

19 November 2013

GPT makes cash and scrip offer for CPA

Offer is valued at \$1.272 per CPA unit based on GPT closing price on 18 November 2013

Combination of GPT and CPA creates Australia's leading office player

Delivers at least 3.5% accretion to EPS¹ and 30 to 40 bps uplift in Total Return

The GPT Group (GPT) today announces its intention to make an off-market takeover offer (Offer) for all outstanding units in Commonwealth Property Office Fund (CPA).

The consideration under the Offer will be:

- 0.141 GPT securities per CPA unit; and
- \$0.75325, for every CPA unit (where the cash component will be reduced by the amount of any distribution paid on a CPA unit following the date of this announcement).

Based on GPT's closing price on 18 November 2013, the Offer values CPA units at \$1.272.

The acquisition of CPA is consistent with the Group's strategy and represents a unique growth opportunity for GPT as it:

- drives GPT's total return (forecast EPS accretion of at least 3.5 per cent¹ and uplift in the Group's long term total return of 30-40bps);
- clearly positions GPT as the leading owner and manager of office assets in Australia;
- significantly expands GPT's funds management platform; and
- deploys GPT's considerable balance sheet capacity whilst maintaining its financial strength.

The GPT Wholesale Office Fund (GWOFF) has committed to acquire five CPA assets (valued at \$1.1 billion) when GPT is in a position to undertake compulsory acquisition.

The acquisition would increase GPT's external funds under management (FUM) by \$1.1 billion to \$8.2 billion via the sale of the assets to GWOFF and allows scope for additional fund initiatives providing a significant step towards its FUM growth targets. The increase in FUM from this transaction delivers GPT a 20 per cent increase in funds management EBIT and demonstrates the Group's capital partnering capability with its funds, which is a key component of its business model.

GPT considers that the Offer is superior to the Dexu/CPPIB proposal and is compelling for CPA unitholders. Based on closing prices on 18 November 2013, the Offer represents a:

- 7% premium to CPA's NTA;
- 6% premium to CPA last close; and
- 19% premium to the one month VWAP of CPA prior to the announcement of the internalisation proposal.

Based on the above, GPT is confident that the responsible entity of CPA, Commonwealth Managed Investments Limited, will recommend the Offer.

¹ 2014 EPS on an annualised basis

Importantly, the offer maintains GPT's financial strength, with post-acquisition pro-forma gearing maintained within the Group's policy range, and with subsequent scale efficiencies allowing for further reductions in the management expense ratio of around 5 bps.

GPT has secured pre-bid agreements over units representing 6.5% of CPA.

In addition to this stake, GPT has been authorised by Mondrian Investment Partners which holds a substantial stake in CPA to release the following statement, *"Mondrian welcomes a proper auction for the company and has a fiduciary duty to support the best outcome for its clients. We believe this proposal by GPT is currently superior to the Dexu offer."*

Michael Cameron, CEO and Managing Director of GPT said the combination of GPT and CPA provides a highly attractive value proposition for both CPA and GPT investors.

"This transaction, via the integration of the CPA platform, positions GPT as the leading owner and manager of office assets in Australia, with \$10 billion of office assets under management. It enhances GPT's portfolio diversification and broadens our exposure to quality A grade assets and geographic sub-markets", Mr Cameron said.

"GPT is forecasting 3 per cent EPS growth for 2014. This transaction will increase EPS, on an annualised 2014 basis, by at least a further 3.5 per cent.

"We also believe the Offer delivers compelling value to CPA unitholders, including a significant uplift in earnings and distributions, improved growth prospects, and an investment in Australia's pre-eminent office landlord.

"GPT has a market-leading office team and we will seek to add members of CPA's highly competent team should our bid for CPA be successful."

The office portfolio and key performance metrics pre and post the transaction are shown below and includes GPT's interest in GWOF.

Office Portfolio Metrics

	Pre	Post
No. of Assets – Portfolio	20	45
No. of Assets – Balance Sheet	7	27
GPT Portfolio Value (\$ billion)	2.8	5.7
Office NLA (sqm millions)	1.0	1.8
No. of tenants	350+	775+
WACR	6.8%	7.1%
WALE (years)	5.6	4.9
Prime grade CBD share (100% NLA)	11%	18%

The Offer is subject to limited conditions. The Offer is not subject to due diligence. The Offer conditions are set out in full in the Annexure.

GPT units issued to CPA unitholders under the Offer will have an entitlement to GPT distributions from their issue date that is equal to existing GPT units.

GPT is being advised by Fort Street Advisers and Bank of America Merrill Lynch.

Market Briefing

A briefing for investors and analysts will be held at 12.00pm today at GPT's head office at Level 51, MLC Centre, Sydney with a dial-in facility for those unable to attend in person as detailed below.

Telephone Conference:

Time	12.00pm (AEDT)
Number	1800 720 419 +61 2 8524 5038
Participant Passcode	5369609

Audio Webcast: www.gpt.com.au

Media Briefing

A media briefing will be held at 10:30am today.

Time	10.30am (AEDT)
Number	+61 2 8524 5042
Participant Passcode	5765802

ENDS

For further information please contact:

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Annexure - Terms and Conditions of the Offer

Consideration

The consideration under the Offer will be:

- 0.141 GPT Units; and
- \$0.75325,

in respect of every one Target Unit (where the cash component will be reduced by the amount of any distributions paid on a Target Unit following the date of this announcement).

Any fractional entitlement to GPT Units will be rounded-down to the nearest whole number of GPT Units.

Conditions

The Offer and any contract that results from acceptances of the Offer will be subject to the fulfilment of the following conditions. Terms used in this Annexure have the meanings given at the end of this Annexure.

1 Minimum Relevant Interest

During, or at the end of, the Offer Period, Bidder and its Related Bodies Corporate together have relevant interests (disregarding any relevant interests which Bidder has or acquires merely because of the operation of section 608(3) of the Corporations Act) in at least 50.1% of the Target Units.

2 Foreign Investment Approval - Bidder

One of the following occurs before the end of the Offer Period:

- (a) the Treasurer of the Commonwealth of Australia or his agent notifies Bidder to the effect that there are no objections to the proposed acquisition by Bidder (whether directly or via its Related Bodies Corporate) of interests in up to all of the Target Units on issue pursuant to or as a result of the Offer (or by any other means permitted under the Corporations Act) (the **Proposed Acquisitions**) under the Commonwealth Government's foreign investment policy, and such notice is unconditional; or
- (b) the Treasurer of the Commonwealth of Australia is or, by passage of time becomes, precluded from making an order under the FATA in respect of the Proposed Acquisitions.

3 Foreign Investment Approval – GWOFF

One of the following occurs before the end of the Offer Period:

- (a) the Treasurer of the Commonwealth of Australia or his agent notifies GWOFF to the effect that there are no objections to the proposed acquisition by GWOFF (whether directly or via its Related Bodies Corporate) of interests in Target Group assets as contemplated in this announcement (the **GWOFF Acquisitions**) under the Commonwealth Government's foreign investment policy, and such notice is unconditional; or
- (b) the Treasurer of the Commonwealth of Australia is or, by passage of time becomes, precluded from making an order under the FATA in respect of the GWOFF Acquisitions.

4 No Regulatory Action

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (b) no action or investigation is announced, threatened or commenced by any Public Authority; and
- (c) no application is made to any Public Authority (other than by Bidder or any of its Related Bodies Corporate),

(other than an application to, or a decision or order of, ASIC or the Australian Takeovers Panel under, or relating to a breach of Chapter 6A, 6B or 6C of the Corporations Act or relating to unacceptable circumstances within the meaning of section 657A of the Corporations Act in consequence of, or in connection with, the Offer) that restrains, impedes or prohibits (or if granted could restrain, impede or prohibit), or otherwise materially adversely impacts upon, the making of the Offer, the acquisition of Target Units under the Offer or any transaction contemplated by the Bidder's Statement, the Offer or the rights of Bidder or any of its Related Bodies Corporate in respect of Target Units, or requires the divestiture by the Bidder of any Target Units, or requires the divestiture of any assets of the Bidder Group or Target Group.

5 Capped break fee

Between the Announcement Date and the end of the Offer Period (each inclusive), neither Target RE nor any member of the Target Group agrees (whether conditionally or unconditionally) to make, or does make, any payment constituting, or equivalent to, a break fee, an inducement fee, a cost reimbursement or otherwise, to any person, or forgo an amount to which it would otherwise be entitled, in connection with a proposal or transaction under which a third party would, if the proposal or transaction were ultimately completed, directly or indirectly:

- (a) acquire a relevant interest in or become the holder of 50% or more of the issued ordinary units in Target; or
- (b) acquire all, or a majority, of the assets or operations of the Target Group,

or a similar economic outcome would eventuate, where such payment, or amount forgone, is an amount exceeding \$5 million.

6 No Material Adverse Change

Between the Announcement Date and the end of the Offer Period (each inclusive), no event, change or condition occurs, is announced or becomes known to Bidder (whether or not it becomes public) where that event, change or condition has had, or could reasonably be expected to have, either individually or in aggregate with all such events, changes and conditions:

- (a) an adverse financial effect of A\$11 million or more on the funds from operations (calculated on a basis consistent with that applied in the audited financial report of the Target for the year ended 30 June 2013) of the Target Group in any financial year; or
- (b) an adverse financial effect of A\$140 million or more on the value of the net assets of the Target Group,

other than:

- (i) mark to market movements relating to investment properties, financial derivatives and foreign exchange rates; or
- (ii) events, changes and conditions publicly announced by Target to the ASX prior to the Announcement Date or otherwise disclosed in public filings by Target or any of its Subsidiaries prior to the Announcement Date where the relevant disclosure is not, and is not likely to be, incomplete, incorrect, untrue or misleading.

7 No Material Acquisitions or Disposals

Except to the extent fully and fairly disclosed in any announcement made to the ASX prior to the Announcement Date, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period (each inclusive):

- (a) Target RE or any entity within the Target Group acquires, or an agreement is entered into under which it is agreed that Target RE or any entity within the Target Group will or offers to acquire, any one or more entities or assets (or any interest in one or more entities, businesses or assets) for an amount or consideration in excess of A\$50 million for any individual item;
- (b) Target RE or any entity within the Target Group disposes of, or an agreement is entered into under which it is agreed that Target RE or any entity within the Target Group will or offers to dispose of, any one or more entities or assets (or any interest in one or more entities, businesses or assets):
 - (i) for an amount or consideration in excess of A\$50 million for any individual item; or
 - (ii) in respect of which the book value (as recorded in Target's statement of financial position as at 30 June 2013) is in excess of A\$50 million for any individual item;
- (c) the commitment by the Target Group to a new development project in excess of A\$50 million.

8 No Internalisation

Between the Announcement Date and the end of the Offer Period (each inclusive):

- (a) Target RE does not implement, or agree or propose to implement, any transaction or proposal under which the management of Target is 'internalised', or Target RE is otherwise removed or replaced; or
- (b) a Change of Control does not occur in respect of Target RE.

9 Competing Proposal

Between the Announcement Date and the end of the Offer Period (each inclusive), Target RE does not enter into any agreement for the purposes of implementing a transaction under which, if that agreement were completed substantially in accordance with its terms, DEXUS, CPPIB or one of their associates would acquire all, or a majority of, the Target Units.

10 No Distributions

Between the Announcement Date and the end of the Offer Period (each inclusive), Target RE does not make, determine as payable or declare any Target distribution (whether by way of dividend, capital reduction or otherwise and whether in cash or in specie) other than a half yearly distribution in the ordinary course.

11 No Prescribed Occurrences

Between the period from the date on which the Bidder's Statement is given to Target RE and the end of the Offer Period (each inclusive), none of the following events occur:

- (a) Target converts all or any of its units into a larger or smaller number of units;
- (b) Target or a Subsidiary of Target resolves to reduce its capital in any way;
- (c) Target or a Subsidiary of Target enters into a buy-back agreement or resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act or otherwise;
- (d) Target or a Subsidiary of Target issues units or shares or grants an option over its units or shares, or agrees to make such an issue or grant such an option in each case, other than the issue of Target Units as a result of the exercise of Target Options which are on issue as at the Announcement Date;
- (e) Target or a Subsidiary of Target issues, or agrees to issue, convertible notes;
- (f) Target or a Subsidiary of Target disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (g) Target or a Subsidiary of Target grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (h) Target or a Subsidiary of Target resolves to be wound up;
- (i) a liquidator or provisional liquidator of Target or of a Subsidiary of Target is appointed;
- (j) a court makes an order for the winding up of Target or of a Subsidiary of Target;
- (k) an administrator of Target or of a Subsidiary of Target is appointed under section 436A, 436B or 436C of the Corporations Act; or
- (l) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Target or a Subsidiary of Target.

12 No Prescribed Occurrences Between the Announcement Date and the Date of the Bidder's Statement

During the period beginning on the Announcement Date and ending on the day before the Bidder's Statement is given to Target, none of the events listed in sub-paragraphs (a) to (l) of paragraph 11 occurs.

Definitions

Announcement Date means the date of announcement of Bidder's intention to make the Offer.

ASIC means the Australian Securities and Investments Commission.

associate has the meaning given in the Corporations Act.

ASX means ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange as appropriate.

Bidder means:

- (a) GPT Management Holdings Limited (ACN 113 510 188);
- (b) GPT RE Limited (ACN 107 426 504) as the Responsible Entity of the General Property Trust; or
- (c) a Subsidiary of one of those entities.

Bidder Group means Bidder and its Related Bodies Corporate.

Bidder's Statement means the bidder's statement to be prepared in relation to the Offer and includes any supplementary or replacement bidder's statement.

Change of Control a Change of Control occurs if a party comes under the control of a third party who did not Control that party at the Announcement Date where Control has the meaning given to it in section 50AA of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

CPPIB means Canada Pension Plan Investment Board.

DEXUS means DEXUS Funds Management Limited (ACN 060 920 783) in its capacity as responsible entity of DEXUS Diversified Trust, DEXUS Industrial Trust, DEXUS Office Trust and DEXUS Operations Trust.

GPT Unit means one share in GPT Management Holdings Limited (ACN 113 510 118) stapled to one unit in General Property Trust (ARSN 090 110 357).

GWOFF means GPT Funds Management Limited (in its capacity as responsible entity of each of the GPT Wholesale Office Fund No. 1 (ARSN 120 538 212) and GPT Wholesale Office Fund No. 2 (ARSN 120 538 365)).

Offer means an off-market offer to be made by Bidder under Chapter 6 of the Corporations Act to acquire all of the Target Units.

Offer Period means the period during which the Offer remains open for acceptance by Target Unitholders.

Public Authority means any government or any governmental, semi-governmental, statutory or judicial entity or authority, or any minister, department, office or delegate of any government, whether in Australia or elsewhere. It also includes any self-regulatory organisation established under statute and any stock exchange.

Related Body Corporate has the meaning given in section 50 of the Corporations Act, interpreted so that the definition given to Subsidiary in this Annexure applies.

relevant interest has the meaning given in the Corporations Act.

Subsidiary has the meaning given in section 9 of the Corporations Act, interpreted so that a trust may be a Subsidiary, for the purposes of which a unit or other beneficial interest will be regarded as a share and a corporation or trust may be a Subsidiary of a trust if it would have been a Subsidiary if that trust were a corporation.

Target means Commonwealth Property Office Fund (ARSN 086 029 736).

Target RE means Commonwealth Managed Investments Limited (ACN 084 098 180) as responsible entity of Target.

Target Group means Target and its Subsidiaries.

Target Option means an option to subscribe for a Target Unit issued by Target and on issue as the Announcement Date and includes the convertible notes currently on issue.

Target Unit means a fully paid ordinary unit in the capital of Target.

Target Unitholder means a person who is the registered holder of one or more Target Units.