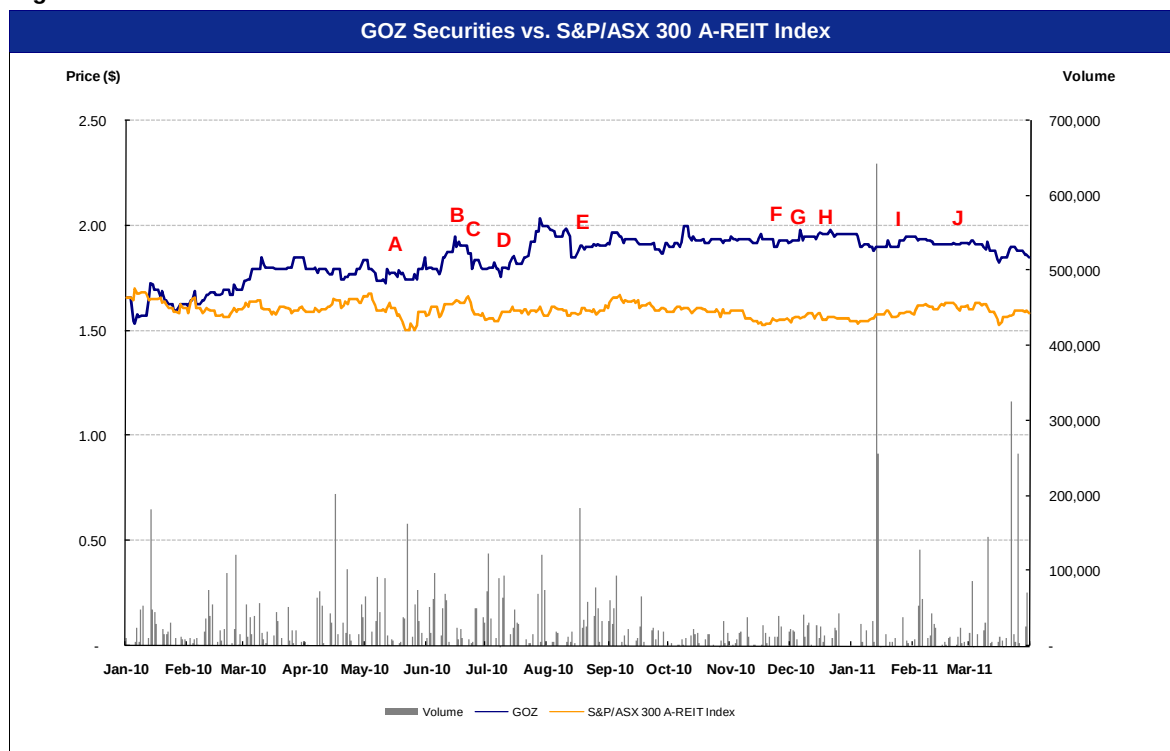
Based on the above, we note that:

- the bank loans were provided under a syndicated Australian dollar facility. The bank loan facilities have variable interest rates and are repayable in June 2012;
- the bank loans of GOZ were secured by first mortgages over GOZ's freehold land and buildings, including those classified as investment properties;
- GOZ manages its interest rate exposure via interest rate swaps. Swaps effective as at 31 December 2010 covered 79% (30 June 2010: 79%) of the loan principal outstanding at that date; and
- GOZ is currently in discussions with its existing syndicate banks on the possibility of expanding and extending the current syndicated facility to take into account the additional bank loans of RBV, if the Proposed Transaction is completed.

3.11 Share Price Analysis

The graph below illustrates the movement in the daily unit price and volumes traded from 1 January 2010 to 31 March 2011.

Figure 8



Source: Bloomberg / PKFCA analysis

Note: On 26 May 2010, a total of 14,374,346 GOZ securities were sold by OIF. We have removed this trade, being one-off, from the share price analysis, so as not to distort the analysis.

Factors which may have had an impact on trading in GOZ securities are detailed below:

Table 31: GOZ announcements

Notation	Date	Details of announcement
A	13 May 2010	GOZ had entered into two new contracts valued at \$162.3 million to expand and extend its interest rate hedging cover
B	17 June 2010	Sale of non-core assets of over \$9.5 million, leaving GOZ with no property vacancies and 100% portfolio occupancy
C	21 June 2010	Distribution guidance for half year ended 30 June 2010 of 8.5 cents per stapled security
D	12 July 2010	Appointment of Mr Collyer as Managing Director
E	17 Aug 2010	Announcement of annual results for year ended 30 June 2010 with a 49.2% increase in net profit from the previous corresponding period, \$171.5 million portfolio acquisition from Property Solutions Group and its associated entities and a renounceable rights offer to raise \$101 million
F	24 Nov 2010	Sale of non-core assets for \$3.7 million
G	3 Dec 2010	Acquisition of office building in Adelaide by GOZ from Axiom Properties for \$46.5 million, funded by debt
H	16 Dec 2010	Estimated distribution guidance for half year ended 31 December 2010 of 4.5 to 8.4 cents per stapled security
I	20 Jan 2011	Announcement to advise that the Queensland floods had no material impact on GOZ
J	22 Feb 2011	Announcement of results for the half year ended 31 December 2010 with a 80.1% increase in profit after tax from the previous corresponding period

Source: ASX announcements

In assessing GOZ's security price performance we have had particular regard to the following:

- the 'spread' of the securities and the total number of securities that security holders hold in GOZ;
- the level of trading activity of the stapled securities in GOZ (i.e. the volume of trades of the stapled securities in the market as a percentage of the total stapled securities, and the frequency of the trades);
- the number and frequency of 'unusual' and/or 'abnormal' trading that has taken place in the GOZ's stapled securities; and
- the level of knowledge that the 'willing' buyers and sellers have in respect of GOZ and the market in which it operates.

We have reviewed the following factors relating to the trading activity of GOZ's stapled securities on the ASX:

- the daily high, low and closing price of trades;
- the daily volume of the trades; and
- the VWAP of the stapled securities; and
- the average bid/ask spread.

Share Price Analysis as at 31 December 2010

The table below summarises trades over the last 12 months up to 31 December 2010.

Table 32: VWAP of daily trades

GOZ	High	Low	VWAP	Total volume traded	Turnover (annualised)	Average bid/Ask spread
	(\$)	(\$)	(\$)	(000's securities)	(%)	(%)
As at 31 Dec 2010	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1 month to 31 Dec 2010	1.98	1.91	1.95	324	2.24%	1.85%
3 months to 31 Dec 2010	2.00	1.90	1.94	847	1.95%	1.56%
6 months to 31 Dec 2010	2.05	1.76	1.91	2,738	3.15%	1.91%
12 months to 31 Dec 2010	2.05	1.53	1.81	6,869	3.95%	2.24%

Source: Bloomberg, PKFCA Analysis

Notes:

1. n.a. - not applicable
2. On 26 May 2010, a total of 14,374,346 GOZ securities were sold by OIF. We have removed this trade, being one-off, from the share price analysis, so as not to distort the analysis.

We note the following with respect to the trading price of GOZ stapled securities during the 12 months up to 31 December 2010:

- there was no trade of GOZ securities on 31 December 2010;
- the last trade of GOZ securities prior to 31 December 2010 was on 30 December 2010 at \$1.96;
- the GOZ securities traded between \$1.53 and \$2.05 during the period analysed;
- on 9 separate days over the period analysed, the daily volume rose above 100,000 securities. These spikes in volume are noted in the chart in Figure 8 above. Whilst the high volume on certain days could be explained by the announcements, the higher than normal trades are not easily traceable to any particular event;
- VWAP prices are, in general, observed to be on an upward trend;

- as noted in Figure 8 above, over the period analysed GOZ outperformed the S&P/ASX 300 A-REIT Index (a capitalisation weighted index that represents all A-REITs in the S&P/ASX 300 Index);
- there is relatively low volume in the trading activity of the GOZ securities. The total traded volume of GOZ securities over the whole year analysed was 4.0% of the total weighted average of securities on issue over the period;
- over the year analysed, there were 238 days of trading activity out of a total of a 250 trading days, representing 95.2% trading days;
- the bid-ask spread of the security prices appears to be relatively small, ranging from 1.6% to 2.2%; and
- GOZ was not followed by analyst(s) up to 31 December 2010.

Share Price Analysis as at 31 March 2011

The table below summarises trades over the last 12 months up to 31 March 2011.

Table 33: VWAP of daily trades

GOZ	High	Low	VWAP	Total volume traded	Turnover (annualised)	Average bid/Ask spread
	(\$)	(\$)	(\$)	(000's securities)	(%)	(%)
As at 31 Mar 2011	1.86	1.85	1.86	19	3.61%	2.16%
1 month to 31 Mar 2011	1.93	1.83	1.89	983	6.30%	2.53%
3 months to 31 Mar 2011	1.98	1.83	1.90	2,621	5.60%	1.70%
6 months to 31 Mar 2011	2.00	1.83	1.91	3,465	3.71%	1.62%
12 months to 31 Mar 2011	2.05	1.67	1.87	7,823	4.18%	1.99%

Source: Bloomberg, PKFCA Analysis

Note: On 26 May 2010, a total of 14,374,346 GOZ securities were sold by OIF. We have removed this trade, being one-off, from the share price analysis, so as not to distort the analysis.

We note the following with respect to the trading price of GOZ stapled securities during the 12 months up to 31 March 2011:

- the GOZ securities were trading between \$1.85 and \$1.86 on 31 March 2011;
- the GOZ securities traded between \$1.67 and \$2.05 during the period analysed;
- on 13 separate days over the period analysed, the daily volume rose above 100,000 securities. These spikes in volume are charted in Figure 8 above. Whilst the high volume on certain days could be explained by the announcements, the higher than normal trades are not easily traceable to any particular event;
- VWAP prices are observed to be on an upward trend while slightly decreasing towards the end of March 2011;
- as noted in Figure 8 above, over the period analysed GOZ outperformed the S&P/ASX 300 A-REIT Index (a capitalisation weighted index that represents all A-REITs in the S&P/ASX 300 Index);
- there is relatively low volume in the trading activity of the GOZ securities. The total traded volume of GOZ securities over the whole year analysed was 4.2% of the total weighted average of securities on issue over the period;
- over the year analysed, there were 234 days of trading activity out of a total of a 250 trading days, representing 93.6% trading days;

- the bid-ask spread of the security prices appears to be relatively small, ranging from 1.6% to 2.5%;
- the top 10 Unitholders hold a relatively large portion of the total number of units. As at 31 March 2011, the top 10 Unitholders held 89.5% of the total issued units; and
- GOZ began to be followed by analyst(s) between the period 31 December 2010 to 31 March 2011.

Conclusion

Our analysis as described above indicates that the liquidity of GOZ securities is low and therefore the trading activity up until 31 March 2011 does not provide a robust or reliable measure of the fair market value of GOZ.

4 MERGED GROUP

4.1 Overview

Upon completion of the Proposed Transaction, the Merged Group will be known as GOZ.

4.1.1 Strategy and Outlook of the Merged Group

We note that based on the Bidder's Statement dated 21 April 2011 issued by GPAL ("**Bidder's Statement**"), GPAL (in its capacity as the RE of GPAT) is to purchase all the ordinary units in RBV, GOZ's intentions are mainly as follows:

- **Compulsory acquisition and delisting** - In the event GOZ acquires a relevant interest in 90% or more of the RBV units, GOZ will proceed to compulsorily acquire all of outstanding RBV units and following that, remove RBV from the official list of the ASX. Following that, GPAL will retain RBV as a separate, wholly owned sub-trust within the portfolio of assets of GOZ;
- **Replacement of RE** - Subsequent to compulsory acquisition and delisting, the management of RBV will be fully internalised. GPAL will become the RE for the Merged Group. There will be no consideration or break-fee payable by GOZ to RPML for the cancellation of RPML's management rights;
- **General operational review** - A broad based review of RBV's portfolio and management will be conducted by GOZ on both a strategic and financial level in order to better evaluate the performance of RBV, actively manage the properties with a view of maximising returns to GOZ and ensure that RBV's portfolio and management are consistent with GOZ's general management policy and strategies;
- **Capital Raising** - GOZ intends to carry out a Capital Raising following the close of the GOZ Offer. The Capital Raising entails a renounceable, pro-rata entitlement offer of 1 new GOZ security for every 5.6 GOZ securities held at an offer price of \$1.90 per new GOZ security; and
- **Refinancing of existing RBV debt** - GOZ intends to replace the existing ANZ facility held by RBV with an enlarged and extended Merged Group debt facility.

4.2 Impact of the Proposed Transaction

Special distribution

We understand that a Special Distribution, based on there being undistributed income for the half year ended 31 December 2010, is to be made by RBV to its unitholders of approximately \$1.2 million (which equates to approximately 2.3 cents per RBV unit) upon the GOZ Offer being declared or becoming unconditional.

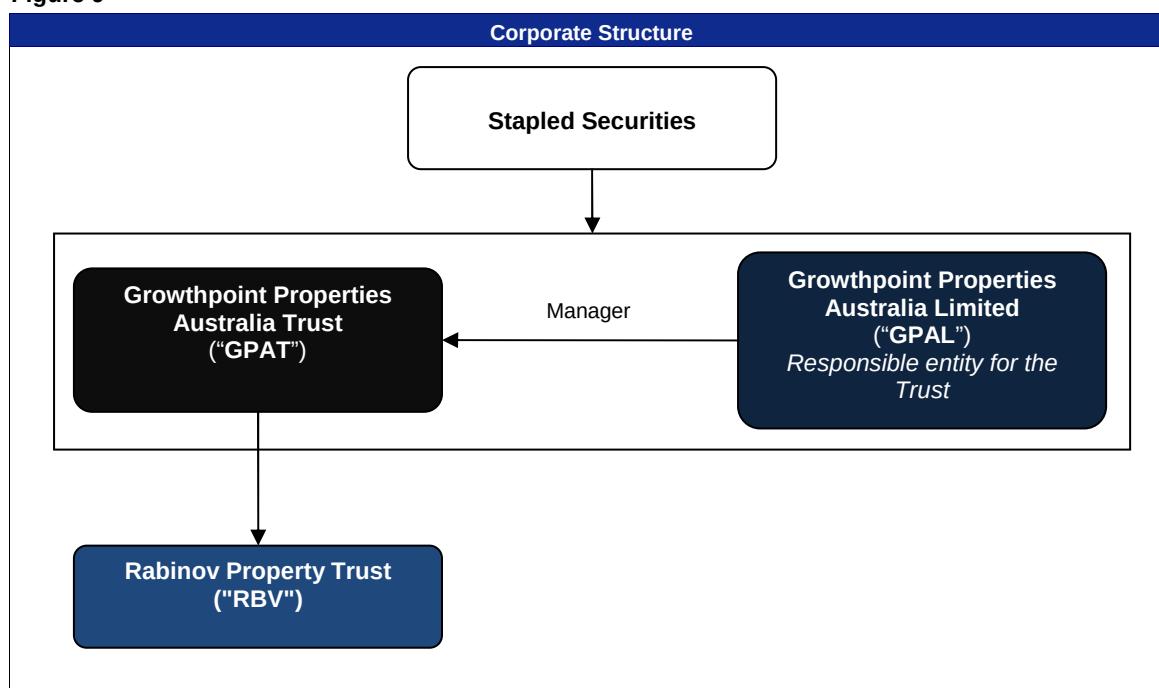
Potential synergies and cost savings

Unitholders will be able to participate in the potential upside of the Merged Group, i.e. reduced management fees as GOZ does not have an external manager of the trust. RBV pays 0.7% of the value of the properties as management fees and the management function is to be internalised if the Proposed Transaction proceeds. The synergies or cost savings are expected to be approximately \$1.6 million pa.

4.3 Corporate Structure

Set out below is the corporate structure of the Merged Group.

Figure 9



Source: RBV management

4.4 Merged Group - Proforma Statement of Financial Position

Set out below is the proforma statement of financial position for the Merged Group, assuming 100% ownership of RBV and prior to the proposed Capital Raising:

Table 34: Merged Group - Proforma Statement of Financial Position

(\$'000s unless indicated otherwise)	RBV	GOZ	Proforma Adjustments							Merged Group
	31 Dec 2010	31 Dec 2010	Loan from GOZ to RBV for the Cash Repayment Transaction							
	Reviewed	Reviewed	Permitted Property Sale Transaction (with Anrose)	RBV books - loan from GOZ	GOZ books - loan to RBV	Interco elimination	Cash Repayment Transaction (with Genox)	Transaction Costs (excluding capital raising costs)	Special distribution	
Assets										
Cash and cash equivalents	476	18,758		8,200	(8,200)		(8,200)	(8,286)	(1,201)	1,547
Trade and other receivables	1,972	1,683								3,655
Loans receivable					8,200	(8,200)				-
Other current assets	765	-								765
Derivative asset (interest rate swap)	1,228	-								1,228
Asset classified as held for sale	4,500	13,286								17,786
Total current assets	8,941	33,727								42,668
Non-current assets										
Trade and other receivables	8,945	33,629								42,574
Investment properties	221,446	944,555	(50,880)							1,115,121
Plant and equipment	-	75								75
Total non-current assets	230,392	978,259								1,208,651
Total assets	239,332	1,011,986	(50,880)	8,200	-	(8,200)	(8,200)	(8,286)	(1,201)	1,182,751
Current liabilities										
Interest bearing liabilities	-	-								-
Trade and other payables	4,827	9,317								14,144

(\$'000s unless indicated otherwise)	RBV	GOZ	Proforma Adjustments							Merged Group
	31 Dec 2010	31 Dec 2010	Loan from GOZ to RBV for the Cash Repayment Transaction							
	Reviewed	Reviewed	Permitted Property Sale Transaction (with Anrose)	RBV books - loan from GOZ	GOZ books - loan to RBV	Interco elimination	Cash Repayment Transaction (with Genox)	Transaction Costs (excluding capital raising costs)	Special distribution	
Provision for distribution payable	-	15,811								15,811
Derivative financial instruments	-	263								263
Total current liabilities	4,827	25,391								30,218
Non-current liabilities										
Interest bearing liabilities	182,725	546,728	(50,800)	8,200		(8,200)	(8,200)		670,453	
Derivative financial instruments	-	7,057								7,057
Total non-current liabilities	182,725	553,785								736,510
Total liabilities	187,552	579,176	(50,800)	8,200	-	(8,200)	(8,200)	-	-	707,728
Net Assets	51,780	432,810	(80)	-	-	-	-	(8,286)	(1,201)	475,023
Equity										
Unit Capital	48,804	615,350								664,154
Retained profits/(accumulated losses)	2,976	(182,540)	(80)					(8,286)	(1,201)	(189,131)
Total equity	51,780	432,810	(80)	-	-	-	-	(8,286)	(1,201)	475,023
<i>Number of units on issue at period end ('000s)</i>	52,204	212,778	25,058							237,836
<i>Net Tangible Assets (\$'000s)</i>	51,780	432,810								475,023
<i>Net Tangible Assets Per Unit (\$)</i>	0.99	2.03								2.00
<i>Debt Ratio (%)¹</i>	76.3	54.0								56.7

Source: RBV management

Note 1: Debt ratio = Total interest bearing liabilities / total assets

The proforma adjustments are as follows:

- **Debt Assignment** - prior to the GOZ Offer becoming unconditional, a debt restructuring will be undertaken in accordance with the Deed of Assignment of Debt, pursuant to which Genox will assign and transfer a sum of \$32.8 million (principal amount) from the Genox Facility to Anrose. However, there will be no net impact to the interest bearing liabilities;
- **Permitted Property Sale Transaction (with Anrose)** - this refers to the transfer of the Excluded Properties to Anrose in consideration for the extinguishment of the entire amount of the Anrose Facility;
- **Loan from GOZ to RBV for the Cash Repayment Transaction** - GOZ has agreed that, prior to the GOZ Offer becoming unconditional or on the Completion Date, it will loan the sum of \$8.2 million (plus an amount in respect of accrued interest) to RBV which RBV will use to repay, and which Genox will accept as full and final settlement of, the entire amount of the subordinated debt owed to Genox;
- **Cash Repayment Transaction** - RBV will utilise the loan sum of \$8.2 million from GOZ to repay the Genox Facility in full;
- **Transaction Costs (excluding capital raising costs)** - this refers to the transaction costs incurred pursuant to the Proposed Transaction; and
- **Special Distribution** - the Special Distribution, of \$1.2 million (which equates to 2.3 cents per RBV unit) will be made to the Unitholders upon the GOZ Offer being declared or becoming unconditional.

5 ECONOMIC OVERVIEW

The following observations regarding the economic conditions prevailing in various relevant economies are based on PKFCA's review of generally available economic analysis reports published by major trading banks and economic forecasting bodies as at or about the date of this IER. The review is not intended to comprise a comprehensive analysis of the then prevailing economic conditions, but rather seeks to provide an overview of general conditions to which RBV or GOZ may have been exposed over the foreseeable future from the date of this IER.

5.1 Global Economy

The Chinese economy continued to grow at a firm pace in the December 2010 quarter, with a range of indicators suggesting that the pace of activity increased over recent months. The main focus of policy in China was the increase in inflation, which remained at 4.6% over the year to December. Authorities in China announced a range of measures to address inflationary pressures, although monetary conditions appeared to remain accommodative for such a rapidly growing economy. Food prices recorded large increases, and this was also the case in a range of other economies in Asia.

In East Asia, the recent activity data had generally been positive, with exports and industrial production recording rises over the December 2010 quarter. Inflation had also increased in a number of economies, although in most cases by less than in China. The authorities in a number of economies had continued to tighten monetary policy over recent months, although real interest rates remained low across the region.

In the United States of America, December 2010 quarter gross domestic product ("**GDP**") growth was stronger than expected, with household consumption showing surprising strength and most indicators of investment showing a gradual improvement. Conditions in the labour market improved only modestly, with a fall compared to the unemployment rate since its peak late in 2009, partially due to a decline in labour force participation. Conditions in the housing market remained weak.

In the Euro area, a moderate recovery appeared under way, but large divergences across countries remained. Activity remained subdued in those economies where sovereign debt concerns were elevated. The first estimate for GDP in the December quarter 2010 in the United Kingdom showed a surprising fall, although this was partly explained by poor weather.

The global economy has continued to expand, led by very strong growth in the Asian region. Commodity prices have risen further over recent months, pushing up measures of consumer price inflation in many countries. A number of countries have moved to tighten their monetary policy settings. Overall, financial conditions for the global economy remain accommodative.

5.2 Australian Economy

At its meeting in April 2011, the Reserve Bank of Australia ("**RBA**") decided to leave the cash rate unchanged at 4.75% pa. In the statement made by the RBA Governor, Mr Glenn Stevens, reasons for leaving the cash rate unchanged were as follows:

- Australia's terms of trade are at their highest level since the early 1950s and national income is growing strongly. Private investment is increasing, mainly in the resources sector, in response to high levels of commodity prices. In the household sector thus far, in contrast, there continues to be caution in spending and borrowing, and a higher rate of saving out of current income. The natural disasters over the summer months have reduced output and the resumption of coal production in flooded mines is taking longer than initially expected. Production levels should, however, recover over the months ahead, and there will be a mild boost to demand from the rebuilding efforts as they get under way;

- asset values have generally been little changed over recent months and overall credit growth remains quite subdued, notwithstanding evidence of some greater willingness to lend. Business balance sheets generally are being strengthened, and the run-up in household leverage has abated;
- growth in employment has moderated over recent months and the unemployment rate has held steady at 5%. Most leading indicators suggest further growth in employment in 2011, though most likely at a slower pace than in 2010. Reports of skills shortages remain confined, at this point, to the resources and related sectors. After the significant decline in 2009, growth in wages has returned to rates seen prior to the downturn; and
- inflation is consistent with the medium-term objective of monetary policy, having declined significantly from its peak in 2008. These moderate outcomes are being assisted by the high level of the exchange rate, the earlier decline in wages growth and strong competition in some key markets, which have worked to offset large rises in utilities prices. Production losses due to weather are temporarily raising prices for some agricultural produce, which will boost the March quarter consumer price index ("**CPI**"), but these prices should fall back later in the year. Overall, looking through these temporary effects, the RBA expects that inflation over the year ahead will continue to be consistent with the 2% to 3% target.

6 INDUSTRY OVERVIEW

The following observations regarding industry condition are based on PKFCA's review of generally available industry reports published by IBISWorld for the Office Property Operators in Australia ("**Office Property Industry**") dated October 2010, Industrial and Other Property Operators and Developers in Australia ("**Industrial Property Industry**") dated November 2010, together with discussion and the information provided by management, at or about the Valuation Date.

6.1 Office Property Industry

The primary activities of the Office Property Industry are as follows:

- office space renting or leasing (as owner or lease holder); and
- office building renting or leasing (as owner or lease holder).

6.1.1 Demand determinants

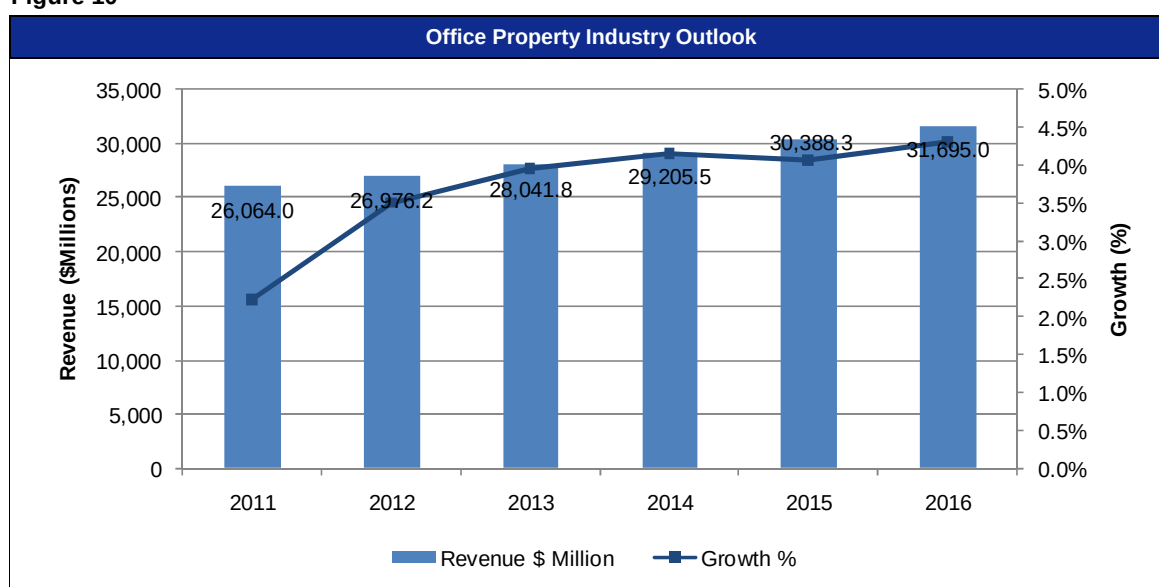
The key demand determinants of the Office Property Industry include the following:

- size of and growth in the white-collar workforce (largely comprised of the finance, insurance, business services and public sectors, as well as the head office activities of large companies);
- levels of domestic and global economic growth and business profitability;
- trends of contraction in office are per employee (e.g. open plans and 'hot desking');
- trends in the incidence of office sharing and home office working; and
- effect of technology on labour productivity.

6.1.2 Industry outlook/forecast

Set out below is the Office Property Industry outlook as forecast by IBISWorld.

Figure 10



Source: IBISWorld Report

IBISWorld forecasts that the Office Property Industry revenue is expected to:

- increase by about 2.2% to \$26.06 billion as at 30 June 2011; and
- increase at an annualised real rate of 4.0% in the five years to 30 June 2016.

The overall outlook for the Office Property Industry is one of continuing strong growth and will be promoted by:

- growth in tenant demand on the back of improving employment levels, with initial growth in Sydney and Melbourne markets later flowing through to other capital cities; and
- an expected increase in investor confidence and access to finance.

6.1.3 Conclusion for Office Property Industry

Based on the above analysis of the Office Property Industry, it appears that there is no significant industry specific risk that may have a material adverse impact on the operations of participants in the Office Property Industry in the immediate future.

6.2 Industrial Property Industry

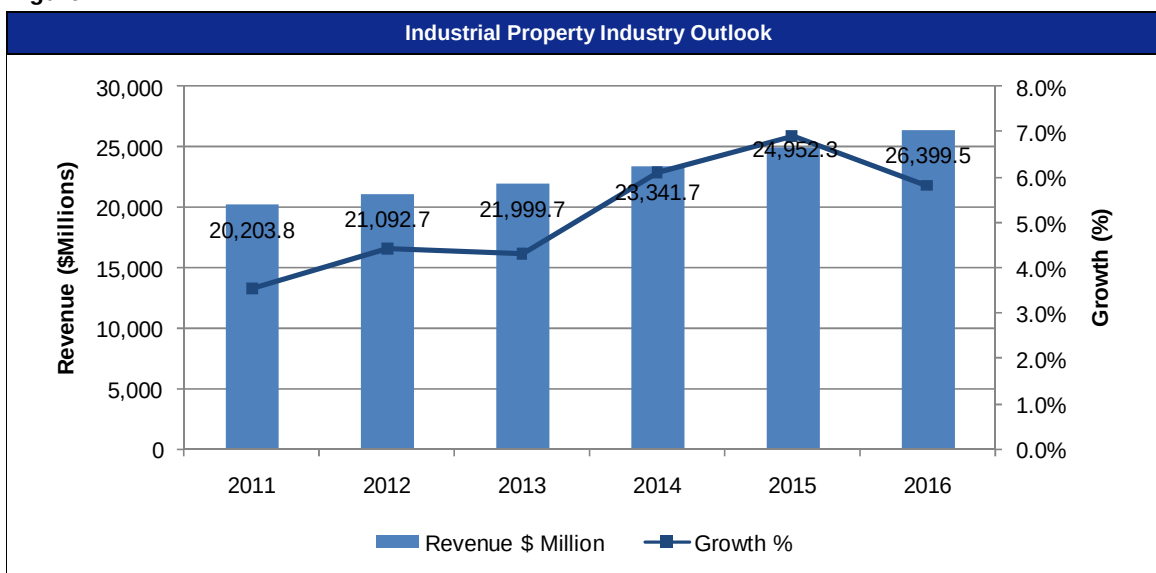
The primary activities of the Industrial Property Industry are as follows:

- industrial property renting or leasing (as owner or lease holder); and
- other commercial property (excluding office and retail) renting or leasing (as owner or lease holder).

6.2.1 Industry outlook/forecast

Set out below is the Industrial Property Industry outlook as forecasted by IBISWorld.

Figure 11



Source: IBISWorld Report

IBISWorld forecasts that the Industrial Property Industry revenue is expected to:

- increase by about 3.5% to \$20.20 billion as at 30 June 2011; and
- increase at an annualised real rate of 5.5% in the five years to 30 June 2016.

The overall outlook for the Industrial Property Industry is one of continuing strong growth and will be promoted by:

- improving economic conditions such as GDP, employment, wage levels and business confidence; and
- increased access to finance, which is expected to drive business spending volumes and consequently demand for industrial products which would increase the demand for industrial space through strengthening manufacturing production, import volumes and inventory levels.

6.2.2 Conclusion for Industrial Property Industry

Based on the above analysis of the Industrial Property Industry, it appears that there is no significant industry specific risk that may have a material adverse impact on the operations of participants in the Industrial Property Industry in the immediate future.

7 VALUATION METHODOLOGY

In undertaking our valuation of RBV and the Merged Entity, we considered the following valuation methodologies:

- capitalisation of future maintainable earnings;
- discounted cash flow ("DCF");
- asset-based valuations; and
- the most recent quoted market price of the units.

Set out in **Appendix 3** are further descriptions of valuation methodologies considered. Set out below is a discussion of the valuation methodologies and approach we consider appropriate for present purposes.

7.1 Valuation of RBV

The value of RBV on a control basis was determined using the following primary valuation methodologies:

- an asset-based valuation method on a going concern basis; and
- an orderly realisation of assets method.

In applying the asset-based valuation methodology on a going concern basis we have used the NTA approach. The NTA approach is usually appropriate where majority of assets consist of cash or property investments. The assets and liabilities of the relevant entity under this approach are valued at fair market value and the net value forms the basis for the entity's value. NTA is a commonly used methodology for valuations of property investment entities.

The orderly realisation of assets methodology estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, the settlement of liabilities and the time value of money assuming the business is wound up in an orderly manner. This methodology is appropriate where the relevant entity may face uncertain future or significant risks in the future, where it is a holding company, the assets are, in general, liquid and orderly realisation of assets is one of few options or the only option to realise value for the capital providers.

We have valued RBV units under a wind up scenario based on the net proceeds to be derived from orderly realisation of assets.

This approach was examined by the Directors (although not approved at the board level) and their advisors. It is considered appropriate as RBV on a stand alone basis may face significant risks in the future including, the debt repayments due in October 2013, which will need to be refinanced, certain properties would require refurbishments and maintenance costs to be incurred and the lease with its major tenant, GE Capital Finance which accounts for approximately 45% of rental income, would expire in February 2018 and may pose renewal risks.

In arriving at our range of values per RBV Unit, we used the asset-based valuation methodology on a going concern basis to ascribe a high value per RBV Unit and the orderly realisation of assets methodology to ascribe a low value per RBV Unit.

Set out below are further details of the methodologies utilised to value RBV on a controlling interest basis.

7.1.1 Value of RBV as at 31 December 2010 using NTA approach

We have valued the issued units of RBV based on its net assets as at 31 December 2010 after taking into account movements in market value of its properties subsequent to 31 December 2010, based on the Property Valuation Reports and the fair market value adjustment to the subordinated debt.

7.1.2 Value of RBV as at 31 December 2010 under a wind up scenario

We have valued RBV using an orderly realisation or wind up scenario based on the estimated net proceeds in an orderly realisation of the assets over a two year period allowing for the estimated costs involved.

We have assumed that the sale price of the properties will be the values set out in the Property Valuation Reports. In addition, the sale of properties would generally attract transaction costs (agent fees, legal fees, etc.) which will reduce the sale proceeds available for repayment of outstanding liabilities and eventually the balance available for distribution to Unitholders.

In view of the possible leakage of value under a wind up scenario, the value of RBV units would be lower compared to the value of RBV units using the NTA approach.

7.2 Valuation cross-check for RBV

We assessed the reasonableness of the primary valuation method with reference to the following:

- recent trading in RBV units;
- premiums/(discounts) to NTA observed in comparable A-REITs;
- premiums/(discounts) to NTA observed in comparable transactions; and
- comparison to similar A-REITs (ASX Market Metrics).

7.3 Valuation of the Merged Group

We have adopted the NTA approach in valuing the Merged Group. This method is appropriate as both RBV and GOZ are property investment entities.

In applying the NTA approach we have aggregated the NTA's of RBV and GOZ as at 31 December 2010, and allowed for any adjustments required including, the Proposed Property Sale Transaction, subordinate debt repayment, special distribution and transaction costs.

As part of the Proposed Transaction a total of 0.48 GOZ securities will be exchanged for every 1 unit in RBV. Based on RG 111.31 as noted above, Unitholders interest in the Merged Group would have to be determined on a minority basis as opposed to a control basis. Accordingly, we have applied the ratio of 0.48 to the Merged Group securities.

We have allowed for a minority discount to arrive at a minority interest value in the Merged Group.

7.4 Valuation cross-check for the Merged Group

We assessed the reasonableness of the primary valuation method with reference to a comparison to similar A-REITs (ASX Market Metrics).

8 VALUATION OF RBV

8.1 Value of RBV net assets as at 31 December 2010

We used the NTA of RBV as at 31 December 2010 and made certain adjustments to reflect assessed fair market value of the net assets of RBV and arrived at the fair market value per RBV unit, as follows:

Table 35: Valuation Summary - Fair market value per RBV unit using the NTA method

	Ref	(\$'000s)
Book value of RBV NTA as at 31 December 2010	2.7	51,780
Movement in fair market value - investment properties	8.1.1	(1,592)
Fair market value adjustment - subordinated debt	8.1.1	3,537
Adjusted NTA of RBV		53,725
Number of RBV units on issue	2.7	52,204
Fair market value of RBV unit (\$)		1.03

Source: PKFCA analysis

8.1.1 Explanation of adjustments

In arriving at the adjusted NTA of RBV, we considered the following adjustments.

Movement in fair market value of investment properties

The main composition of RBV's net assets as at 31 December 2010 is its investment properties comprising both industrial and office properties.

We note that RBV's investment properties are initially measured at cost including acquisition costs. Subsequent to initial recognition, the investment properties are then stated at fair value. At each reporting date, the valuations of the investment properties are assessed by the Directors with reference to independent property valuations or through appropriate valuation techniques adopted by the Directors. It is RBV's policy to independently value its investment properties on a rolling basis over a 3 year period or earlier, where it believes there may be a material change in the fair value of the properties.

For the purposes of this IER, we have relied on the Property Valuation Reports in order to ascertain the latest fair market value of the investment properties.

We have reviewed the valuations performed by Jones Lang LaSalle to determine whether there were no issues or anomalies that would materially impact the values of these investment properties and noted the following:

- the independent valuations were carried out by a reputable, established organisation (Jones Lang LaSalle) and was independent from RBV and did not have any interest in the properties based on the pecuniary interest disclosures in the property valuation reports;
- the external property valuer had at least 5 years of continuous experience in the valuation of properties and were authorised by law to practise in the respective states;
- the valuation basis adopted was "market value" as defined by the International Valuations Standards Committee and endorsed by the Australian Property Institute:

"Market Value is the estimated amount for which an asset should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing where the parties had acted knowledgeably, prudently and without compulsion";

- valuation methodologies applied include the capitalisation of net income approach and the DCF approach, which appear to be appropriate and consistent with market practice; and
- the assumptions and valuation parameters do not appear to be unreasonable or inappropriate.

Our review included a general assessment of the methodologies and key underlying assumptions adopted. In our review, we have considered the following:

- date of valuation, property valuation and book value;
- lease expiry and vacancy;
- capital expenditure budgets; and
- yields, discount rates and capitalisation rates.

Based on the above, we did not identify any issues or anomalies that may suggest that the independent valuations were not reasonable assessments of the fair market values of the investment properties.

We have compared the latest fair market value of the investment properties (including the 2 properties classified as held for sale as noted in Section 2.7) as ascertained by Jones Lang LaSalle to the book value of the investment properties as at 31 December 2010 (including the 2 properties classified as held for sale). This is summarised as follows:

Table 36: Movement in fair market value of investment properties

	Ref	(\$'000s)
Book value of investment properties as at 31 December 2010	Appendix 4	234,892
Fair market values of investment properties	Appendix 4	233,300
Difference (downward revaluation)		(1,592)

Source: PKFCA analysis

In view of the above, a downward revaluation of \$1.6 million has been made to the net assets of RBV.

Movement in fair market value of subordinated debt facilities

The movement in fair market value of subordinated debt facilities is as follows:

Table 37: Movement in fair market value of subordinated debt facilities

Item	Ref	(\$'000s)
Book value of the subordinated debt facilities	2.10	59,000
Assessed fair market value of the subordinated debt facilities		55,463
Difference (upward revaluation) in net assets of RBV		3,537

Source: PKFCA analysis

The fair market value adjustment to the subordinated debt reflects the change in value by applying a fair market interest rate. PKFCA reviewed the subordinated debt terms and considers that the interest rate on the subordinated debt (7%pa for Anrose and BBSY plus 1.65%pa margin for Genox) may not reflect an arm's length interest rate given the subordinated debt is unsecured and is subordinated to the senior debt provider. Accordingly, PKFCA calculated the fair market value of the subordinated debt by applying a higher interest rate (10%pa) to reflect a fair market interest rate. The result of this exercise was a reduction in the fair market value of the subordinated debt (compared to the face value) and accordingly, an adjustment to reflect the fair market value of the subordinated debt as noted above.

8.2 Value of RBV Unit on a Wind Up Scenario

We have undertaken an assessment of value per RBV unit, on the basis of certain assumptions under a wind up scenario, using an orderly realisation of assets approach.

Set out below are the key assumptions for the wind up scenario:

- the wind up process is expected to take two years to complete the sale of all properties and repayment of all debt obligations and distribution of net proceeds to Unitholders;
- the properties will be disposed of on a pro-rata basis (i.e. 8 equal amounts) and the sale price of the properties will be the values set out in the Property Valuation Reports;
- no discounts were made to the values of the properties in order to dispose of the entire property portfolio, as we have used a two year time frame;
- rental income continues to be received up until the relevant period that each property is sold;
- rental income and property expense, which are variable in nature, are forecast to increase in line with the consumer price index at a rate of 3% pa as well as reduce on a pro-rata basis pursuant to the disposal of properties;
- overhead costs, in general, are more fixed in nature. Total overhead costs was recognised in the first year while 75% of the total overhead costs was recognised in the second year, recognising the fact that it is possible to reduce some overhead costs (such as valuations, legal, compliance, etc) due to the assumed sale of half of the property portfolio in the first year;
- interest expense is calculated based on the outstanding interest bearing liabilities;
- management fee was calculated at a rate of 0.7% of the market value of properties and the management fees reduce on a pro-rata basis pursuant to the disposal of properties;
- there is no break fee payable to the current manager if the management agreement ceases, and accordingly no break fee was recognised at the end of the two year wind up period;
- interest income on cash balance was calculated at a rate of 3% pa as per Management Expectations;
- a cash balance of between \$0.8 million and \$1.0 million was required to be maintained for working capital purposes requirements;
- the transaction costs (agent fees, legal fees, etc.) of 1.5% of the total value of the properties; and
- a discount rate of 14.05% (mid point of 13.50% and 14.60%) to present value the net proceeds from realisation of assets (refer to **Appendix 6** for a detailed calculation).

Our calculation of the fair market value per RBV unit, on a control basis, using an orderly realisation of assets methodology, is as follows:

Table 38: Valuation Summary - Fair market value per RBV unit - Wind up scenario

	Ref	(\$'000s)
Present value of net proceeds from realisation of assets as at 31 December 2010		44,900
Number of RBV units on issue	2.7	52,204
Fair market value of RBV unit (\$)		0.86

Source: PKFCA analysis

Based on the above, our assessment of the value per RBV unit, on a control basis, using an orderly realisation of assets approach is \$0.86.

8.3 Recent trading in RBV units

As a cross check to the primary valuation methodology, we have considered the ASX market price for RBV.

As noted in Section 2.11, our analysis indicates that the liquidity of RBV units is low and therefore the trading activity up to 31 March 2011 (a day before a rumour in the media, in relation to the Proposed Transaction, was released) does not provide a robust or reliable measure of the fair market value of RBV.

8.4 Premiums/(discounts) to NTA observed in comparable transactions

As a further cross check, we have considered the implied premium/(discount) to NTA for RBV based on the GOZ Offer and the NTA of RBV as at 31 December 2010. This is set out below.

Table 39: Premium/(discount) to NTA - RBV

	Ref	(\$)
RBV Unitholder's share in the fair market value of Merged Group Security after special distribution (\$) - (Minority basis) or GOZ Offer - mid point		0.91
NTA per RBV unit (control basis)	2.7	0.99
Premium/(discount) to NTA (%)		(8.3)%

Source: PKFCA analysis

Note: Mid point is based on the average of \$0.89 and \$0.93

Set out in **Appendix 9** is a summary of the premiums/(discounts) to NTA observed in comparable transactions.

The consideration paid relative to NTA in the comparable transactions ranged between a premium of 29.4% and a discount of 41.7%. The average discount to NTA observed from comparable transactions was 11.2%. We note that our analysis of the comparable transactions provided a wide spread of premiums and discounts.

The implied discount to RBV's NTA of 8.3% broadly falls within the range of the premium/(discount) to NTA derived from other recent transactions in the A-REIT sector.

8.5 Comparison to similar A-REITs (ASX Market Metrics)

Set out in **Appendix 10** is a list of key indicators for other listed A-REITs which are comparable to RBV.

In comparing RBV to the listed A-REITS we note that:

- RBV's gearing of 76.9% is much higher compared to the other listed A-REITS which have gearing between 9.2% to 30.5% and an average of 22.4%;
- RBV's historical distribution yield of 14.3% is much higher compared to the historical distribution yields of other listed A-REITS that range between 4.6% to 8.1% and an average of 6.4%; and
- forecast distribution guidance was not available for RBV. We note that the expected distribution yield of the other listed A-REITS are broadly consistent with their historical distribution yields. The expected distribution yields (calculated based on forecast distribution for FY2012) of the other listed A-REITS were between 5.4% to 8.2% and an average of 6.7%.

8.6 Valuation Summary

Based on the above analysis, the value range per RBV unit, on a control basis, is as follows:

Table 40: Valuation Conclusion- RBV units

	Ref	(\$)
RBV unit - High Value	8.1	1.03
RBV unit - Low Value	8.2	0.86

Source: PKFCA analysis

We have assessed the value per RBV unit, on a control basis, to be in the range of \$0.86 to \$1.03.

9 VALUATION OF THE MERGED GROUP

9.1 Value of GOZ as at 31 December 2010

The NTA of GOZ as at 31 December 2010 is summarised below:

Table 41: Summary of the adjustments to reflect fair market value of GOZ's net assets

	Ref	(\$'000s)
Book value of NTA of GOZ as at 31 December 2010	3.7	432,810

Source: PKFCA analysis

9.1.1 Value of investment properties

The main composition of GOZ's NTA as at 31 December 2010 is its investment properties comprising both industrial and office properties.

We note that GOZ's investment properties were initially measured at cost inclusive of transaction costs. Subsequent to initial recognition, the investment properties are revalued to fair value. The directors of GOZ revalue the permanent property investments either on the basis of valuations determined by independent property valuers on a periodic basis or, in respect of properties acquired during the period, on the basis of the valuation prepared at the time of acquisition. GOZ assesses at each balance sheet date, whether these valuations appropriately reflect the fair value of investment properties.

In relation to GOZ's investment properties, PKFCA could not obtain written consent from the respective independent property valuers (Jones Lang LaSalle, Colliers International, CBRE and Savills) to refer to and rely on their valuations which forms the basis for the book value as at 31 December 2010.

However, for the purposes of this IER, where possible, we were provided by GOZ management with the latest available independent property valuation reports for the GOZ properties. We note that a number of independent property valuation reports were dated 31 December 2010 with the exception of the following properties:

Table 42: Independent property valuation reports dated prior to 31 December 2010

	Independent Property Valuation Date	Independent Property Valuation (\$'000s)	Book Value 31 Dec 2010 (\$'000s)	Valuer
<u>Properties purchased during H1FY2011</u>				
13 Business Street, Yatala, QLD	1 Aug 2010	14,800	15,917	Colliers International
29 Business Street, Yatala, QLD	1 Aug 2010	10,800	11,381	Colliers International
670 Macarthur Avenue, Pinkemba, QLD	1 Aug 2010	8,200	8,725	Colliers International
10 Gassman Avenue, Yatala, QLD	1 Aug 2010	4,950	5,289	Colliers International
52 Merivale Street, South Brisbane, QLD	1 Aug 2010	62,360	66,428	Colliers International
32 Cordelia Street, South Brisbane, QLD	1 Aug 2010	60,670	64,619	Colliers International
32 Cordelia Street & 52 Merivale Street (car park), South Brisbane, QLD	1 Aug 2010	9,660	10,198	Colliers International
33-39 Richmond Road, Keswick, SA	15 Nov 2010	49,000	49,477	Jones Lang LaSalle
<u>Per directors valuation as at 31 December 2010</u>				
1304 Ferntree Gully Road, Scoresby, VIC	31 Dec 2009	6,500	5,300	Jones Lang LaSalle
6-10 Koornang Road, Scoresby, VIC	31 Dec 2009	5,600	4,600	Jones Lang LaSalle

	Independent Property Valuation Date	Independent Property Valuation (\$'000s)	Book Value 31 Dec 2010 (\$'000s)	Valuer
Assets classified as held for sale				
45 Northlink Place, Virginia, QLD	31 Dec 2009	3,600	3,700	Colliers International
44-54 Raglan St Lot 1, Preston, VIC	31 Dec 2009	9,425	9,586	Jones Lang LaSalle

Source: GOZ / PKFCA analysis

Based on the above, we note the following:

- **Properties purchased during H1FY2011** - the latest available independent property valuations were dated 1 August 2010 and 15 November 2010. The book value of these properties as at 31 December 2010 were based on the purchase price (at cost) including transaction costs as at 31 December 2010;
- **Directors valuation** - the latest available independent valuation reports for these properties were dated 31 December 2009. The book value of these properties as at 31 December 2010 were held at directors' valuations. Subsequent to 31 December 2010, these properties have been put up for sale. We note that these properties have yet to be sold;
- **Assets classified as held for sale** - a contract to sell 44-54 Raglan St Lot 1, Preston, Victoria was executed in June 2010 with settlement occurring in 2 tranches for a total of \$9.6 million. The first tranche, \$4.3 million was received in December 2010 while the receipt of the second tranche \$5.3 million is expected sometime in June 2011. Further to the ASX announcement on 24 November 2010, the property located at 45 Northlink Place, Virginia, Queensland was sold for approximately \$3.7 million on 31 January 2011.

As with RBV, we have reviewed the valuations performed by the independent valuers and we did not identify any issues or anomalies that suggest that the independent valuations were not reasonable assessments of the fair market values of the investment properties. We note that the independent valuations were carried out by reputable, established organisations (Jones Lang LaSalle, Colliers International, CBRE and Savills) and were independent from GOZ.

Subsequent to 31 December 2010, no independent valuation reports were commissioned by the directors of GOZ in relation to the investment properties of GOZ.

In view of the above, no adjustments for investment properties were required to the net assets of GOZ as at 31 December 2010.

9.2 Value of the Merged Group as at 31 December 2010

The value of the Merged Group, on a control basis, as at 31 December 2010 is as follows:

Table 43: Valuation Summary - Fair market value of the Merged Group on a control basis

	Ref	(\$'000s)
Book value of RBV NTA as at 31 December 2010	2.7	51,780
Less: Movement in fair market value - investment properties (excluding Excluded Properties)	Table 44	(11)
Less: Special Distribution (2.3 cents per RBV unit - 52,204,212 x \$0.023)		(1,201)
Market value of RBV NTA as at 31 December 2010		50,568
Book value of GOZ NTA as at 31 December 2010	9.1	432,810
Total value - RBV and GOZ		484,579
Total transaction costs		(8,286)
Value of the Merged Group		475,092

Source: PKFCA analysis

We note the following in relation to the calculations set out in the table above:

- the Permitted Property Sale Transaction will involve reduction in property assets of RBV by \$50.8 million (book value) and reduction in liabilities by \$50.8 million (book value) (Anrose Facility), thereby not impacting the book NTA of RBV;
- the Cash Repayment will involve reduction in RBV liabilities by \$8.2 million (book value) (Genox Facility). However this will be funded by a loan from GOZ amounting to \$8.2 million (book value). Accordingly, the net impact at the Merged Group level will be nil (book value) as the \$8.2 million (liability for RBV) will offset the \$8.2 million (asset for GOZ);
- the movement in fair market value of investment properties of a net amount of \$11,000 relates to RBV properties that will become part of the Merged Group (i.e. other than the Excluded Properties) if the Proposed Transaction is completed.

Table 44: Movement in fair market value of investment properties (other than the Excluded Properties)

	Ref	(\$'000s)
Fair market value of RBV's investment properties excluding the Excluded Properties		184,000
Book value of RBV's investment properties excluding the Excluded Properties		184,011
Difference (downward revaluation) in net assets of RBV		(11)

Source: PKFCA analysis

- as noted earlier, a Special Distribution, is to be made by RBV to its unitholders of approximately \$1.2 million (which equates to approximately 2.3 cents per RBV unit) upon the GOZ Offer being declared or becoming unconditional; and
- the Proposed Transaction will involve estimated total transaction costs of \$8.3 million (for both RBV and GOZ) (excluding the transaction costs for Capital Raising).

9.3 Valuation per security in the Merged Group (control basis) as at 31 December 2010

Our valuation per security in the Merged Group (100% control basis) is set out below:

Table 45: Valuation Summary - Fair market value per security in the Merged Group - Control Basis

		Ref	(\$'000s)
Value of the Merged Group	A	Table 43	475,092
Number of RBV units on issue	B	2.7	52,204
Merger ratio (0.48 GOZ securities per 1.0 RBV unit)	C		0.48
New GOZ securities to be issued to Unitholders	$B \times C = D$		25,058
Number of GOZ units currently on issue	E	3.7	212,778
Total number of securities in the Merged Group	$D + E = F$		237,836
Fair market value of Merged Group Security (\$) - (Control basis)	A / F		2.00

Source: PKFCA analysis

9.3.1 Minority discount

Our valuation of the fair market value per Merged Group security has been determined on a control basis. By contrast, we note that Unitholders as a whole will be holding a minority interest (10.5%) in the Merged Group. Minority parcels of shares are observed to trade at a discount to a controlling interest. As such, in order to derive a value per Merged Group security on a minority basis, a minority discount needs to be applied to the control value per Merged Group security.

A reasonable proxy for minority discount can be derived from the recent premium/(discount) to NTA observed from the share trading activity of GOZ on ASX. Set out below is GOZ's average premium/(discount) to NTA for the past 6 months until 31 March 2011.

Table 46: Premium/(discount) to NTA observed from GOZ share trading

As at 31 March 2011	Premium/(discount) to NTA (%)
6 months average to 31 Mar 2011	(5.1)%
5 months average to 31 Mar 2011	(5.2)%
4 months average to 31 Mar 2011	(5.3)%
3 months average to 31 Mar 2011	(5.9)%
2 months average to 31 Mar 2011	(6.2)%
1 months average to 31 Mar 2011	(7.1)%
As at 31 Mar 2011	(8.7)%

Source: PKFCA analysis

Based on the above, we note that the discount to NTA ranged between 5.1% to 8.7%. Based on this information, we have applied a minority discount in the range of 5% to 10%.

9.3.2 Special distribution

We note that if the Proposed Transaction is to become or is declared unconditional, RBV will pay a Special Distribution of 2.3 cents per RBV unit.

As such, in calculating the consideration to be received by Unitholders in return for their RBV units, we have added the value per Merged Group security to be received by Unitholders for each RBV Unit and the Special Distribution of 2.3 cents per RBV unit.

9.4 Consideration for Unitholders as at 31 December 2010 under the GOZ Offer

Our assessment of the GOZ Offer for the each RBV Unit is set out below:

Table 47: Valuation Summary - Fair market value of GOZ Offer

		Ref	Low (\$)	High (\$)
Fair market value of Merged Group Security (\$) - (100% Control)	A	Table 44	2.00	
Minority Discount	B	9.3.1	10%	5%
Fair market value of Merged Group Security (\$) - (Minority basis)	$A \times (1-B) = C$		1.80	1.90
Merger ratio (0.48 GOZ securities per 1.0 RBV unit)	D		0.48	0.48
Value of Merged Group Security (\$) -(minority basis) per RBV unit	$C \times D = E$		0.86	0.91
Special Distribution per RBV Unit	F		0.023	0.023
Value of GOZ Offer per RBV unit (fair market value of Merged Group Security (minority basis) and Special Distribution) (\$) -			0.89	0.93

Source: PKFCA analysis

We have assessed the value of the GOZ Offer per RBV Unit to be in the range of \$0.89 to \$0.93.

9.5 Comparison to similar A-REITs (ASX Market Metrics)

As a cross check to our primary valuation methodology, we also considered key indicators for other listed A-REITs which are comparable to the Merged Group

Set out in **Appendix 10** is a list of key indicators for other listed A-REITs which are comparable to the Merged Group.

We note that the Merged Group's gearing on a pro-forma basis of 56.7% (based on book values as at 31 December 2010) (refer Section 4.4) is higher compared to the other listed A-REITs which have gearing between the range of 9.2% to 30.5% and an average of 22.4%.

9.6 Premiums/(discounts) to NTA observed in comparable A-REITS

As a further cross check, we have considered the implied premium/(discount) to NTA for RBV based on our valuation. This is set out below.

Table 48: Premium/(discount) to NTA - Merged Group security

	Ref	(\$)
Fair market value of Merged Group security (minority basis) - mid point	9.4	1.85
NTA per Merged Group security	4.4	2.00
Premium/(discount) to NTA (%)		(7.5)%

Source: PKFCA analysis

Note: Mid point is based on the average of \$1.90 (high value) and \$1.80 (low value) on minority basis

Set out in **Appendix 8** is a summary of the premiums/(discounts) to NTA observed in comparable A-REITS as at the Valuation Date. The premiums/(discounts) to NTA observed in comparable A-REITS ranges between a premium of 35.4% to a discount of 25.4%. The average discount to NTA observed was 11.3%.

The implied discount to NTA for the Merged Group as calculated above is 7.5%. This broadly falls within the range observed in comparable A-REITS and is not at odds with our valuation of the Merged Group.

10 FAIRNESS ASSESSMENT CONCLUSION

In order to determine whether GOZ Offer for the acquisition of each RBV unit is "fair", we compared the fair market value range per RBV unit on a control basis with the fair market value range of the Merged Group security to be received for each RBV Units (on a minority basis) and the Special Distribution per RBV Unit. The comparison is set out below.

Table 49: Fairness assessment

	Ref	Low (\$)	High (\$)
Fair market value of RBV unit (control basis)	Table 40	0.87	1.03
Merged Group security (minority basis) and Special Distribution	9.4	0.89	0.93
Conclusion		"Fair"	

Source: PKFCA analysis

Based on the analysis set out above, our fair market value of the GOZ Offer is within the range of the fair market value per RBV unit. Accordingly, the GOZ Offer is "**fair**".

11 REASONABLENESS ASSESSMENT

RG 111 provides that an offer to acquire securities is considered to be "reasonable", if it is "fair". On this basis, as we have concluded that the Offer is "fair", it is also considered to be "reasonable" under RG 111.

Nevertheless, we have also considered various factors that we believe Unitholders should consider when deciding whether or not to accept the Proposed Transaction. Set out below is a summary of our assessment of the various factors.

11.1 Advantages Of Accepting The Proposed Transaction

Units in a larger property group

The Proposed Transaction, if completed, will allow the Unitholders to be part of a significantly larger Merged Group as compared to RBV. Based on the NTA of RBV and GOZ as at 31 December 2010, GOZ is more than 8 times larger than RBV.

Larger property group's have a number of benefits over their smaller counterparts including, spread of vacancy and tenant default risk due to a bigger tenant base, less dependency on a few large tenants, corporate and other overhead costs are spread across a larger property base.

Units in a larger ASX listed group

Based on GOZ's share price trading before the announcement of the Proposed Transaction, the Merged Group will be a significantly larger ASX listed entity than RBV on a stand alone basis, with a trading price potentially lower as a discount to NTA than that which RBV traded before the announcement of the Proposed Transaction. Further, while there is currently a concentration in the unit holding in RBV, this will reduce under the Proposed Transaction. We note that there is currently a concentration in the security holding in GOZ as well (although less than RBV).

The liquidity of RBV units is lower when compared to the liquidity of GOZ securities, although the liquidity of GOZ securities is low compared to securities other larger ASX listed companies.

Notwithstanding this, units in the Merged Group may provide additional liquidity for the Unitholders as well as interest from larger institutional investors.

Potential upside in the Merged Group

Unitholders will be able to participate in the potential upside of the Merged Group, i.e. reduced management fees as GOZ does not have an external manager. RBV pays 0.7% of the value of the properties as management fees and the management function is to be internalised if the Proposed Transaction proceeds. The synergies or cost savings are expected to be approximately \$1.6 million pa.

Lower total gearing

The gearing ratio for RBV and GOZ is noted below.

Table 50: Key financial leverage ratios of RBV and GOZ

	Ref	RBV as at 31 Dec 2010	GOZ as at 31 Dec 2010
Debt ratio (%)	2.7 and 3.7	76.3	54.0

Source: PKFCA analysis

Notes:

1. Debt ratio = Total interest bearing liabilities / total assets
2. Based on book values

The gearing of the Merged Group is expected to be approximately 56.7% (based on GOZ book values and RBV fair market values of properties (as set out in Section 4.4).

Capex required on selected properties in the short to medium term

RBV has advised that the Campbellfield property in Victoria (Plant 2, 1735 Sydney Road) requires replacement of the roof and this is expected to cost approximately \$1.1 million.

The Kilburn property in South Australia, an older property (built in 1950's with additions made in 1960's) may require replacement of the asbestos roof in the future. The details of cost of replacement of the roof are not currently available.

The above two properties form part of the Excluded Properties which will be sold to Anrose and if the Permitted Property Sale Transaction is completed, RBV will not incur this Capex.

Reduced near term vacancy in the near term

The Rockhampton property (occupied by Nestle) and the Thebarton property (occupied by Thermo Gamma Metrics) are likely to fall vacant at the end of their current leases in November 2012 and October 2011 respectively.

This will pose a risk for RBV. These properties form part of the Excluded Properties which will be sold to Anrose if the Permitted Property Sale Transaction is completed.

Significant premium to RBV's recent trading price

The GOZ Offer represents a significant premium to RBV's share trading price of \$0.70 (as at 31 March 2011 and 1 month average up to 31 March 2011) of 27% (based on the assessed low value of the consideration of \$0.89) to 33% (based on the assessed high value of the consideration of \$0.93). RBV units which are listed on ASX are not very liquid as noted in Section 2.11. However, this is the only liquidity mechanism available to the Unitholders.

Dependence on a major tenant

As noted in Section 2.4.2, GE Capital Finance is the largest tenant for RBV, accounting for approximately 46% of rental income for the half year period ended 31 December 2010.

The GE Capital Finance lease expires in February 2018. At the time of RBV's refinancing in October 2013, less than 5 years would remain on the current GE Finance lease.

If the GE Capital Finance lease is renewed, GE Capital Finance is likely to seek various concessions including extensive refurbishment and modernisation of the floor space, upgrading of facilities, etc. The related Capex could amount to more than \$1 million, and would negatively impact on future dividends to the Unitholders.

RBV on a stand alone basis may not have the ability to absorb either, losing GE Capital Finance as a tenant (if a comparable replacement tenant(s) cannot be found) or incurring Capex to retain GE Capital Finance as a tenant. The Merged Group will be in a better position to do so.

No current alternative expressions of interests/offers higher than the GOZ Offer

We note that the Directors have received expressions of interest from three parties. The expressions of interest received were incomplete, highly conditional, did not provide superior value and were not capable of acceptance.

11.2 Disadvantages of Accepting the Proposed Transaction

Unitholders may miss the opportunity to directly benefit in any increase in the value of RBV properties

Whilst there is no certainty that the value of RBV properties will appreciate, if the value of RBV properties does appreciate, the Unitholders will not retain the opportunity to participate. However, the Unitholders will participate indirectly on a diluted basis, as security holders in the Merged Group.

Exposure to GOZ properties may not fit within the investment strategy of Unitholders

Whilst an the exposure to GOZ properties, if the Proposed Transaction is completed, may diversify the investment risks for the Unitholders, it may not fit within the investment strategy of Unitholders.

Inability to entertain alternative expressions of interests/offers

In the recent past, RBV has been the subject of interest of other industry participants. Approval of the Proposed Transaction will mean that RBV will not be able to explore the existence of possible alternative offer opportunities with a view to possibly negotiating more beneficial terms than embodied in the Proposed Transaction.

However, we note that there is no guarantee that any alternative expressions of interests/offer(s) will be made and that the terms under those alternative expressions of interests/offer(s) would be more beneficial than the Proposed Transaction. We note that at the time of completing this IER, no other alternate expressions of interests/offer(s) had been received by RBV that were considered to be more beneficial to Unitholders than the GOZ Offer.

In addition to the above, as noted in Section 2.9, the top 2 Unitholders (Rabinov Holdings Pty Limited and Sharon Investments Pty Limited) are related parties and hold 64.4% and 19.0% of RBV respectively. Such a concentrated unitholding may represent a significant hurdle for a new bidder, should the top 2 Unitholders decide not to support any new offer from another party.

Tax liabilities

Unitholders may incur tax liabilities on accepting the Proposed Transaction, disposing of their RBV units and receiving the Special Distribution, depending on their tax position. Refer to the Target's Statement for further details in relation to tax matters. Unitholders should consult their tax advisers in relation to their personal circumstances.

11.3 Other Considerations

Capital Commitments

As noted in Section 2.8 and 3.8, both RBV and GOZ have existing capital commitments as at 31 December 2010. However, we note that these capital commitments are not material.

Change in control provisions

We understand that there are no change in control provisions in relation to RBV that would be triggered due to the Proposed Transaction.

Unitholders individual circumstances

PKFCA has not considered the effect of the Proposed Transaction on the particular circumstances of individual Unitholders. Some individual Unitholders may place a different emphasis on various aspects of the Proposed Transaction from that adopted in this IER. Accordingly, individuals may reach different conclusions as to whether or not the Proposed Transaction is in their individual best interest.

The decision of an individual Unitholder in relation to the Proposed Transaction may be influenced by their particular circumstances (including their taxation position) and accordingly, Unitholders are advised to seek their own independent advice.

Alternatives

In Sections 11.1 to 11.2 we have considered the advantages and disadvantages of accepting the GOZ Offer.

We also consider hereunder other alternatives that may be available for Unitholders if the Proposed Transaction is not completed:

- *Potential for other offers* - We have been advised that for well over a year the Directors have received and reviewed alternate transactions that would deliver value to Unitholders. To date, there has been no alternative that in the view of the Directors either had sufficient merit or capability to be implemented. The Proposed Transaction represents the only alternative available to Unitholders at the present time.
- *Further selected asset sales* - Another option available to RBV would be to sell certain properties and use the proceeds to reduce outstanding interest bearing liabilities. However, we note that RBV is currently among the smaller listed A-REITs on the ASX and the sale of properties will further reduce the size of RBV in terms of assets. This may have an adverse impact on the liquidity of RBV units as well as may potentially have an unfavourable effect on the trading price of RBV units, as it becomes less relevant to investors in listed A-REITs. We therefore do not believe that the sale of further properties and remaining as a listed entity on the ASX as an alternative to the Proposed Transaction would be in the Unitholders best interests.
- *Potential capital raising* - In the event the Proposed Transaction is not completed, and RBV continues to operate on a stand alone basis, it would have to manage its current gearing level. A capital raising represents an option for RBV to reduce its gearing.

RBV's gearing ratio as at 31 December 2010 was approximately 76.3% while the average gearing ratio observed from other listed A-REITs was approximately 22.4% (refer to **Appendix 10**). Assuming an appropriate gearing range for RBV is between 25% to 35%, RBV would need to raise approximately \$122.9 million to \$99.0 million of equity or 58% to 47% of its current market capitalisation as at 31 December 2010.

We believe that any capital raising undertaken by RBV is likely to include a significant discount due to the small size of the RBV and its current level of gearing. The fact that RBV units are already trading at a large discount to NTA would mean that such a capital raising would be very dilutive for the current Unitholders, particularly if the Unitholders did not participate in the potential capital raising.

As such, we do not believe that a capital raising in RBV will be very commercially viable option and advantageous to the Unitholders.

11.4 Conclusion on "reasonable"

Based on the above, we are of the opinion that the Proposed Transaction is reasonable to the Unitholders.

12 OVERALL OPINION

On the basis of the above, in our opinion, the Proposed Transaction is "fair" and "reasonable" the Unitholders.

13 QUALIFICATIONS, DECLARATIONS AND CONSENTS

13.1 Qualifications

PKFCA is the licensed corporate advisory arm of PKF East Coast Practice, Chartered Accountants and Business Advisers. PKFCA provides advice in relation to all aspects of valuations and has extensive experience in the valuation of corporate entities and provision of expert's reports.

Ms Fiona Hansen B.Com, Hons in Accounting Science, CA is a Director of PKFCA. Ms Hansen is also a partner of PKF East Coast Practice.

Ms Hansen is the Director responsible for the preparation of this IER. Ms Hansen has in excess of 15 years experience in the chartered accountancy profession and has undertaken numerous corporate finance assignments involving acquisitions, divestments, valuations and financial due diligence.

Mr Aditya ("Adie") Gupta, MBA, FINSIA, is a Senior Manager of PKFCA and has been actively involved in the preparation of this Report. Mr Gupta has experience in a number of specialist corporate advisory activities such as business valuations, intangible assets valuations, mergers and acquisitions, business recovery and restructuring assignments..

13.2 Independence

PKFCA is not aware of any matter or circumstance that would preclude it from preparing this IER on the grounds of independence either under regulatory or professional requirements. In particular, we have had regard to the provisions of applicable pronouncements and other guidance statements relating to professional independence issued by Australian professional accounting bodies and ASIC.

PKFCA considers itself to be independent in terms of RG 112 independence of experts, issued by ASIC. Neither PKFCA, nor its owner practice, PKF East Coast Partnership, has acted in any capacity for RBV or GOZ with regard to any matter in the past.

PKFCA was not involved in advising on, negotiating, setting, or otherwise acting in any capacity for RBV or GOZ in relation to the Proposed Transaction. Further, PKFCA has not held and, at the date of this IER, does not hold any shareholding in, or other relationship with, RBV or GOZ that could be regarded as capable of affecting its ability to provide an unbiased opinion in relation to the Proposed Transaction.

PKFCA will receive a fee of \$57,000, plus Goods and Services Tax for the preparation of this IER. PKFCA will not receive any fee contingent upon the outcome of the Proposed Transaction, and accordingly, does not have any pecuniary or other interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased opinion in relation to the Proposed Transaction.

1 draft of this IER were provided to the Directors and their advisors for review of factual accuracy. Certain changes were made to the IER as a result of the circulation of the draft IERs. However, no changes were made to the methodology, conclusions, or recommendations made to the Unitholders as a result of issuing the draft IERs.

13.3 Disclaimer

This IER has been prepared at the request of the Directors and was not prepared for any purpose other than that stated in this IER. This IER has been prepared for the sole benefit of the Directors and Unitholders. Accordingly, this IER and the information contained herein may not be relied upon by anyone other than the Directors and Unitholders without the written consent of PKFCA.

PKFCA accepts no responsibility to any person other than the Directors and Unitholders in relation to this IER.

The statements and opinions contained in this IER are given in good faith and are based upon PKFCA's consideration and assessment of information provided by the Directors, executives and management of all the entities.

APPENDIX 1 GLOSSARY

Table 51: Glossary

Term	Definition
ACPT	Australian Commercial Property Trust
ACPML	Australian Commercial Property Management Limited
ACT	Australian Capital Territory
Anrose	Anrose Nominees Pty Ltd
Anrose Facility	Loan facility provided by Anrose to RPML based on a loan agreement between RPML and Anrose dated 15 September 2010
ANZ	Australia and New Zealand Banking Group Limited
A-REIT	Australian real estate investment trust
ASIC	The Australian Securities and Investments Commission
ASX	Australian Securities Exchange
BIA	Bid Implementation Agreement dated 13 April 2011 between RPML and GPAL pursuant to which GPAL makes a takeover offer for RBV (the GOZ Offer)
Bidder's Statement	Bidder's Statement dated 21 April 2011 issued by GPAL as the responsible entity for GPAT to purchase all the ordinary units in RBV
Capex	Capital expenditure
Capital Raising	The proposed renounceable rights issue of 1 new GOZ Security for every 5.6 GOZ Security held at an offer price of \$1.90 per new GOZ Security to be held following the close of the Offer Period and before completion of the compulsory acquisition of the outstanding RBV Units
CAPM	Capital asset pricing model
Cash Repayment	\$8.2 million cash repayment which forms part of the Cash Repayment Transaction
CFME	Capitalisation of future maintainable earnings
Coles	Coles Supermarkets Australia Pty Limited
Completion Date	Whenever the GOZ Offer is declared unconditional
Corporations Act	Corporations Act 2001
CPI	Consumer price index
DCF	Discounted cash flow
Debt Assignment	A debt restructuring that will occurred prior to the GOZ Offer, to reassign the subordinated loans owing by RPML from Genox to Anrose
Deed of Assignment	Deed of Assignment of Debt between Genox, Anrose and RPML dated 13 April 2011
Directors	Directors of RBV
Excluded Properties	A total of 6 properties which forms part of the Permitted Property Sale
FOS	Financial Ombudsman Service Limited
FSG	Financial Services Guide
FY20XX	Financial year ended 30 June 20XX
GDP	Gross Domestic Product
Genox	Genox Pty Ltd
Genox Facility	Loan agreement between RBV and Genox dated
GFC	Global financial crisis
GOZ	Growthpoint Properties Australia, an ASX listed A-REIT with a stapled entity structure, comprising shares in GPAL and units in GPAT
GOZ Offer	Off-market takeover offer by GPAL in its capacity as RE of GOZ for 100% interest in RBV via a scrip for scrip offer
GPAT	Growthpoint Properties Australia Trust
GPAL	Growthpoint Properties Australia Limited
GPLSA	Growthpoint Properties Limited (South Australia)
H1FY2011	Six months ended 31 December 2010
IER	PKFCA's independent expert's report in relation to the Proposed Transaction
Industrial Property Industry	Industrial and other property operators and developers in Australia
Jones Lang LaSalle	Jones Lang LaSalle Advisory Services Pty Limited

Term	Definition
JSE	Johannesburg Securities Exchange Limited
Licence	PKFCA holds an Australian Financial Services Licence (License No: 247420)
LVR	Loan to value ratio
Management Expectations	Prospective financial information prepared by RBV management and GOZ management
Merged Group	The combined RBV and GOZ business if the GOZ Offer is accepted
MRP	Market risk premium
NSW	New South Wales
NTA	Net tangible assets
GOZ Offer	Offer to acquire RBV units made in connection with the Proposed Transaction
Offer Period	The period during which the Offer is open for acceptance
Office Property Industry	Office property operators in Australia
OIF	Orchard Industrial Property Fund
OML	Orchard Management Limited
OPL	Orchard Property Limited
pa	Per annum
Permitted Property Sale Transaction	The sale of the Excluded Properties of RBV to Anrose in full and final satisfaction of the \$50.8 million Anrose Facility
PKF	PKF East Coast Partnership
PKFCA	PKF Corporate Advisory (East Coast) Pty Limited
Property Solutions	Property Solutions Group and its associated entities
Property Valuation Reports	Jones Lang LaSalle's valuation reports as at 15 March 2011 and 31 May 2011
Proposed Transaction	Proposed off-market takeover offer by GPAL in its capacity as responsible entity of GOZ
QLD	Queensland
RBA	Reserve Bank of Australia
RBV	Rabinov Property Trust
RBV Major Unitholder	The major unit holder of RBV
RE	Responsible entity
RG 111	ASIC Regulatory Guide 111: Content of Expert's Reports
RPML	Rabinov Property Management Limited
SA	South Australia
Section 640	Section 640 of the Corporations Act
Special Distribution	A distribution to be paid to Unitholders of up to 2.3 cents per RBV Unit if the Offer becomes or is declared unconditional
Star Track Express	Star Track Express Pty Limited
Subordinated Debt Deed	A Subordinated Debt Deed between Genox, GPAL and RPML dated 13 April 2011, pursuant to which GOZ provides RBV funding for settlement of the Genox Facility
Target's Statement	Target's Statement to be issued by the Directors in relation to the GOZ Offer
TAS	Tasmania
Unitholders	Unitholders of RBV
VIC	Victoria
VWAP	Volume weighted average unit price
WA	Western Australia
WALE	Weighted average lease expiry
Woolworths	Woolworths Limited

Source: PKFCA

APPENDIX 2 SOURCES OF INFORMATION

In preparing this IER, PKFCA had access to and relied upon the following principal sources of information:

- final draft Notice of General Meeting and Explanatory Memorandum;
- final draft Bidder's Statement;
- final draft Target's Statement;
- final draft Independent Accountant's Report;
- final draft RBV and GOZ Financial Due Diligence Report;
- BIA dated 13 April 2011;
- Deed of Assignment of Debt dated 13 April 2011;
- Subordinated Debt Deed dated 13 April 2011;
- final draft of Permitted Property Sale Contracts;
- Legal Due Diligence Report on GOZ properties dated 22 March 2011;
- press releases and public announcements in relation to the Proposed Transaction;
- annual reports, half yearly reports, and ASX market releases for RBV and GOZ;
- details of Unitholders register as at 31 March 2011;
- details of GOZ security holders register as at 31 March 2011;
- independent property valuations carried out by various independent property valuers;
- various discussions with the Directors and management of RBV;
- ASIC guidance notes and regulatory guides as applicable;
- IBIS World Industry Report – Industrial and other property operators and developers in Australia dated November 2010;
- IBIS World Industry Report – Office property operators in Australia dated October 2010;
- information generally available and provided by major Australian economic forecasting bodies; and
- information sourced from Bloomberg.

APPENDIX 3 VALUATION METHODS

In conducting our assessment of the fair market value of RBV, GOZ and the Merged Group the following commonly used business valuation methods have been considered:

Discounted Cash Flow Method

The discounted cash flow (“**DCF**”) method is based on the premise that the value of a business or any asset is represented by the present value of its future cash flows. It requires two essential elements:

- the forecast of future cash flows of the business asset for a number of years (usually five to 10 years); and
- the discount rate that reflects the riskiness of those cash flows used to discount the forecast cash flows back to net present value (“**NPV**”).

DCF is appropriate where:

- the businesses’ earnings are capable of being forecast for a reasonable period (preferably five to 10 years) with reasonable accuracy;
- earnings or cash flows are expected to fluctuate significantly from year to year;
- the business or asset has a finite life;
- the business is in a 'start up' or in early stages of development;
- the business has irregular capital expenditure requirements;
- the business involves infrastructure projects with major capital expenditure requirements; or
- the business is currently making losses but is expected to recover.

Capitalisation of Future Maintainable Earnings Method

This method involves the capitalisation of estimated future maintainable earnings by an appropriate multiple. Maintainable earnings are the assessed sustainable profits that can be derived by the vendor’s business and excludes any one off profits or losses. An appropriate earnings multiple is assessed by reference to market evidence as to the earnings multiples of comparable companies.

This method is suitable for the valuation of businesses with indefinite trading lives and where earnings are relatively stable or a reliable trend in earnings is evident.

Net Realisable Value of Assets

Asset based valuations involve the determination of the fair market value of a business based on the net realisable value of the assets used in the business.

Valuation of net realisable assets involves:

- separating the business or entity into components which can be readily sold, such as individual business units or collection of individual items of plant and equipment and other net assets; and
- ascribing a value to each based on the net amount that could be obtained for this asset if sold.

The net realisable value of the assets can be determined on the basis of:

- *orderly realisation*: this method estimates fair market value by determining the net assets of the underlying business including an allowance for the reasonable costs of carrying out the sale of assets, taxation charges and the time value of money assuming the business is wound up in an orderly manner. This is not a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value;
- *liquidation*: this is a valuation on the basis of a forced sale where the assets might be sold at values materially different from their fair market value; or

- *going concern*: the net assets on a going concern basis estimates the market value of the net assets but does not take into account any realisation costs. This method is often considered appropriate for the valuation of an investment or property holding company. Adjustments may need to be made to the book value of assets and liabilities to reflect their going concern value.

The net realisable value of a trading company's assets will generally provide the lowest possible value for the business. The difference between the value of the company's identifiable net assets (including identifiable intangibles) and the value obtained by capitalising earnings is attributable to goodwill.

The net realisable value of assets is relevant where a company is making sustained losses or profits but at a level less than the required rate of return, where it is close to liquidation, where it is a holding company, or where all its assets are liquid. It is also relevant to businesses which are being segmented and divested and to value assets that are surplus to the core operating business. The net realisable assets methodology is also used as a check for the value derived using other methods.

These approaches ignore the possibility that the company's value could exceed the realisable value of its assets.

Share Market Trading History

The application of the price that a company's shares trade on the ASX is an appropriate basis for valuation where:

- the shares trade in an efficient market place where 'willing' buyers and sellers readily trade the company's shares; and
- the market for the company's shares is active and liquid.

Constant Growth Dividend Discount Model

The dividend discount model works best for:

- firms with stable growth rates;
- firms which pay out dividends that are high and approximate free cash flow to equity;
- firms with stable leverage; and
- firms where there are significant or unusual limitations to the rights of shareholders.

Special Value

Special value is the amount which a potential acquirer may be prepared to pay for a business in excess of the fair market value. This premium represents the value to the potential acquirer of potential economies of scale, reduction in competition or other synergies arising from the acquisition of the asset not available to likely purchases generally. Special value is not normally considered in the assessment of fair market value as it relates to the individual circumstances of special purchases.

APPENDIX 4 PROPERTY LISTING - RBV

Set out below is a detailed property listing for RBV:

Table 52: Detailed Property Listing

Location	Tenant	Valuation Date	Independent Property Valuation (\$'000s)	Book Value 31 Dec 2010 (\$'000s)	Interest	Net Lettable Area (m ²)	Land Area (m ²)	Valuer
Office								
66 Kennedy Drive, Cambridge, TAS	Hydro Tasmania Consulting	1-May-11	25,500	27,500	Freehold	6,876	28,080	Jones Lang LaSalle
7 Laffer Drive, Bedford Park, SA	Westpac Banking Corporation	1-May-11	18,800	19,000	Freehold	6,639	33,090	Jones Lang LaSalle
Buildings 1 & 3, 572 Swan St, Richmond, VIC	GE Capital Finance	1-May-11	47,500	47,000	Freehold	10,250	16,819	Jones Lang LaSalle
Building 2, 572 Swan St, Richmond, VIC	GE Capital Finance	1-May-11	72,000	70,004	Freehold	7,201	14,660	Jones Lang LaSalle
Industrial								
306-318 Abbotts Rd, Lyndhurst, VIC	Trimas Corporation	1-May-11	8,000	8,008	Freehold	10,710	25,830	Jones Lang LaSalle
11 Werribee St, North Rockhampton, QLD (Note 1 and Note 2)	Nestle Australia Limited	15-Mar-11	1,100	1,100	n.a	654	2,808	Directors of RBV
365 Fitzgerald Rd, Derrimut, VIC	Bridgestone Australia Limited	1-May-11	12,200	12,500	Freehold	14,021	29,860	Jones Lang LaSalle
11-13 West Thebarton Rd, Thebarton, SA (Note 1 and Note 2)	Thermo Gamma Metrics Pty Ltd	15-Mar-11	3,000	3,400	Freehold	2,222	4,291	Jones Lang LaSalle
385-395, Grieve Pde, Altona North, VIC (Note 1)	Chep Australia Limited	15-Mar-11	4,700	4,780	Freehold	3,095	20,120	Jones Lang LaSalle
Plant 2, 1735 Sydney Rd, Campbellfield, VIC (Note 1)	Elders (Futuris)	15-Mar-11	22,500	23,600	Freehold	35,496	76,980	Jones Lang LaSalle
68-76 Grand Junction Rd, Kilburn, SA (Note 1)	One Steel Trading Pty Limited	15-Mar-11	13,000	13,000	Freehold	17,799	35,710	Jones Lang LaSalle
Retail								
42-48 Callandoon Street and 9-11 Herbert St, Goondiwindi, QLD (Note 1)	Bi Lo Pty Ltd	15-Mar-11	5,000	5,000	Freehold	2,516	5,311	Jones Lang LaSalle
Total			233,300	234,892				
Less: Amounts classified as receivables (rental income recognised on a straight line basis)				(8,945)				
Less: Two properties classified as "Assets classified as held for sale"				(4,500)				
Total investment properties				221,446				

Source: RBV

n/a - not applicable

Note 1: These are the 6 properties, which forms part of the Permitted Property Sale Transaction

Note 2: These properties were classified as assets available for sale as at 31 December 2010

APPENDIX 5 PROPERTY LISTING - GOZ

Set out below is a detailed property listing for GOZ:

Table 53: Detailed Property Listing

Location	Tenant	Valuation Date	Valuation (\$'000s)	Book Value 31 Dec 2010 (\$'000s)	Interest	Leasehold expiry	Lettable area (m ²)	Land area (m ²)	Valuer
Industrial Properties									
70 Distribution Street, Larapinta, QLD	Woolworths Limited	31-Dec-10	148,000	148,000	Leasehold	2072	75,425	250,900	CB Richard Ellis
2 Horrie Miller Drive, Perth Airport, WA	Woolworths Limited	31-Dec-10	107,500	107,500	Leasehold	2047	80,374	193,936	Colliers International
134 Lilkar Road, Goulburn, NSW	Coles Group Limited	31-Dec-10	67,500	67,500	Freehold	n/a	42,826	162,500	Colliers International
28 Bilston Drive, Wodonga, VIC	Woolworths Limited	31-Dec-10	65,500	65,500	Leasehold	2306	57,440	250,000	Colliers International
120 Northcorp Boulevard, Broadmeadows, VIC	Woolworths Limited	31-Dec-10	60,000	60,000	Leasehold	2306	57,861	250,000	Colliers International
599 Main North Road, Gepps Cross, SA	Woolworths Limited	31-Dec-10	53,600	53,600	Freehold	n/a	67,238	233,500	Colliers International
522-550 Wellington Road, Mulgrave, VIC	Woolworths Limited	31-Dec-10	49,000	49,000	Leasehold	2306	68,144	191,200	Colliers International
40 Annandale Road, Tullamarine, VIC	Star Track Express	31-Dec-10	35,500	35,500	Leasehold	2047	44,424	75,325	Colliers International
130 Sharps Road, Tullamarine, VIC	Laminex Group	31-Dec-10	19,500	19,500	Leasehold	2047	28,100	47,446	Colliers International
120 Link Road, Tullamarine, VIC	The Reject Shop	31-Dec-10	17,500	17,500	Leasehold	2047	26,517	51,434	Colliers International
42-44 Garden Street, Kilsyth, VIC	ARB Corporation	31-Dec-10	17,250	17,250	Freehold	n/a	25,887	55,990	Colliers International
44-54 Raglan St Lot 2-4, Preston, VIC	Paper Australia	31-Dec-10	16,000	16,000	Freehold	n/a	26,980	42,280	Jones Lang LaSalle
13 Business Street, Yatala, QLD (Note 3)	Reward Supply Co	1-Aug-10	14,800	15,917	Freehold	n/a	8,951	18,630	Colliers International
60 Annandale Road, Tullamarine, VIC	Willow Ware Australia	31-Dec-10	13,400	13,400	Leasehold	2047	16,276	34,726	Savills
81 Derby Street, Silverwater, NSW	Blue Star Printing	31-Dec-10	13,100	13,100	Freehold	n/a	7,984	13,490	Jones Lang LaSalle
29 Business Street, Yatala, QLD (Note 3)	CMC Coil Steels	1-Aug-10	10,800	11,381	Freehold	n/a	8,680	16,460	Colliers International
5 Viola Place, Brisbane, QLD	Repco	31-Dec-10	11,300	11,300	Leasehold	2047	14,726	35,166	CB Richard Ellis
12-16 Butler Boulevard, Adelaide, SA	Cheap as Chips	31-Dec-10	10,600	10,600	Leasehold	2048	16,800	30,621	Colliers International
45-55 South Centre Road, Tullamarine, VIC	Willow Ware Australia	31-Dec-10	8,725	8,725	Leasehold	2047	14,082	24,799	Savills
670 Macarthur Avenue, Pinkemba, QLD (Note 3)	Reliance Worldwide	1-Aug-10	8,200	8,725	Freehold	n/a	5,577	10,360	Colliers International
10 Butler Boulevard, Adelaide, SA	Toll Transport	31-Dec-10	7,450	7,450	Leasehold	2048	8,461	16,100	Colliers International
75 Annandale Road, Tullamarine, VIC	Caterpillar	31-Dec-10	6,675	6,675	Leasehold	2047	10,280	16,930	Savills

Location	Tenant	Valuation Date	Valuation (\$'000s)	Book Value 31 Dec 2010 (\$'000s)	Interest	Leasehold expiry	Lettable area (m²)	Land area (m²)	Valuer
31 Garden Street, Kilsyth, VIC	Cummins Filtration	31-Dec-10	6,400	6,400	Freehold	n/a	8,828	17,610	Colliers International
1304 Ferntree Gully Road, Scoresby, VIC (Note 2 & Note 4)	VIP Plastics	31-Dec-09	6,500	5,300	Freehold	n/a	7,621	12,154	Jones Lang LaSalle
10 Gassman Avenue, Yatala, QLD (Note 3)	Norman Ellison Carpets	1-Aug-10	4,950	5,289	Freehold	n/a	3,188	6,480	Colliers International
6-10 Koornang Road, Scoresby, VIC (Note 2 & Note 4)	VIP Plastics	31-Dec-09	5,600	4,600	Freehold	n/a	7,385	12,198	Jones Lang LaSalle
3 Viola Palace, Brisbane, QLD	GE Capital Finance	31-Dec-10	1,750	1,750	Leasehold	2047	3,429	12,483	CB Richard Ellis
45 Northlink Place, Virginia, QLD (Note 1, Note 2 & Note 4)	Quantum Food Services	31-Dec-09	3,600	3,700	Freehold	n/a	1,870	3,304	Colliers International
44-54 Raglan St Lot 1, Preston, VIC (Note 1, Note 2 & Note 4)	Chemist Warehouse	31-Dec-09	9,425	9,586	Freehold	n/a	12,840	17,490	Jones Lang LaSalle
			800,125	800,748					
Office Properties									
52 Merivale Street, South Brisbane, QLD (Note 3)	Macmahon Contractors	1-Aug-10	62,360	66,428	Leasehold	3008	9,453	2,331	Colliers International
32 Cordelia Street, South Brisbane, QLD (Note 3)	Sinclair Knight Merz	1-Aug-10	60,670	64,619	Leasehold	3008	10,052	2,667	Colliers International
32 Cordelia Street & 52 Merivale Street (car park), South Brisbane, QLD (Note 3)	Secure Parking	1-Aug-10	9,660	10,198	Leasehold	3008	215 spaces	9,319	Colliers International
33-39 Richmond Road, Keswick, SA (Note 3)		15-Nov-10	49,000	49,477					Jones Lang LaSalle
			181,690	190,722					
Sub-totals			981,815	991,470					
Less: Amounts classified as receivables (rental income recognised on a straight line basis)				(33,629)					
Less: 2 property classified as "Assets classified as held for sale"				(13,286)					
Total investment properties				944,555					

Source: GOZ

n.a - not applicable

Note 1: A contract of sale has been executed to sell these properties and these have been reclassified to assets available for sale under current assets.

Note 2: External valuations for all properties were obtained during H1FY2011 which were conducted by Jones Lang LaSalle, Savills, CB Richard Ellis and Colliers International, except for properties under contract of sale and 2 smaller properties at Scoresby, Victoria held at directors valuations.

Note 3: These properties were purchased during the H1FY2011. The book values as at 31 December 2010 are based on the purchase prices for these properties.

Note 4: The book values as at 31 December 2010 were held at director's valuation.

Based on the above, we note that:

- the properties are located in five states namely Victoria, Queensland, New South Wales, South Australia and Western Australia;
- the eight properties purchased during H1FY2011 had a higher book value as at 31 December 2010 as compared to their respective external valuations due to the higher purchase price of these properties; and
- GOZ decided not to carry out external valuations on two smaller properties at Scoresby, Victoria and instead, directors' valuations were carried out.

APPENDIX 6 DISCOUNT RATE

Overview

When applying the discounted cash flow method, the cash flows expected to be generated by an asset are discounted to their present value by using a discount rate that reflects the relative risk of the investment, as well as the time value of money.

Given that the cash flows to which the discount rate has been applied are essentially a return to equity holders, we have calculated the cost of equity ranges as set out below.

Cost of equity

The cost of equity of a company is the rate of return required by equity investors. There are a number of theoretical risk and return models available to calculate the cost of equity. Of these the capital asset pricing model (“**CAPM**”) is the most widely accepted and used methodology for determining the cost of equity capital. The CAPM is based on the assumption that a rational investor will value an asset such that the expected rate of return is equal to the risk free rate of return plus a premium for the riskiness of the asset.

$$K_e = R_f + \beta (R_m - R_f) + \alpha$$

Where:

K_e	=	required return on equity
R_f	=	the risk free rate of return
R_m	=	the expected return on the market portfolio
β	=	beta, the systematic risk of a stock relative to the market portfolio
α	=	alpha, the specific company risk factor

Risk free rate

The risk free rate compensates the investor for the time value of money including the expected inflation rate over the investment period. In practice, for going concern companies, the 10-year Government Bond rate is a widely used and accepted proxy for the risk free rate. This rate is a nominal rate and therefore includes inflation.

We have adopted the 1 month average of the two year Government Bond rate as at the 31 December 2010 of 5.08% pa as a proxy for the risk free rate in determining the cost of equity. This is in line with the 2 year wind up period.

Equity market risk premium

The expected return on a market portfolio represents the return required by investors on equity securities. Therefore, the market risk premium (“**MRP**”) is the difference between the expected rate of return on the market portfolio and the risk free rate ($R_m - R_f$). It represents the additional return that investors require to invest in the equity securities, as compared to a risk free investment.

The MRP of the CAPM is the “expected” premium and is therefore unobservable. For practical reasons, the historical premium is generally used as a proxy for the MRP on the basis that a long term average return of what has been earned from equity investments would be a fair indication of what investors would expect to earn going forward with a medium to long term investment horizon.

Whilst surveys and forecasts provide estimates of the MRP, the use of an appropriate historical time period is usually the best estimate of future performance.

The consensus is that the appropriate historical time period over which to measure the MRP is from the longest period over which quality financial data exists as equity returns in short time periods (generally less than 30 years) tend to be highly volatile. The risk premium required by the market is not constant and changes over time and therefore choosing the most recent data may over emphasise unusual events. At various stages of the market cycle, investors will perceive equities as being more risky than at other times and, as a consequence, they will adjust their required expected premium.

There have been a large number of studies of equity markets measuring the historical returns of equities compared to government bonds. The major historical estimates of MRP in US and Australia are summarised in the table below.

Table 54: Historical estimates of MRP

Source	Period of measurement	Arithmetic mean ²
United States		
Ibbotson Associates (1989)	1926 – 1988	7.6
	1962 – 1988	4.1
Australia		
Australian School of Business (“ASB”) ³	1964 – 2002	5.47/4.72
	1964 – 2002 ¹	6.89/6.14
	1964 – 1995	6.2
	1964 – 1995 ¹	8.1
Hathaway (1996)	1882 – 1991	7.7
	1947 – 1991	6.6
Officer (1989)	1882 – 2001	7.2
Officer (1992)	1946-1991	6.0-6.5

Notes:

1. ASB also measures the historical market risk premium excluding October 1997. In our opinion this return is not reflective of long run average returns and disregards the impact of significant market movements which are expected in investors' medium to long term expectations.
2. We have only included the arithmetic means of these studies. The equity risk premium that should be employed is the equity risk premium that is expected to be incurred over the future time periods. The arithmetic mean takes into account uncertainty of period to period returns and therefore, the arithmetic mean should be used in evaluating projected cash flows and hence the value of a business.
3. Formerly named the Australian Graduate School of Management.

US and Australian studies have shown historical risk premiums of 4% to 8% and 6% to 8%, respectively calculated largely using data under a classical tax system. Following the introduction of imputation in Australia, the risk premium may have fallen to reflect the additional value of franking credits received on an investment. However, there is an argument that the aggregated expected return is a function of the risk of the equity and that therefore the imputation tax system should not change this underlying risk. Empirical evidence suggests that the MRP measured over the last 30 years has been trending downwards. Whether this is a result of imputation is inconclusive.

Based on our assessment of the collective data and available literature (as above), we have adopted a MRP of 6.0% to 6.5%.

Beta

The beta coefficient is a measure of the expected volatility and therefore risk of a company's stock relative to the market portfolio.

The beta of a stock is determined by the characteristics of the firm and is generally based on three factors:

- the nature of revenue and the extent to which it is cyclical;
- operating leverage; and

- financial leverage.

The expected beta cannot be observed, therefore the historical beta is usually used as a proxy for the expected beta. A beta can be estimated by regressing the excess returns of the stock against the excess returns of the index representing the market portfolio.

The betas for A-REITs that may be considered comparable to RBV are listed in the table below.

Table 55: Comparable A-REIT Beta Data

Company	Debt	Equity	Equity Beta	Asset Beta ¹
Rabinov Property Trust	86.4%	13.6%	0.84	0.15
Growthpoint Property Trust	49.0%	51.0%	0.80	0.48
Abacus Property Group	28.0%	72.0%	1.83	1.44
Australand Property Group	39.0%	61.0%	2.34	1.62
Bunnings Warehouse Property Trust	18.7%	81.3%	0.40	0.34
Challenger Diversified Property Group	27.0%	73.0%	1.15	0.91
Charter Hall Group	7.6%	92.4%	2.58	2.44
Commonwealth Property Office Fund	25.2%	74.8%	0.21	0.17
Dexus Property Group	36.1%	63.9%	1.07	0.76
Goodman Group	28.2%	71.8%	3.02	2.37
GPT Group	30.7%	69.3%	1.48	1.13
ING Office Fund	19.8%	80.2%	1.54	1.31
Average - excluding outliers	31.0%	69.0%	1.33	1.00

Source: Bloomberg; PKFCA analysis

Notes:

1. The impact of differing capital structure is removed in the calculation of the unlevered betas (Asset Beta).
2. Highlighted in grey are outliers excluded from our analysis.

There are significant measurement issues with beta, which means that only limited reliance can be placed on such statistics. Even measurement of historical betas is subject to considerable variation. It requires a considerable degree of judgement.

The beta is measured on the cash flows returned to equity holders and is therefore after interest. Accordingly, a firm's beta also reflects its capital structure. Since financial leverage is likely to alter between firms it is generally erroneous to make comparison of betas between firms without regard to each firm's leverage. Accordingly, the company's target debt and equity mix is relevant.

The betas can all be degereed (or 'delevered') to remove the impact of leverage. The method is set out below:

$$Beta (ungeared) = \frac{Beta (geared)}{\left(1 + \frac{D}{E} \times (1-t)\right)}$$

The ungeared or 'asset' betas can then be analysed to determine an appropriate asset beta for the subject of the valuation, and it can be regereed (or 'relevered') to reflect the appropriate capital structure. Rearranging the above equation, we have:

$$Beta (geared) = Beta (ungeared) \times \left(1 + \frac{D}{E} (1-t)\right)$$

We have concluded that an asset beta in line with those observed for the comparable A-REITs, of 1.00, is appropriate. We have regereed this asset beta at the average gearing of the comparable A-REITs to arrive at a levered beta of 1.31.

Specific company risk factor, Alpha

The specific company risk premium adjusts the cost of equity for company specific factors. The CAPM assumes, amongst other things, that rational investors seek to hold efficient portfolios, that is, portfolios that are fully diversified. One of the major conclusions of the CAPM is that investors do not have regard to specific company risks (often referred to as unsystematic risk).

There are several empirical studies that demonstrate that the investment market does not ignore specific company risks. In particular, studies show that:

- on average, smaller companies have higher rates of return than larger companies (often referred to as the size premium); and
- on average, early stage companies have higher rates of return than mature companies.

Several research studies indicate that smaller companies have higher rates of return than larger companies. The following table summarises the returns for different size categories from 1926 to 1997 for companies on the New York Stock Exchange.

Table 56: Size Premium

	Geometric mean (%)	Arithmetic mean (%)
1 st Decile – largest	10.2	11.9
2 nd Decile	11.3	13.7
Mid-Cap 3-5	11.9	14.8
Low-Cap 6-8	12.2	16.3
Micro-Cap 9-10	13.0	19.2

Source: Ibbotson Associates, 1998 Year Book

We note that the operations of RBV are significantly smaller than most of the comparable A-REITs. We have selected a specific company risk premium of 0.5% to 1.0% for RBV.

Summary of cost of equity parameters

Substituting the above parameters into the CAPM formulae noted results in the following range:

Table 57: Summary of Cost of Equity Parameters

	Low Value	High Value
Risk free rate	5.08%	5.08%
MRP	6.0%	6.5%
Beta (asset)	1.00	1.00
Beta (equity)	1.31	1.31
Tax Rate	30.0%	30.0%
Alpha	0.5%	1.0%
Cost of equity	13.5%	14.6%

Source: PKFCA

APPENDIX 7 COMPARABLE A-REITS DESCRIPTIONS

Table 58: Listed Comparable A-REITs

Company	Main Activities
Abacus Property Group	Abacus Property Group is a diversified property investment group providing exposure to a portfolio of commercial, retail, and industrial properties. The group also offers mortgage investments, development syndicates and property funds management services.
Australand Property Group	Australand Property Group is a diversified property group in Australia with activities that include development of residential land, housing and apartments and development of and investment in income producing commercial and industrial properties.
Bunnings Warehouse Property Trust	Bunnings Warehouse Property Trust has a portfolio of Bunnings Warehouse properties located throughout Australia. Bunnings Warehouse is a national hardware warehouse.
Challenger Diversified Property Group	Challenger Diversified Property Group was established to offer investors exposure to a diversified portfolio of office, retail and industrial properties with stable income returns and potential for capital growth.
Charter Hall Group	Charter Hall Group invests in and develops real estate. The Company manages real estate investment funds and develops commercial, residential, and industrial properties.
Commonwealth Property Office Fund	Commonwealth Property Office Fund is a property trust that invests in, manages and develops a portfolio of office buildings and office parks located throughout in the central business districts and suburban markets of Australia.
Dexus Property Group	Dexus Property Group is a property trust that manages and invests in a portfolio of diversified properties including office and industrial properties, retail shopping centres and car parks. The trust's properties are located in Australia, New Zealand and the United States.
Goodman Group	Goodman Group is an integrated industrial property group. The group has operations in Australia, New Zealand, UK, Asia and Europe. Goodman's activities include property investment, funds management, property development and property services. The group's property portfolio includes business parks, industrial estates, office parks and warehouse/distribution centres.
GPT Group	GPT Group is a property trust that manages and invests in retail, office, industrial and hotel/tourism properties throughout Australia. The commercial property portfolio includes Riverside Centre (Brisbane) and MLC Centre (Sydney) while the retail properties include Charlestown Square (near Newcastle) and Penrith Plaza (Sydney). The Group's hotel/tourism property includes Ayers Rock Resort (Uluru).
ING Office Fund	ING Office Fund is involved in property investment, leasing, management and development in Australia. The fund's portfolio includes commercial properties and office buildings throughout the capital cities of Australia and certain cities in the United States.

Source: Bloomberg and relevant company websites

APPENDIX 8 TRADING METRICS

Table 59: Share Market Trading Metrics - 31 December 2010

	Financial Year End	Enterprise Value ¹ (\$'mil)	Share Price ² (\$)	NTA per share ³ (\$)	Premium/ (discount) per share ⁴ (\$)	Premium/ (discount) to NTA ⁵ (%)
RBV	30-Jun-10	211.5	0.55	0.99	(0.44)	(44.4)%
GOZ	30-Jun-10	816.9	1.96	2.03	(0.07)	(3.4)%
Abacus Property Group	30-Jun-10	1,191.4	2.29	2.83	(0.54)	(19.1)%
Australand Property Group	31-Dec-10	3,018.3	2.91	3.52	(0.61)	(17.3)%
Bunnings Warehouse Property Trust	30-Jun-10	919.1	1.73	1.96	(0.23)	(11.7)%
Challenger Diversified Property Group	30-Jun-10	609.8	0.50	0.67	(0.17)	(25.4)%
Charter Hall Group	30-Jun-10	873.2	2.48	2.21	0.27	12.2%
Commonwealth Property Office Fund	30-Jun-10	2,719.5	0.83	1.10	(0.27)	(24.5)%
Dexus Property Group	30-Jun-10	6,228.0	0.80	0.98	(0.19)	(18.9)%
Goodman Group	30-Jun-10	7,040.1	0.65	0.48	0.17	35.4%
GPT Group	31-Dec-10	7,866.7	2.94	3.60	(0.66)	(18.3)%
ING Office Fund	30-Jun-10	1,908.6	0.56	0.74	(0.19)	(25.0)%
Low						(25.4)%
High						35.4%
Average						(11.3)%

Source: Bloomberg and ASX announcements

Notes:

1. The enterprise values were calculated by summing the total of the net borrowings at the company's most recent reporting date and the market capitalisation as at 31 December 2010.
2. Share price as at the 31 December 2010.
3. NTA per share as at 31 December 2010.
4. Share price less NTA per share.
5. Premium/(discount) to NTA divided by NTA per share.

APPENDIX 9 COMPARABLE TRANSACTIONS METRICS

Table 60: Comparable Transactions Metrics

Target	Acquirer	Announce Date	% Issued of Acquired	% Ownership Post Deal	Consideration		NTA		Acquisition premium/(discount)
					(\$ million)	(\$ per unit)	(\$ million)	(\$ per unit) ²	(%)
Charter Hall Office REIT	Charter Hall Funds Management Limited	11/03/2011	1.3%	10.0%	19.7	3.18	1,951.6	3.96	(19.7)%
ING Industrial Fund	Goodman Group led consortium	28/10/2010	Not Available	100.0%	1,415.4	0.54	1,837.6	0.57	(5.6)%
MacarthurCook Industrial Property Fund	CommonWealth REIT (previously known as HRPT Properties Trust)	12/07/2010	100.0%	100.0%	43.3	0.44	63.8	0.65	(32.3)%
Westpac Office Trust	Mirvac Group	28/04/2010	100.0%	100.0%	402.7	0.86	404.7	0.84	2.4%
Challenger Kenedix Japan Trust ³	Challenger Life Company Limited	9/12/2009	5.0%	100.0%	160.0	1.05	315.8	1.80	(41.7)%
Mirvac REIT	Mirvac Group	23/10/2009	75.4%	100.0%	520.3	1.10	531.7	0.85	29.4%
Average									(11.2)%

Source: Bloomberg/PKFCA Analysis

Notes:

1. The above analysis has been conducted using the final offer accepted by unitholders.
2. The NTA per unit is as per the latest Annual Report or Half Yearly Report released prior to the transaction being announced.
3. This NTA figure is as per the proforma NTA position as provided in the Explanatory Memorandum and Notice of Meeting released to the market on 24 December 2009.
4. The acquisition premium/(discount) to NTA for all transactions noted above represent "control", except Charter Hall Office REIT.

The above table lists merger and acquisition transactions within the A-REIT industry, for which information is publically available. As outlined above, the majority of comparable transactions undertaken in the past two years have occurred at a discount to NTA (with the exception being the Westpac Office Trust and Mirvac REIT transactions). Several of these transactions were undertaken by entities in or approaching financial distress due to short term debt covenants, namely Mirvac REIT and Challenger Kenedix Japan Trust.

The following summarises each transaction listed in the above table:

- on 11 March 2011, Charter Hall Funds Management Limited acquired an additional 1.3% stake in Charter Hall Office REIT from Macquarie Bank Limited for \$19.7 million. The transaction would be funded by cash reserves and undrawn debt capacity. This represented a discount to NTA of 19.7%;
- on 24 December 2010, a consortium led by Goodman Group made a binding offer to acquire all the units not already held in ING Industrial Fund, for \$1.4 billion in cash. The consortium includes Goodman Group, Leader Investment Corporation, Canadian Pension Plan Investment Board and a Dutch pension fund, All Pensions Group. As a result of the transaction, Goodman held 19.9% interest in ING Industrial Fund. The offer per unit represented a 5.6% discount to NTA;
- on 12 July 2010, MacarthurCook Industrial Property Fund announced that it had negotiated a revised proposal with CommonWealth REIT, a publicly traded U.S REIT listed on the New York Stock Exchange. CommonWealth REIT was to acquire MacarthurCook Industrial Property Fund for a cash price of \$0.44 per unit. The NTA of the MacarthurCook Industrial Property Fund as at 30 June 2010 was \$0.65. This transaction was completed with a discount to NTA of 32.3%;
- on 28 April 2010, Mirvac Group had announced the purchase of all units in Westpac Office Trust via a scrip and cash offer. The value of the scrip and cash offer, represented a 2.4% premium to the trust's stated NTA. We note that this transaction preceded a period of office rent and capitalisation rate stabilisation;
- on 9 December 2009, Challenger Life Company Limited initiated a takeover of Challenger Kenedix Japan Trust. The final offer price was \$1.05 for each unit. The transaction implied a discount to NTA of 41.7%. At the time of the transaction the trust had a gearing ratio of approximately 63% and was experiencing debt refinancing and covenant-breach risks; and
- in December 2009, Mirvac Group acquired all the issued units in Mirvac REIT, an externally managed diversified property trust primarily invested directly in commercial, retail, industrial and hotel property Australian property assets. The purchase price represented a 29.4% premium to NTA.

APPENDIX 10 COMPARISON TO SIMILAR A-REITS (ASX MARKET METRICS)

Table 61: Listed Comparable A-REITs

	Financial Year Ended	Gearing ^{1,2}	Total Distribution ³	Unit Price ⁴	Distribution yield ⁵	Forecast Distribution ⁶	Unit Price ⁷	Expected Distribution yield ⁸
		(%)	(\$)	(\$)	(%)	(\$)	(\$)	(%)
RBV	30-Jun-10	76.9%	0.10	0.67	14.3%	n.a	0.70	n.a
GOZ	30-Jun-10	53.8%	0.14	1.80	7.8%	0.18	1.85	9.7%
Abacus Property Group	30-Jun-10	23.3%	0.16	2.05	7.7%	0.17	2.35	7.2%
Australand Property Group	31-Dec-10	30.5%	0.21	2.91	7.0%	0.23	3.06	7.4%
Bunnings Warehouse Property Trust	30-Jun-10	18.8%	0.12	1.86	6.4%	0.13	1.72	7.6%
Challenger Diversified Property Group	30-Jun-10	20.7%	0.04	0.52	8.1%	0.04	0.49	8.2%
Charter Hall Group	30-Jun-10	9.2%	0.13	2.40	5.3%	0.17	2.45	7.0%
Commonwealth Property Office Fund	30-Jun-10	22.3%	0.06	0.93	6.0%	0.06	0.86	6.6%
Dexus Property Group	30-Jun-10	28.5%	0.05	0.77	6.6%	0.05	0.85	6.1%
Goodman Group	30-Jun-10	30.0%	0.03	0.64	5.4%	0.04	0.69	5.4%
GPT Group	31-Dec-10	25.1%	0.14	2.94	4.6%	0.18	3.14	5.7%
ING Office Fund	30-Jun-10	15.8%	0.04	0.58	6.7%	0.04	0.62	6.3%
Low		9.2%			4.6%			5.4%
High		30.5%			8.1%			8.2%
Average		22.4%			6.4%			6.7%

Source: Bloomberg

Notes:

n.a - not applicable

1. Calculated based on the relevant financial year end.
2. Total debt divided by total assets.
3. Total distributions based on the relevant financial year end.
4. Unit price as at the relevant financial year end.
5. Total distributions divided by unit price for the financial year ended.
6. Forecast distributions (FY2012) were sourced from Bloomberg consensus forecast.
7. Unit price as at the 31 March 2011.
8. Forecast distributions divided by unit price (as at 31 March 2011).