



ASX ANNOUNCEMENT GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

5 May 2016

GROWTHPOINT ANNOUNCES REVISED OFFER AND AGREES PROCESS AND TERMS FOR PROPOSED MERGER WITH GPT METRO

Growthpoint Properties Australia Limited, in its own capacity and as responsible entity for the Growthpoint Properties Australia Trust ("**Growthpoint**" or "**GOZ**") today announced that it has issued a revised proposal to acquire all of the outstanding units in GPT Metro Office Fund ("**GMF**" or "**GPT Metro**") by way of a trust scheme and it has agreed with the Independent Board Committee ("**IBC**") of GPT Platform Limited, the responsible entity of GMF, a non-binding preliminary term sheet ("**Term Sheet**").

The Term Sheet sets out the key terms and steps by which Growthpoint proposes to acquire 100% of the outstanding units of GPT Metro by way of a recommended trust scheme ("**The Proposed Transaction**"), subject to due diligence and agreement on the key transaction documents. The Term Sheet provides for a 20 Business Day exclusivity period during which the parties will negotiate the detailed terms of a Scheme Implementation Agreement which will reflect the key commercial terms which have been agreed and are set out in the Term Sheet as included as Appendix A to this announcement. During this exclusivity period, Growthpoint will conduct confirmatory due diligence on GMF and GMF will conduct limited confirmatory due diligence on Growthpoint.

Proposed Transaction Highlights

- GMF unitholders to receive improved standard consideration of 0.3756 Growthpoint securities plus \$1.185 cash for each GMF unit.
- A "Mix and Match" facility will be available whereby GMF unitholders may elect to receive maximum scrip consideration of 0.7512 Growthpoint securities or maximum cash consideration of \$2.37 per GMF unit subject to scaleback¹.
- The IBC intends to unanimously recommend the Proposed Transaction, subject to the completion of satisfactory due diligence by GMF, no superior proposal being made and an Independent Expert opining that the transaction is fair and reasonable to, and in the best interests of, GMF unitholders and not withdrawing that opinion.
- GMF unitholders to receive a meaningful premium to recent trading prices, with the scrip consideration allowing GMF unitholders to share in the benefits of combining the two businesses including markedly improved portfolio size and diversification, earnings accretion/enhanced growth outlook, internalised management and increased liquidity.
- Opportunity for Growthpoint to carefully expand and diversify its portfolio in an accretive and cost effective manner.

Growthpoint Managing Director, Tim Collyer, said:

"We are pleased to have agreed on the Term Sheet with the IBC on the potential acquisition of GPT Metro and believe the Proposed Transaction represents a compelling value proposition for both GMF and Growthpoint securityholders. We look forward to working with the IBC and its advisers to finalise confirmatory due diligence, agree the key transaction documents and formally present the Proposed Transaction to GMF unitholders to combine our two high quality and complimentary portfolios."

¹ Allocation will be subject to scale-back (if necessary) on a pro rata basis to ensure the aggregate consideration payable by Growthpoint is 48.3 million Growthpoint securities and \$152.3 million in cash



Improved Transaction Terms

The IBC has indicated it will recommend GMF unitholders accept the improved consideration of 0.3756 GOZ securities and \$1.185 cash per GMF unit subject to the completion of satisfactory due diligence by GMF, no superior proposal emerging and an Independent Expert opining that the transaction is fair and reasonable to, and in the best interests of, GMF unitholders and not withdrawing that opinion. Growthpoint securities issued as a result of the Proposed Transaction will be fully paid stapled securities and, with the exception of the Growthpoint June 2016 half year distribution, will be fully entitled to distributions payable by Growthpoint where the entitlement to that distribution arises after the stapled securities have been issued.

Based on the improved transaction terms and Growthpoint's closing price on 4 May 2016 of \$3.25 per security, the Proposed Transaction implies consideration of \$2.41 per GPT Metro unit ("**the Proposal Price**"). The table below outlines the implied premia based on the terms of Growthpoint's initial proposal announced to ASX on 5 April 2016 and the Proposal Price implied by the improved and agreed terms of the Proposed Transaction.

		Initial Proposal	Revised Proposal
GOZ scrip consideration		\$1.16 ²	\$1.22 ³
Total cash consideration		\$1.15	\$1.185
Implied Proposal Price per GMF unit		\$2.31	\$2.41
		Offer premium / (discount)	Offer premium / (discount)
GPT Metro's undisturbed ⁴ closing price	\$2.06	12.2%	16.8%
GPT Metro's undisturbed 1-month VWAP ⁵	\$2.06 ⁶	12.1%	16.7%
GPT Metro's undisturbed 3-month VWAP	\$2.06 ⁶	12.1%	16.6%
GPT Metro's stated NTA (31 Dec 15)	\$2.15	7.6%	11.9%
GPT Metro's stated NTA (31 Mar 16)	\$2.35	(1.6)%	2.4%

Rationale and Strategic Benefits of the Proposed Transaction

Growthpoint considers the Proposed Transaction offers a compelling proposition that appropriately shares the potential value creation from the combination of the two businesses. Following a detailed review of 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 of Growthpoint and 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;
- Generate significant earnings accretion for both Growthpoint and GPT Metro unitholders, in part derived from Growthpoint's internalised management structure and the removal of fee leakage to third parties;

² 0.3736 Growthpoint securities per GMF unit and based on Growthpoint's one-month VWAP of \$3.11 per security up to and including 1 April 2016

³ 0.3756 Growthpoint securities per GMF unit and based on Growthpoint's closing price on 4 May 2016

⁴ As at 1 April 2016, being the last trading day prior to the GMF announcement of the receipt of an unsolicited, confidential, conditional and non-binding proposal and the results of its asset revaluation process

⁵ Volume Weighted Average Price

⁶ VWAP shown to two decimal places



- Facilitate improved liquidity for GMF unitholders via the increased scale and relevance with key stakeholders of the combined A-REIT. Growthpoint is included in the S&P/ASX 200 Index and 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.

GPT Engagement

Growthpoint has not made any formal approach to GPT as owner of GPT Platform Limited and as a GMF unitholder. Growthpoint anticipates engagement with GPT at an appropriate time in the future in relation to the Proposed Transaction.

Further Information and Next Steps

Further information in relation to the key terms of the Proposed Transaction is set out in the Term Sheet included as Appendix A.

The Proposed Transaction is contingent on Growthpoint and GMF conducting confirmatory due diligence, both parties negotiating and executing a mutually acceptable Scheme Implementation Agreement, and satisfaction of any conditions set out in the Scheme Implementation Agreement, including those conditions referred to below. Accordingly, there is no guarantee that a definitive agreement regarding the Proposed Transaction will be reached or that any transaction between the parties will actually occur.

Conditions precedent to the closing of the Proposed Transaction will be set out in the Scheme Implementation Agreement and are expected to include, among other things, requisite regulatory and third party approvals, no material adverse change, no prescribed occurrences and no material acquisitions or dispositions affecting either party, GMF unitholder approval, satisfactory judicial advice in respect of the Proposed Transaction and other customary conditions for a transaction of this nature. The parties will work towards completing their confirmatory due diligence and negotiating and entering into definitive transaction documentation within 20 Business Days.

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

Timothy Collyer, Managing Director

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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.



Appendix A – Term Sheet

Refer to following pages



Structure	Growthpoint Properties Australia Limited, in its own capacity and as responsible entity for the Growthpoint Properties Australia Trust, (Growthpoint) is to acquire 100% of the outstanding units of GPT Metro Office Fund (GPT Metro or GMF) via a trust scheme (Proposed Transaction).
Consideration	Subject to due diligence and applicable conditions, the following aggregate cash and Growthpoint scrip consideration is proposed to be provided to GMF unitholders (expressed per GMF unit) in connection with the Proposed Transaction: • 0.3756 shares in Growthpoint Properties Australia Limited and units in Growthpoint Properties Australia Trust (Growthpoint Securities); and • cash payment of \$1.185. Under the Proposed Transaction, 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 0.3756 Growthpoint Securities and \$1.185 cash per GMF unit); • maximum scrip consideration (comprising up to 0.7512 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 \$2.37 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 48.3 million Growthpoint Securities and \$152.3 million in cash. Distributions GMF will pay its unitholders the June 2016 quarter distribution of not more than 3.85 cents per unit. Growthpoint will pay its securityholders the June 2016 half year distribution of 10.30 cents per security. Any other distribution paid (including any quarterly distribution paid in excess of the amount expressed above per unit) by GMF to GMF unitholders will be deducted from the consideration. If the Proposed Transaction is not implemented until after the record date for GMF's September 2016 quarterly distribution then the aggregate cash consideration will be reduced by the aggregate amount of this distribution, if made, and corresponding adjustments will be made to the "Mix and Match" facility. While GMF unitholders will not be entitled to the Growthpoint June 2016 half year distribution, in other respects, Growthpoint Securities issued to GMF unitholders as consideration will from their date of issue rank pari passu with all other Growthpoint Securities on issue.
GMF Debt	The GMF debt is to be left in place subject to consents from the GMF banking syndicate or refinanced by Growthpoint.
Timing	• Both parties are to make separate announcements in respect of the Proposed Transaction, in the attached forms, on Thursday, 5 May 2016.



- The Proposed Transaction is contingent on the conduct of confirmatory due diligence by both parties and negotiating and executing definitive documentation (including the Scheme Implementation Agreement).

**Board
Recommendation**

The Scheme Implementation Agreement will include a term that the Independent Directors of GPT Metro RE (GMFRE) are to unanimously recommend, and agree 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 to, and in the best interests of, GPT Metro unitholders and not withdrawing that opinion.

**Exclusivity and
confidentiality**

Standard confidentiality and exclusivity arrangements, including no shop, no talk (subject to a fiduciary out), notification requirement and matching rights have been agreed between the parties and are contained in a separate binding exclusivity and confidentiality deed. Such provisions will also be included in the Scheme Implementation Agreement. The exclusivity period commenced on 5 May 2016 and extends for 20 business days (Exclusivity Period).

Break fee

The Scheme Implementation Agreement will include a term that Growthpoint will be entitled to a break fee equating to 1% of the agreed equity value of GMF. The payment will be triggered on standard events.

Conditions

- GPT Metro unitholder approval.
- Judicial advice.
- Regulatory and any third party approvals, including approval from the Foreign Investment Review Board (FIRB) and all other required regulatory and third party approvals (including ASIC and ASX providing all consents, approvals, waivers etc as required).
- No material adverse change, no prescribed occurrences and no material acquisitions or disposals on terms to be agreed.
- Other customary conditions including any required third party approvals.

**Due Diligence
and
documentation**

- In accordance with the terms of the exclusivity and confidentiality deed:
 - GMF has agreed to provide Growthpoint with access to due diligence materials reasonably requested by Growthpoint and organise site visits to GMF's properties; and
 - Growthpoint has agreed to provide GMF with access to limited confirmatory due diligence materials.
- Each party to use reasonable endeavours to complete confirmatory due diligence as soon as practicable within the 20 business day Exclusivity Period. Each party to provide the other with weekly updates regarding the status of its due diligence.
- The Proposed Transaction is subject to a Scheme Implementation Agreement being negotiated, agreed and approved by the Growthpoint board and the GMFRE board with the agreement to include the provisions set out herein.
- Both parties agree to use all reasonable endeavours to negotiate in good faith and to enter into the Scheme Implementation Agreement within the Exclusivity Period. Growthpoint is to prepare the first draft of the Scheme Implementation Agreement and provide that draft to GMF as soon as practicable after the release of the attached announcements.
- GMF is to conduct its business in the ordinary and usual course until execution of the



Scheme Implementation Agreement.

Transitional arrangements	• Growthpoint and GMFRE to use reasonable endeavours to agree a 3 month transitional period from the date of GMF unitholder approval of the Proposed Transaction to facilitate a smooth transition of GMF information onto Growthpoint's information technology platform, handover of files and changes to property management arrangements. • Growthpoint would require the manager to provide customary support during this period.
Transaction Costs	• GMF and Growthpoint acknowledge that they have entered into separate arrangements with respect to the expected transaction costs of each party. • GMF acknowledges that the consideration for the Proposed Transaction assumes that GMF's transaction costs are as set out in these separate arrangements.
Other	Subject to the terms of the relevant agreements, existing income guarantees or rental support provided to GMF, for the benefit of the GMF unit holders, from GPT (or an associated entity), will continue post completion of the Proposed Transaction until expiry of such agreements and any related receivables will remain following implementation of the Proposed Transaction
Status	This terms sheet is not intended to be complete or exhaustive, nor does it constitute a commitment or binding obligation on the part of Growthpoint or GMF.



HERBERT
SMITH
FREEHILLS

Executed by
GPT Platform Limited as Responsible Entity of the GPT Metro Office Fund
by

sign here ► _____
Company Secretary/Director

print name _____

sign here ► _____
Director

print name _____

Executed by
**Growthpoint Properties Australia Limited in its own capacity and as
Responsible Entity for the Growthpoint Properties Australia Trust**
by

sign here ► _____
Company Secretary/Director

print name **Aaron G.B. Hockly-Holdich**
Company Secretary

sign here ► _____
Director

print name **Timothy James Collyer**



Executed by
GPT Platform Limited as Responsible Entity of the GPT Metro Office Fund
by

sign here ►

Company Secretary/Director

print name Yasothara Yoganathan

sign here ►

Director

print name John Atkin

Executed by
**Growthpoint Properties Australia Limited in its own capacity and as
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sign here ►

Company Secretary/Director

print name

sign here ►

Director

print name