ASX ANNOUNCEMENT
GROWTHPOINT PROPERTIES AUSTRALIA (ASX Code: GOZ)

6 June 2016

GROWTHPOINT PROVIDES UPDATE RELATING TO ITS INDICATIVE AND NON-BINDING PROPROAL TO ACQUIRE GPT METRO OFFICE FUND (ASX: GMF)

Summary:

* Growthpoint continues to believe that a merger between Growthpoint and GMF represents a compelling proposition to GMF unitholders and is firmly of the view that its offer consideration is superior to the Centuria offer consideration
* Growthpoint has sought to engage with GMF in relation to an alternative transaction structure; however, the IBC has declined to engage

Update on Growthpoint Offer

On 5 May 2016, Growthpoint Properties Australia Limited ("**GPAL**" or "**Growthpoint**") in its capacity as responsible entity of Growthpoint Properties Australia ("**GOZ**") announced an indicative, non-binding, conditional proposal to acquire all of the outstanding units in GPT Metro Office Fund ("**GMF**" or "**GPT Metro**") by way of a trust scheme ("**Growthpoint Offer**"). Growthpoint was proposing to offer consideration of 0.3756 Growthpoint stapled securities plus $1.185 cash for each GMF unit ("**Growthpoint Consideration**"). The independent board committee ("**IBC**") of GPT Platform Limited, the responsible entity of GMF, advised the market that, subject to certain conditions, it intended to recommend the Growthpoint Offer.

On 24 May 2016, it was announced that Centuria Property Funds Limited ("**CPFL**") in its capacity as responsible entity of Centuria Metropolitan REIT ("**CMA**") had provided an indicative, non-binding, conditional proposal to acquire all of the outstanding units in GMF by way of a trust scheme (**Centuria Proposal**). In addition, Centuria Capital Limited (ASX:CNI)[1] announced it had acquired a 12.6% interest in GMF and CPFL had acquired a 3.5% interest in GMF resulting in a total combined interest of 16.1% in GMF. CPFL has indicated it does not currently intend to support the Growthpoint Offer. Under the Centuria Proposal, CPFL is proposing to offer consideration of one CMA stapled security and $0.27 cash for each GMF unit ("**Centuria Consideration**").

Comparison between the Growthpoint Consideration and the Centuria Consideration

Growthpoint firmly believes that the Growthpoint Consideration is superior to the Centuria Consideration, offering a compelling proposition to GPT Metro unitholders, including:

- Greater value certainty
    - The Growthpoint Consideration is comprised of approximately 50% cash and 50% GOZ scrip offering value certainty through the cash proceeds and the ability to participate in the benefits of the merged group via the scrip component
        - The Centuria Consideration is comprised of approximately 11% cash and 89% CMA scrip
    - Growthpoint has a market capitalisation of approximately $1.9 billion and is currently included in the S&P / ASX 200 Index[2]
    - Given the relative lack of on-market liquidity in CMA, and the high proportion of scrip consideration, the ability for GMF unitholders to realise the implied value of the Centuria Consideration may be limited-

[1] CPFL is the responsible entity of CMA and a wholly-owned subsidiary of Centuria Capital Limited
[2] Based on the closing price of a GOZ stapled security on the ASX on 3 June 2016

- GMF has a market capitalisation of approximately $303 million and has recently been removed from the S&P / ASX 300 index due to insufficient liquidity
- CMA has a market capitalisation of approximately $258 million and has never been included in either the S&P / ASX 200 or 300 Indices
- A combination of CMA and GMF may be eligible for index inclusion based on market capitalisation; however, it is uncertain whether the combined group would meet liquidity requirements

  - ***The Growthpoint Consideration would provide greater value certainty, the ability to realise the implied offer value and improved liquidity with the ability to participate in the benefits of the merged group***

- <u>Higher portfolio quality</u>
  - If GOZ was to acquire control of GMF, GMF unitholders would have exposure to a larger portfolio with greater sector, tenant and geographic diversification with comparable portfolio attributes to the existing GMF portfolio
  - CMA's portfolio has a materially shorter Weighted Average Lease Expiry ("**WALE**") of 4.7 years[3] when compared to Growthpoint and GPT Metro with 6.4 years and 5.9 years respectively[4]
  - Growthpoint and GPT Metro's office portfolios are of comparable grade and quality. Growthpoint's office portfolio is comprised of 17 office assets valued at $1.4 billion, with an average value of $80.6 million. The average building age is 9 years and over 90% by value are classified Property Council of Australia ("**PCA**") A grade. GPT Metro owns 6 office assets valued at $439 million, with an average value of $73.2 million. The average building age is 6 years and 100% are classified as PCA A grade
  - In contrast, CMA has 10 office assets valued at $319 million, with an average value of $31.9 million. The average building age is 23 years. CMA's office assets, which have been periodically refurbished, are a mixture of smaller, lower grade office buildings relative to the Growthpoint and GPT Metro office portfolios
  - ***In Growthpoint's view, a merger between GMF and CMA would considerably dilute the portfolio quality for GMF unitholders***
- <u>Enhanced corporate governance and reduced fee leakage</u>
  - Growthpoint is internally managed creating complete alignment between management and its securityholders
  - CMA is externally managed by CPFL, with the external manager incentivised to maximise the fees it is paid by growing assets under management, potentially to the detriment of CMA unitholders
  - The Growthpoint platform is scalable, with the management expense ratio reducing over time as Growthpoint grows, whereas CPFL's management fees are fixed as a proportion of assets, only benefitting the external manager as the fund grows
  - ***If GOZ were to acquire control of GMF, GMF unitholders would be able to participate in these economies of scale / synergies and greater management alignment***
- <u>Historic growth and outperformance</u>

[3] As announced to ASX on 5 May 2016
[4] As at 31 December 2015

- Over the 5 years to 31 December 2015, Growthpoint has grown assets under management from $1.0 billion to $2.7 billion, achieving distribution growth of 3.7%[5] p.a., and total securityholder return of 18.1% p.a. (compared to the A-REIT sector which achieved 15.3%[6])
- Since its IPO in December 2014, CMA has delivered a total return of 15.9% compared to Growthpoint which has delivered a total return of 28.7% over the same period[7]
- ***Growthpoint has a demonstrated history of growth in assets, distributions and total return outperformance***

Recent developments

Given Centuria Capital Limited and CPFL's aggregate unitholding in GMF, and the current intention statement relating to the Growthpoint Offer, Growthpoint considers that continuing to pursue implementation of the Growthpoint Offer via a trust scheme is likely to be challenging.

In light of this, Growthpoint has been seeking to engage with the IBC in relation to a possible alternative transaction structure under which GMF unitholders would still receive the Growthpoint Consideration. Unfortunately, the IBC has declined to engage with Growthpoint.

Consequently, Growthpoint is currently considering its options but still considers combining GMF and GOZ would be beneficial for both GOZ securityholders and GMF unitholders. Growthpoint will update GOZ securityholders and the ASX as required. Growthpoint stresses that there is no guarantee that any alternative proposal will be forthcoming from Growthpoint.

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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.

[5] Represents compound annual growth from FY11 DPS (17.6 cents) to FY16 DPS guidance (20.5 cents)
[6] S&P / ASX 300 A-REIT Accumulation Index
[7] Total return for the period 12 December 2014 to 2 June 2016