



ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

5 April 2016

RESUBMISSION OF INDICATIVE AND NON-BINDING PROPOSAL TO ACQUIRE GPT METRO OFFICE FUND (ASX:GMF)

Growthpoint Properties Australia ("**Growthpoint**") notes GPT Metro Office Fund's ("**GPT Metro**" or "**GMF**") announcement released yesterday on ASX ("**the GMF Announcement**") regarding the revaluation of the GPT Metro property portfolio, following the receipt of an unsolicited, confidential, conditional and non-binding proposal to acquire all the units in GPT Metro.

Initial Growthpoint Proposal

Growthpoint confirms that on 3 March 2016 Growthpoint Properties Australia Limited as responsible entity for the Growthpoint Properties Australia Trust submitted a proposal ("**the Proposal**") to the Independent Directors of GPT Platform Limited, in its capacity as responsible entity of GPT Metro, to acquire 100% of the outstanding units of GPT Metro via a trust scheme ("**the Proposed Transaction**"). The Proposal comprised consideration of 0.3736 Growthpoint securities and \$1.15 cash per GMF Unit which, based on Growthpoint's one-month VWAP¹ of \$3.08 per security up to and including 3 March 2016, implied consideration of \$2.30 per GPT Metro unit.

In response, on 16 March 2016, GPT Metro informed Growthpoint of its intention to undertake a revaluation of its entire property portfolio, the results of which were to be disclosed to ASX. Based on this information, on 18 March 2016, Growthpoint formally withdrew the Proposal.

GPT Metro property revaluation

Growthpoint has reviewed the GMF Announcement and does not believe it presents any new material information that impacts Growthpoint's view on the underlying value of the GMF portfolio which underpinned the Proposal. In particular, Growthpoint notes:

- Growthpoint submitted the Proposal following the release of both Growthpoint's and GPT Metro's Half Year results so that the most recent and comparable valuations for both entities could be used in assessing the Proposal;
- Growthpoint is not aware of any empirical transactional evidence (as mentioned in the GMF announcement) or leasing announcements that support material price increases over the period from 31 December 2015 to 31 March 2016 in the markets in which GPT Metro's assets are located;
 - GPT Metro's portfolio revaluation resulted in an uplift of 6.4% in assets values over the 3 months to 31 March 2016, with a weighted average portfolio cap rate reducing from approximately 7.1% to 6.7%;
- GPT Metro continues to trade at a material 8.5% discount to NTA, despite the revaluation uplift and receipt of an unsolicited proposal (albeit withdrawn); and
- the numerous qualitative benefits of the transaction to GMF unitholders including markedly improved portfolio size and diversification, earnings accretion / enhanced growth outlook, management alignment and increased liquidity remain irrespective of the property revaluations announced in the GMF Announcement.

Resubmitted Growthpoint Proposal

Based on this assessment and Growthpoint's ongoing belief that the Proposal offers a compelling value proposition for both Growthpoint and GMF securityholders, Growthpoint has today re-submitted the Proposal to the Independent Directors of GPT Metro.

¹ Volume Weighted Average Price



A copy of the re-submitted Proposal is **attached** to this announcement.

Based on Growthpoint's undisturbed² one-month VWAP of \$3.11 per security up to and including 1 April 2016, the Proposal implies consideration of \$2.31 per GPT Metro unit ("**the Proposal Price**"). The table below outlines the implied premia based on the Proposal Price following the GMF Announcement and the implied value of the offer at the time of Growthpoint's initial approach on 3 March 2016.

	As at 5 April 2016		As at 3 March 2016	
GOZ scrip consideration ³		\$1.16 ⁴		\$1.15 ⁵
Total cash consideration		\$1.15		\$1.15
Implied Proposal Price per GMF unit		\$2.31		\$2.30
		Offer premium / (discount)		Offer premium / (discount)
GPT Metro's undisturbed closing price	\$2.06 ⁶	12.1%	\$2.09 ⁷	10.0%
GPT Metro's 1-month VWAP (rounded)	\$2.06	12.1%	\$2.08	10.7%
GPT Metro's 3-month VWAP (rounded)	\$2.06	12.1%	\$2.07	10.9%
GPT Metro's stated NTA	\$2.35 ⁸	(1.6)%	\$2.15 ⁹	7.0%
GPT Metro's highest closing price over the prior six months	\$2.13	8.6%	\$2.13	8.0%

Growthpoint Managing Director, Tim Collyer, said:

"The Proposed Transaction represents a compelling value proposition for GMF unitholders with the scrip consideration providing exposure to Growthpoint's high quality diversified portfolio and internalised management platform.

Consistent with Growthpoint's strategy, the Proposed Transaction represents an opportunity to carefully expand and diversify Growthpoint's portfolio in an accretive and cost effective manner; however, any proposal must enhance value for Growthpoint securityholders.

We look forward to re-engaging with the Independent Directors of GMF to determine if a transaction for the mutual benefit of GMF and Growthpoint securityholders can be agreed."

The Proposed Transaction is only subject to customary conditions as set out in the Proposal.

Timothy Collyer, Managing Director

www.growthpoint.com.au

Media enquiries should be directed to:

Timothy Collyer, Managing Director, Growthpoint Properties Australia

Telephone: +61 8681 2900, info@growthpoint.com.au

² Prior to the GMF Announcement

³ 0.3736 Growthpoint securities per GMF Unit

⁴ Based on Growthpoint's one-month VWAP of \$3.11 per security up to and including 1 April 2016

⁵ Based on Growthpoint's one-month VWAP of \$3.08 per security up to and including 3 March 2016

⁶ As at 1 April 2016, being the last trading day prior to the GMF Announcement

⁷ As at 3 March 2016, being the date of the initial GOZ Proposal submission

⁸ As at 31 March 2016

⁹ As at 31 December 2015



Investor enquiries should be directed to:

Aaron Hockly, Chief Operating Officer, Growthpoint Properties Australia

Telephone: +61 8681 2900, info@growthpoint.com.au

Growthpoint Properties Australia

Growthpoint Properties Australia is a publicly traded ASX listed A-REIT (ASX Code: GOZ) that specialises in the ownership and management of quality investment property. GOZ owns interests in a diversified portfolio of 57 office and industrial properties throughout Australia valued at approximately \$2.6 billion and has an investment mandate to invest in office, industrial and retail property sectors.

Growthpoint is included in the S&P/ASX 200 Index and has been issued with an investment grade rating of Baa2 for senior secured debt by Moody's.

GOZ aims to grow its portfolio over time and diversify its property investment by asset class, geography and tenant exposure through individual property acquisitions, portfolio transactions and corporate activity (M&A transactions) as opportunities arise.



5 April 2016

Mr. John Atkin
Independent Chairman
GPT Platform Limited
As responsible entity of the GPT Metro Office Fund
Level 51, MLC Centre
19 Martin Place
Sydney NSW 2000
Australia

Dear Mr. Atkin,

RESUBMISSION OF INDICATIVE AND NON-BINDING PROPOSAL TO ACQUIRE ALL OF THE UNITS OF GPT METRO OFFICE FUND

I refer to the confidential, indicative and non-binding proposal (the **Proposal**) submitted by Growthpoint Properties Australia Limited as responsible entity for the Growthpoint Properties Australia Trust (**Growthpoint**) on 3 March 2016 with respect to the acquisition of 100% of the outstanding units of GPT Metro Office Fund (**GPT Metro** or **GMF**) via a trust scheme (the **Proposed Transaction**).

I also refer to my letter dated 18 March 2016 in which Growthpoint formally withdrew the Proposal pending the revaluation of the entire GMF portfolio and GMF's subsequent announcement to ASX regarding the outcome of the revaluations (**GMF Announcement**) on 4 April 2016.

Growthpoint has reviewed the GMF Announcement and does not believe it presents any new material information that impacts Growthpoint's view on the underlying value of the GMF portfolio which underpinned the Proposal. In particular, Growthpoint notes:

- Growthpoint submitted the Proposal following the release of both Growthpoint's and GPT Metro's Half Year results so that the most recent and comparable valuations for both entities could be used in assessing the Proposal;
- Growthpoint is not aware of any empirical transactional evidence (as mentioned in the GMF announcement) or leasing announcements that support material price increases over the period from 31 December 2015 to 31 March 2016 in the markets in which GPT Metro's assets are located,
 - GPT Metro's portfolio revaluation resulted in an uplift of 6.4% in assets values over the 3 months to 31 March 2016, with a weighted average portfolio cap rate reducing from approximately 7.1% to 6.7%;
- GPT Metro continues to trade at a material 8.5% discount to NTA, despite the revaluation uplift and receipt of an unsolicited proposal (albeit withdrawn).

Growthpoint continues to believe that the Proposed Transaction offers a compelling value proposition to GPT Metro unitholders. Growthpoint intends to provide a combination of cash and Growthpoint securities as its offer consideration, allowing GPT Metro unitholders to share in the benefits of combining the two businesses.

GPT Metro unitholders will benefit significantly from:

1. The cost savings derived from Growthpoint's internalised management structure;



2. Improved management alignment;
3. Significantly higher liquidity evidenced by Growthpoint's inclusion in the S&P/ASX 200 Index versus GMF's recent removal from the S&P/ASX 300 Index;
4. Markedly improved portfolio diversification; and
5. An enhanced earnings growth profile including lower earnings volatility risk and additional benefits from being part of a larger and more diversified real estate platform.

Combined with this, the Proposal offers an implied value to GMF unitholders which meaningfully exceeds GMF's undisturbed trading price prior to the GMF Announcement. Additionally, the Proposal will be significantly earnings accretive to GMF unitholders while offering exposure to an A-REIT which has a similar asset investment style and approach to that of GMF.

Based on this assessment and Growthpoint's ongoing belief that the Proposal offers a compelling value proposition for both Growthpoint and GMF securityholders, Growthpoint is pleased to formally re-submit its Proposal under the same terms and conditions as submitted on 3 March 2016, and as outlined below.

We look forward to engaging with the Independent Directors of GPT Platform Limited as the responsible entity of GPT Metro (**GPT Metro RE**) to finalise a mutually beneficial proposal capable of being put to GPT Metro unitholders and we are committed to working expeditiously to that end to ensure minimum disruption to GPT Metro.

About Growthpoint

Growthpoint is an internally managed ASX-listed landlord investing in Australian real estate with a market capitalisation of over \$1.8 billion and a diversified portfolio currently worth approximately \$2.6 billion. Growthpoint's "pure landlord" investment philosophy seeks to provide investors with a continually growing income stream derived exclusively from rental income from properties Growthpoint owns and manages, without exposure to funds management or significant development risk. Growthpoint seeks to acquire modern, well located properties with longer term leases to quality tenants which it intends to hold over the medium-to-long term. Growthpoint has a history of consistently generating superior returns on behalf of its securityholders, delivering an 18.1% p.a. total securityholder return for the 5 years to 31 December 2015, 2.9% above the A-REIT sector return of 15.2% p.a.¹. As at 31 December 2015, Growthpoint's portfolio enjoyed a 6.6 year WALE, 97.4% occupancy and an attractive 7.06% weighted average cap rate, demonstrating attributes consistent with GPT Metro's portfolio. Growthpoint's active management approach is evidenced by over 100,000m² of new and extended leasing completed during the past 18 months.

Growthpoint's strategy is focused on increasing securityholder returns, carefully expanding and diversifying its portfolio, enhancing existing property assets, increasing the value and liquidity of securities, borrowing prudently and operating sustainably.

Growthpoint Properties Limited of South Africa (**GRT**) owns approximately 65% of the securities of Growthpoint and is its major securityholder. GRT is listed on the Johannesburg Stock Exchange (JSE) and as at 31 December 2015 had a market capitalisation of R63.5 billion (A\$5.6 billion)² and gross assets of over R100 billion (A\$8.7 billion)³. GRT is the largest South African primary listed REIT and is included in the JSE Top 40 Index.

¹ S&P/ASX Property Accumulation Index

² Exchange rate of AUD:ZAR = 11.423 used

³ Exchange rate of AUD:ZAR = 11.423 used



Rationale and Strategic Benefits of the Proposed Transaction

Growthpoint is committed to evaluating commercial transactions that have the potential to deliver significant securityholder value. Following a detailed review of GPT Metro based on public information, Growthpoint believes that a combination with GPT Metro would deliver securityholders of both businesses enhanced growth opportunities and a platform from which to pursue further aggregation. Specifically, Growthpoint believes that a combination with GPT Metro will:

- Provide GMF unitholders with an exposure to a larger portfolio with greater sector, tenant and geographic diversification with comparable portfolio attributes to the existing GMF portfolio, reducing exposure to single assets / tenants and reducing earnings volatility evident in the current GMF guidance and broker forecasts;
- Generate significant earnings accretion for both Growthpoint and GPT Metro unitholders primarily derived from Growthpoint's internalised management structure and the removal of fee leakage to third parties. This also provides management alignment which REIT investors have been supportive of across the A-REIT sector;
- Facilitate substantially improved liquidity for GMF unitholders via the increased scale and relevance with key stakeholders of the combined A-REIT, noting that only ~6.8% of the GMF register has turned over on market during the past three months. We highlight that Growthpoint is included in the S&P/ASX 200 Index and that GMF has recently been removed from the S&P/ASX 300 Index; and
- Position the combined entity to leverage further future portfolio growth and retain a market leading sector investment exposure and allow for active portfolio management.

Indicative Proposal and Financial Benefits

The Proposal, subject to the conditions below, provides for the following aggregate cash and Growthpoint scrip consideration to GMF unitholders (expressed per GMF Unit):

- 0.3736 Growthpoint securities; and
- A cash payment of \$1.15.

Under the Proposal, a "Mix and Match" facility will be available whereby GMF unitholders may elect to receive, in exchange for their respective holding of GMF units one of the following options:

- standard consideration (comprising 0.3736 Growthpoint securities and \$1.15 cash per GMF unit);
- maximum scrip consideration (comprising up to 0.7431 Growthpoint securities per GMF unit, with the rest of the consideration payable in cash as a result of the scale-back (if applicable) described below); or
- maximum cash consideration (comprising up to \$2.31 cash per GMF unit, with the rest of the consideration comprising Growthpoint securities, as a result of the scale-back (if applicable) described below)

with the default option for GMF unitholders who do not make a valid election being the receipt of standard consideration. Allocation will be subject to scale-back (if necessary) on a pro rata basis to ensure the aggregate consideration payable by Growthpoint is 47.5 million Growthpoint securities and \$147.8 million in cash.



Based on Growthpoint's one-month volume weighted average price (**VWAP**) of \$3.11 per security up to and including 1 April 2016, the table below details potential GMF unitholder consideration outcomes under the "Mix and Match" facility, with implied consideration being \$2.31 per GPT Metro unit (the **Proposal Price**)

	Cash allocation	Scrip allocation	Cash payment	Scrip merger ratio	Scrip consideration	Cash + scrip consideration
Maximum scrip allocation	0%	100%	\$0.00	0.7431	\$2.31	\$2.31
Default /standard consideration	50%	50%	\$1.15	0.3736	\$1.16	\$2.31
Maximum cash allocation	100%	0%	\$2.31	0.0000	\$0.00	\$2.31

As discussed above, the outcome for a GMF unitholder will be dependent upon their election for consideration under the Mix and Match facility and any scale-back.

The table below outlines the implied premia based on the Proposal Price following the GMF Announcement and the implied value of the offer at the time of Growthpoint's initial approach on 3 March 2016.

	As at 5 April 2016		As at 3 March 2016	
GOZ scrip consideration ⁴		\$1.16 ⁵		\$1.15 ⁶
Total cash consideration		\$1.15		\$1.15
Implied Proposal Price per GMF unit		\$2.31		\$2.30
		Offer premium / (discount)		Offer premium / (discount)
GPT Metro's undisturbed closing price	\$2.06 ⁷	12.1%	\$2.09 ⁸	10.0%
GPT Metro's 1-month VWAP (rounded)	\$2.06	12.1%	\$2.08	10.7%
GPT Metro's 3-month VWAP (rounded)	\$2.06	12.1%	\$2.07	10.9%
GPT Metro's stated NTA	\$2.35 ⁹	(1.6)%	\$2.15 ¹⁰	7.0%
GPT Metro's highest closing price over the prior six months	\$2.13	8.6%	\$2.13	8.0%

⁴ 0.3736 Growthpoint securities per GMF Unit

⁵ Based on Growthpoint's one-month VWAP of \$3.11 per security up to and including 1 April 2016

⁶ Based on Growthpoint's one-month VWAP of \$3.08 per security up to and including 3 March 2016

⁷ As at 1 April 2016, being the last trading day prior to the GMF Announcement

⁸ As at 3 March 2016, being the day prior to the first submission of the Proposal

⁹ As at 31 March 2016

¹⁰ As at 31 December 2015



Funding

Growthpoint intends to fund the cash component of the offer from debt headroom in existing Growthpoint debt facilities. GMF debt will be either left in place or refinanced from debt headroom in existing Growthpoint debt facilities. As at 31 December 2015, Growthpoint had approximately \$373 million of debt headroom.

Overview of the Proposed Transaction

Growthpoint's intention is that the Proposal be implemented via a trust scheme, unanimously recommended by the Independent Directors of GPT Metro RE. This structure is consistent with our desire for a friendly transaction. Growthpoint is willing to work with GPT Metro RE and its advisers to assist in implementing the Proposed Transaction.

Conditions to the Proposal

This Proposal is conditional upon:

1 Due diligence	• GPT Metro RE providing Growthpoint with access to due diligence materials on an exclusive basis for a period of 4 weeks (assuming timely access is granted to due diligence information). Growthpoint expects to undertake its due diligence investigations in a focused and efficient manner once access is granted and would also seek site visits to GPT Metro's properties • Growthpoint will provide a due diligence information request to GPT Metro RE on request
2 Board recommendation	• A unanimous recommendation from the Independent Directors of GPT Metro RE and an undertaking from each GPT Metro RE Independent Director to support the transaction in relation to any GMF units they hold or control, in each case in the absence of a superior proposal and subject to an Independent Expert concluding that the Proposed Transaction is fair and reasonable for GPT Metro unitholders
3 Transaction documentation	• Completion of transaction documentation to the satisfaction of Growthpoint and GPT Metro RE

Conditions of a Scheme Implementation Agreement (SIA) and trust scheme

Growthpoint envisages that conditions of an SIA and trust scheme would include, among other things:

- GPT Metro unitholder approval;
- Regulatory approvals, including approval from the Foreign Investment Review Board (FIRB) and all other required regulatory approvals;
- No material adverse change, no prescribed occurrences and no material acquisitions or disposals;
- The unanimous recommendation of the Independent Directors of GPT Metro RE and agreement to vote any GMF units they hold or control in favour of the Proposed Transaction, in each case in the absence of a superior proposal and subject to an Independent Expert concluding that the Proposed Transaction is fair and reasonable for GPT Metro unitholders;



- Standard exclusivity provisions for a transaction of this type including a break fee, no shop, no talk, notification rights and a matching right; and
- Other customary conditions.

Timetable

Growthpoint is seeking to complete its due diligence investigations within 4 weeks of being granted access to due diligence material. This indicative timeframe for due diligence is subject to GPT Metro's co-operation and providing timely access to due diligence information and site visits to GPT Metro's properties.

Growthpoint intends to progress to preparation and negotiation of the SIA in parallel with its due diligence investigations during this period such that both parties can progress to execution of the SIA upon the conclusion of due diligence, subject to GPT Metro's co-operation.

Exclusivity

Given that Growthpoint will be committing significant resources to this potential transaction, Growthpoint requires a period of exclusivity within which to conduct its due diligence investigations and to come to an agreement with GPT Metro RE regarding an SIA.

During that time, GPT Metro and its advisers would not engage with other parties in relation to a potential transaction or proposal. This requirement of exclusivity would be subject to documentation executed between Growthpoint and GPT Metro RE.

Manager Engagement

This proposal has been made in the absence of any formal approach to GPT as owner of the RE and as a GMF unitholder. We would anticipate engagement at an appropriate time in the future with the expectation that GPT would follow the recommendations of the independent board committee.

Status of this Proposal

This Proposal is intended as an expression of interest and is not intended to constitute, and does not constitute, a legally binding offer. It represents an indicative, conditional, incomplete and non-binding proposal. Any legally binding obligations would be subject to, among other things, the execution of definitive transaction documentation.

A copy of this Proposal has been released to ASX.

Advisors

Growthpoint has engaged Goldman Sachs Australia Pty Ltd and Herbert Smith Freehills as its financial and legal advisors to this Proposed Transaction, respectively. Growthpoint intends to appoint additional advisors during the due diligence period.

Conclusion and Next Steps

As you are aware, Growthpoint and its advisers have already spent considerable time and resources reviewing the operations of GPT Metro from public sources in order to be in a position to put forward this Proposal. We trust that this Proposal demonstrates the seriousness of our interest in GPT Metro and our belief in this truly exciting opportunity. We believe our Proposal to be strategically and financially compelling for GPT Metro and its unitholders, offering an attractive premium, meaningful earnings accretion, increased liquidity, and ongoing exposure to the combined group.



As set out above, Growthpoint is highly motivated and is able to complete due diligence and proceed to a formal offer in an expeditious manner.

If you have any further questions, please do not hesitate to contact me directly. Alternatively, please contact Mr. Timothy Collyer, Managing Director, Growthpoint Properties Australia on 03 8681 2900.

I reiterate our Board's desire to engage on a co-operative and collaborative basis with the Independent Directors of the GPT Metro Board and look forward to hearing from you.

Yours sincerely,
for and on behalf of **Growthpoint Properties Australia.**

Geoffrey Tomlinson

Chairman