



GROWTHPOINT
PROPERTIES



Sycom Property Fund

Approved as a REIT by the
JSE

A Collective Investment
Scheme in Property
Registered in terms of the
Collective Investment
Schemes

Control Act, No. 45 of 2002
("CISCA")

Managed by

**Sycom Property Fund
Managers Limited ("SPFM")**

(Registration number
1986/002756/06)

Share code: SYC

ISIN: ZAE000019303
("Sycom")

**Growthpoint Properties
Limited**

Approved as a REIT by the
JSE

(Incorporated in the Republic
of South Africa)

(Registration number
1987/004988/06)

Share code: GRT

ISIN ZAE000179420
("Growthpoint")

Acucap Properties Limited

A wholly-owned Subsidiary of
Growthpoint

(Incorporated in the Republic
of South Africa)

(Registration number
2001/021725/06)

("Acucap")

DETAILED TERMS ANNOUNCEMENT AND FIRM INTENTION ANNOUNCEMENT RELATING TO THE PROPOSED TRANSACTION IN TERMS OF WHICH GROWTHPOINT WILL, THROUGH ITS WHOLLY-OWNED SUBSIDIARY, ACUCAP, ACQUIRE ALL THE ASSETS AND LIABILITIES OF SYCOM AND SYCOM UNITHOLDERS WILL BECOME GROWTHPOINT SHAREHOLDERS

1. Introduction

- 1.1. As a consequence of various corporate actions undertaken by Growthpoint, Acucap and Sycom since March 2014, Growthpoint currently holds, directly and indirectly, approximately 99% of the participatory interests in Sycom ("Units" or "Sycom Units").
- 1.2. With approximately 1% of the Sycom Units being held by public unitholders ("Minority Sycom Unitholders") and the remainder being held by Growthpoint, there is very little liquidity in the Sycom Units on the JSE Limited ("JSE") and in light thereof, the on-going costs of maintaining a listing on the JSE are prohibitive.
- 1.3. Taking the above into account, together with the fact that Growthpoint already holds 100% of the shares in SPFM, the statutory manager of Sycom, the Growthpoint board of directors ("Growthpoint Board") and an independent committee of the board of directors of SPFM ("Independent Committee") have agreed that it would be in both Minority Sycom Unitholders' and Growthpoint shareholders' best interests to implement a transaction that would have the effect that –
 - 1.3.1. Sycom's assets are disposed of to the Growthpoint group;
 - 1.3.2. Minority Sycom Unitholders become Growthpoint shareholders;
 - 1.3.3. Sycom's listing on the JSE is thereafter terminated; and
 - 1.3.4. in due course, Sycom is wound-up.

2. Mechanics of the transaction

2.1. The transaction will be implemented through the following indivisible and inter-conditional steps –

2.1.1. Sycom will, subject to the fulfillment of certain conditions precedent, undertake an internal re-organisation in terms of which it shall transfer all its assets and liabilities to a wholly-owned subsidiary (“the Fixed Property Company”) in consideration for additional shares in that subsidiary (“Fixed Property Company Shares”) (the “Sycom Restructure”);

2.1.2. Sycom will, immediately thereafter, subject to the fulfilment of the conditions precedent set out in paragraph 5.1 (the “Amalgamation Conditions”), dispose of all of its assets (being its Fixed Property Company Shares) to Acucap, and, in consideration, Acucap will issue Acucap shares (“Acucap Consideration Shares”) to Sycom in the ratio of 58 Acucap Consideration Shares for every 100 Sycom Units in issue. The Acucap Consideration Shares shall thereafter be transferred as a distribution *in specie* by Sycom to Sycom unitholders, to be held in escrow by SPFM on behalf of Sycom unitholders (“the Amalgamation”); and

2.1.3. Growthpoint will, subject to the conditions precedent set out in paragraph 5.2 (the “Scheme Conditions”), acquire all Acucap Consideration Shares issued to Minority Sycom Unitholders (“Scheme Participants”) pursuant to the Amalgamation, by way of a scheme of arrangement in terms of section 114 of the Companies Act, 2008 (“the Companies Act”), in the ratio of 197 Growthpoint shares for every 100 Acucap Consideration Shares acquired (“the Scheme”),

(where the Amalgamation and the Scheme are collectively referred to as “the Transaction”).

2.2. Given that the Sycom Restructure, the Amalgamation and the Scheme are inter-conditional and indivisible, on implementation of the Transaction, Minority Sycom Unitholders will immediately become Growthpoint shareholders (having exchanged their entitlement to receive Acucap Consideration Shares for Growthpoint shares) in the ratio of 114.26 Growthpoint shares for every 100 Sycom Units held. No cash alternative is offered.

2.3. Sycom’s listing on the JSE will be terminated with effect from commencement of trade on the day following the implementation of the Transaction (where implementation of the Transaction (“Implementation Date”) shall refer to the day on which the Growthpoint shares are issued to Minority Sycom Unitholders, in their capacity as Scheme Participants, as consideration for the Scheme) and Sycom will thereafter, in due course, be wound-up.

2.4. Each of Acucap and Growthpoint have sufficient authorised but unissued shares under the directors’ control to settle the consideration in terms of the Amalgamation and Scheme respectively.

2.5. Acucap only has ordinary shares in issue and thus no other class of security of Acucap is offered pursuant to the Scheme (in terms of regulation 101(7)(b)(ii) of the Companies Regulations).

2.6. Sycom unitholders, Acucap shareholders and Growthpoint shareholders are advised that this announcement constitutes a firm intention announcement in terms of Regulation 101 of the Companies Act Regulations (a “Firm Intention Announcement”).

3. Rationale

The Transaction is expected to result in the following benefits for Sycom Unitholders:

3.1. *Winding-up of Sycom’s CISP structure*

3.1.1. The introduction of the REIT regime means that the fiscal consequences of investing in a collective investment scheme in property (“CISP”) and/or a corporate REIT have now been aligned.

3.1.2. The South African corporate REIT structure is consistent with international benchmarks and therefore better understood by local and international investors as compared to the CISP structure and accordingly may be preferred by investors.

3.1.3. Best global practice in the sector suggests that an internal management model (as opposed to the current structure whereby Sycom is managed by an external management company), is preferred. An internal management model allows for more efficient asset management as assets can then be managed on a portfolio basis and there would be no need to allocate future acquisition opportunities to either Sycom or Growthpoint.

3.2. Satisfying Sycom unitholders' need for liquidity

3.2.1. The low free float (being approximately 1% of the issued unit capital) and consequential reduced liquidity in Sycom Units on the JSE, results in Sycom unitholders potentially experiencing difficulty in realising full value for their Units.

3.2.2. By comparison, Growthpoint, being the largest South African incorporated listed REIT on the JSE, is very liquid.

3.2.3. In terms of the Transaction, Minority Sycom Unitholders are offered an opportunity to exit their illiquid current position at a fair and reasonable valuation to the satisfaction of the independent expert.

3.3. Access to a more diversified portfolio

3.3.1. The Transaction is expected to provide Sycom unitholders with greater sectoral diversification and reduced asset concentration risk.

3.3.2. Sycom currently has a 52% exposure to offices, whilst the merged entity will, post the Transaction, reflect an improved balance of retail and offices, with 45% retail (South Africa only) and 42% offices (South Africa only), with the residual 13% comprising premium industrial parks.

3.3.3. Sycom's property portfolio comprises 13 properties, all of which are based in South Africa. The Transaction will mean that Sycom unitholders will gain access to Growthpoint's prime assets, which include, *inter alia*, a 50% interest in the V&A Waterfront and, through Growthpoint Properties Australia, an additional 53 properties in Australia.

3.4. Cost savings to Sycom unitholders as a result of the internalisation of the management structure

3.4.1. Sycom is currently managed by SPFM for a monthly asset management fee.

3.4.2. In terms of the Transaction, Sycom will be wound-up, Sycom's trust deed ("the Deed") will be terminated and, consequently, the management agreement per the Deed will cease to exist and Sycom's management structure will, effectively, be internalised.

3.4.3. Sycom Unitholders will therefore benefit on an on-going basis from the fact that the management fee will no longer be incurred.

4. Opinion of the independent expert

4.1. Acucap, as a material unitholder in Sycom, is regarded a related party to Sycom in terms of section 10 of the JSE Listings Requirements. Accordingly, in compliance with section 10 of the JSE Listings Requirements and as required in terms of the Scheme, the Independent Committee has appointed PSG Capital (Pty) Ltd ("the Independent Expert") to advise them on whether the Transaction (comprising the Amalgamation and the Scheme) is fair and reasonable insofar as Minority Sycom Unitholders and Scheme Participants are concerned.

- 4.2. The Independent Expert has confirmed in its report, a copy of which will be included in the circular to be issued in terms of paragraph 10.1 below, that the Transaction is fair and reasonable insofar as Sycom unitholders (other than Growthpoint or its Subsidiaries) and Scheme Participants are concerned.

5. Conditions precedent

5.1. The Amalgamation Conditions

The conditions precedent to the Amalgamation include, *inter alia* –

- 5.1.1. the Sycom Restructure becoming unconditional;
- 5.1.2. the passing of the resolutions approving the Amalgamation, by at least 75% of Minority Sycom Unitholders present, in person or by proxy, at the general meeting held for such purpose;
- 5.1.3. approval by the Registrar of Collective Investment Schemes and the Sycom trustee of the Amalgamation;
- 5.1.4. all regulatory approvals and/or rulings to the extent required;
- 5.1.5. Scheme Participants approving the Scheme by the requisite majority; and
- 5.1.6. Growthpoint, SPFM and Acucap agreeing in writing that all the conditions precedent have been fulfilled or waived.

5.2. The Scheme Conditions

The conditions precedent to the Scheme include, *inter alia* –

- 5.2.1. the Amalgamation becoming unconditional;
- 5.2.2. the passing of a special resolution approving the Scheme, by 75% of Scheme Participants present, in person or by proxy, at the general meeting held for such purpose;
- 5.2.3. to the extent required in terms of section 115(2)(c) of the Companies Act, the approval by the Court of the implementation of the Scheme;
- 5.2.4. all regulatory approvals and/or rulings to the extent required;
- 5.2.5. the Takeover Panel having issued a compliance certificate; and
- 5.2.6. Growthpoint, Acucap and SPFM agreeing in writing that all the conditions precedent have been fulfilled or, where applicable, waived.

6. Determination of the exchange ratio

- 6.1. The Transaction will be undertaken at an exchange ratio of 114.26 Growthpoint shares for every 100 Sycom Units held.
- 6.2. The exchange ratio has been derived based on -
- 6.2.1. the ratio of Acucap shares to Sycom Units that was offered by Acucap in terms of its offer to acquire up to 100% of the Sycom Units in issue in March 2014, which offer (together with the follow-on offer subsequent thereto) resulted in Acucap increasing its unitholding in Sycom to 83.4%, being 58 Acucap shares per every 100 Sycom Units held; and
 - 6.2.2. the ratio of Growthpoint shares to Acucap shares offered by Growthpoint pursuant to the scheme of arrangement implemented in April 2015, where Growthpoint acquired 100% of the Acucap shares in issue, being 197 Growthpoint shares per every 100 Acucap shares held.
- 6.3. Sycom unitholders are therefore being offered an equivalent ratio of Growthpoint shares to that offered in terms of the previous corporate actions, even though Sycom's liquidity has subsequently materially decreased as Sycom's public unitholding has diminished.

7. Pro forma financial effects of the Transaction

- 7.1. The table below sets out the *pro forma* financial effects of the Transaction on a Sycom unitholder and Scheme Participant. The *pro forma* financial effects have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and illustrate the basic and diluted earnings per share (“EPS”), basic and diluted headline earnings per share (“HEPS”), distribution, net asset value (“NAV”) and tangible net asset value (“TNAV”) per Sycom Unit that a Sycom Unitholder and Scheme Participant will be exchanging for the basic EPS, diluted EPS, basic HEPS, diluted HEPS, distribution, NAV and TNAV per Growthpoint share, in the ratio of 114.26 Growthpoint shares for every 100 Sycom Units held, that a Sycom unitholder and Scheme Participant will be receiving in terms of the Transaction.
- 7.2. The preparation of the *pro forma* financial effects is the responsibility of the board of directors of SPFM and is provided for illustrative purposes only in order to provide information about how the Transaction may affect a Sycom Unitholder and Scheme Participant. Due to the nature of the *pro forma* financial effects it may not be a true reflection of the actual impact of the Transaction on a Sycom Unitholder and Scheme Participant.
- 7.3. It has been assumed for purposes of the *pro forma* financial effects that the Amalgamation and Scheme are approved by the requisite majority and are therefore binding on 100% of the Sycom Unitholders and Scheme Participants respectively.
- 7.4. These *pro forma* financial effects have been prepared based on the financial results for the 12 months ended 31 March 2015 in respect of Sycom and for the 12 months ended 30 June 2015 in respect of Growthpoint.

	Value attributable to a Sycom unitholder and Scheme Participant before the Transaction ¹	Value attributable to a Sycom unitholder and Scheme Participant after the Transaction ²	Change (%)
Basic EPS (cents) ¹	374.49	355.88	(4.97)
Diluted EPS (cents) ^{1,2}	374.49	353.64	(5.57)
Basic HEPS (cents) ^{1,2}	159.40	169.79	6.52
Diluted HEPS (cents) ^{1,2}	159.40	168.72	5.85
Distribution per unit (cents) _{1,2}	195.60	198.47	1.47
NAV per Sycom Unit (cents) ^{1,2}	3 056.12	2 701.42	(11.61)
TNAV per Sycom Unit (cents) ^{1,2}	3 056.12	2 660.41	(12.95)
Weighted average number of Sycom Units/Growthpoint shares in issue ('000)	200 132	2 623 839	
Diluted weighted average number of Sycom Units/Growthpoint shares in issue ('000)	200 132	2 640 437	
Number of Sycom Units/Growthpoint shares in issue ('000)	200 132	2 682 817	

Notes and assumptions

- 1 The column entitled "Value attributable to a Sycom unitholder and Scheme Participant after the Transaction" represents the basic EPS, diluted EPS, basic HEPS, diluted HEPS and distribution per Growthpoint share, in the ratio of 114.26 Growthpoint shares for every 100 Sycom Units held, that a Sycom unitholder and Scheme Participant will receive as a result of the implementation of the Transaction, and is calculated based on the following assumptions:
- The value attributable to a Sycom unitholder and Scheme Participant **before** the Transaction is the basic EPS, diluted EPS, basic HEPS, diluted HEPS and distribution **per Sycom Unit** for the year ended 31 March 2015 that a Sycom unitholder and Scheme Participant is exchanging for Growthpoint shares (in the ratio of 114.26 Growthpoint shares for every 100 Sycom Units held) in terms of the Transaction;
 - The merger of Growthpoint and Acucap ("Growthpoint Acucap Merger") and the Transaction are assumed to have been implemented with effect from 1 July 2014 as they relate to Growthpoint, with the result that Acucap was consolidated into Growthpoint's published statement of comprehensive income for the twelve months ended 30 June 2015 from 1 July 2014 and Sycom became a wholly-owned subsidiary of Growthpoint (indirectly through Acucap) on the same date;
 - The estimated transaction costs amounting to R3 795 000 were expensed and the 2 392 862 Growthpoint shares were issued to Sycom unitholders in terms of the Transaction on 1 July 2015 for purposes of the basic EPS, diluted EPS, basic HEPS, diluted HEPS and distribution per Growthpoint share;

- d) Sycom unitholders and Scheme Participants received 58 Acucap shares per every 100 Sycom Units held and 197 Growthpoint shares for every 100 Acucap shares held, resulting in a ratio of 114.26 Growthpoint shares, after the adjustments detailed in point 1 (b) and (c) above, for every 100 Sycom Units held.
- 2 The column entitled “Value attributable to a Sycom unitholder and Scheme Participant after the Transaction” represents the NAV and TNAV per Growthpoint share, in the ratio of 114.26 Growthpoint shares for every 100 Sycom Units held, that a Sycom Unitholder and Scheme Participant will receive as a result of the implementation of the Transaction, and is calculated based on the following assumptions:
- a) The value attributable to a Sycom unitholder and Scheme Participant after the Transaction is the NAV and TNAV per Sycom Unit as at 31 March 2015 that a Sycom Unitholder and Scheme Participant is exchanging for Growthpoint shares (in the ratio of 114.26 Growthpoint shares for every 100 Sycom Units held) in terms of the Transaction;
- b) The Transaction became effective on 30 June 2015 as it relates to Growthpoint with the result that Sycom became a wholly-owned subsidiary of Growthpoint (indirectly through Acucap) on that date.
- c) Sycom unitholders and Scheme Participants received 58 Acucap shares per every 100 Sycom Units held and 197 Growthpoint shares for every 100 Acucap shares held, resulting in a ratio of 114.26 Growthpoint shares for every 100 Sycom Units held.
- 3 The pro forma financial information set out in this announcement have not been adjusted for the disposal by Sycom of an 11.195% undivided share in Vaal Mall, the details of which are included in the announcement released on SENS on 4 December 2015, as it is not considered to be a material post balance sheet event.

8. Distributions

- 8.1. In accordance with the salient dates and times set out in paragraph 10.3 below, Sycom will declare:
- 8.1.1. an interim distribution in respect of the period commencing on 1 July 2015 and ending on 31 December 2015 (“the Sycom Interim Distribution”); and
- 8.1.2. a final distribution in respect of the period commencing on 1 January 2016 and ending on the Effective Date of the Amalgamation (as set out in paragraph 10.3 below) (“Sycom Final Distribution”),
- (collectively, “the Sycom Distributions”).
- 8.2. In terms of the Transaction, the Fixed Property Company (a wholly-owned subsidiary of Sycom) will undertake to pay the Sycom Interim Distribution and the Sycom Final Distribution to Sycom unitholders registered as such on the Record Date for the Interim Distribution and the Payment Record Date respectively (as set out in paragraph 10.3 below) on 4 April 2016 in respect of the Sycom Interim Distribution and by no later than 30 June 2016 in respect of the Sycom Final Distribution. Sycom has undertaken that it shall, on or before 29 March 2016, pay the estimated amount of the Sycom Distributions, together with a reasonable contingency, in cash, to the Fixed Property Company so as to enable the Fixed Property Company to discharge its obligations to pay the Distributions to the Sycom unitholders in accordance with this paragraph.

9. Categorisation of the transaction for Growthpoint

The acquisition by Growthpoint (indirectly through its wholly-owned subsidiary, Acucap) of the assets and liabilities of Sycom is below the threshold to be classified as a categorised transaction for Growthpoint and accordingly, this announcement is provided to Growthpoint shareholders for information purposes only.

10. Further documentation and salient dates

- 10.1. A circular setting out further information on the Transaction and containing the information required in terms of the JSE Listings Requirements, the Companies Act and Cisca will be posted to Sycom unitholders on / about 12 February 2016 (“the Circular”).

10.2. The Circular will also contain, *inter alia*, a notice of the meeting of Sycom unitholders for the purposes of approving the Amalgamation (“General Meeting”) and a notice of meeting of Scheme Participants for the purposes of approving the Scheme (“Scheme Meeting”) (collectively, the “Meetings”), together with forms of proxy and a form of surrender and transfer.

10.3. The following indicative salient dates are relevant to Sycom unitholders:

Event	2016
Record date to be entitled to receive the Circular	Friday, 5 February
Circular to be posted to Sycom Unitholders on	Friday, 12 February
Last day to trade for voting purposes	Friday, 26 February
Voting record date	Friday, 4 March
Expected date of declaration and finalisation of the Sycom Interim Distribution	Tuesday, 8 March
Receipt of forms of proxy in respect of the Meetings by 12:00 on	Wednesday, 9 March
General Meeting to be held at 12:00 at KPMG Inc, MSC House, 1 Mediterranean Street, Foreshore, Cape Town, immediately followed by the Scheme Meeting	Friday, 11 March
Results of the Meetings released on SENS on	Friday, 11 March
Results of the Meetings published in the press on	Monday, 14 March
Last date to trade in Sycom Units in order to appear on the Sycom Register on the Record Date for the Sycom Interim Distribution	Wednesday, 23 March
Expected date of declaration of the Sycom Final Distribution	Wednesday, 23 March
Sycom Units commence trading ex the Sycom Interim Distribution	Thursday, 24 March
Expected Effective Date of the Sycom Restructure (see note 2)	Wednesday, 30 March
Expected Effective Date of the Amalgamation (see note 2)	Thursday, 31 March
Finalisation announcement expected to be announced on SENS on (see note 2)	Friday, 1 April
Record Date for the Sycom Interim Distribution	Friday, 1 April
Expected Effective Date of the Scheme (see note 2)	Friday, 1 April
Finalisation announcement expected to be announced in the press on	Monday, 4 April
Payment date in respect of the Sycom Interim Distribution	Monday, 4 April
Expected last date to trade in Sycom Units in order to appear on the Sycom Register on the Payment Record Date	Friday, 8 April
Sycom Units are expected to be suspended from the JSE with effect from commencement of trade on	Monday, 11 April

Growthpoint Consideration Shares are expected to commence trading on the JSE under share code GRT and ISIN ZAE000179420 with effect from commencement of trade on	Monday, 11 April
Expected Payment Record Date	Friday, 15 April
Expected Implementation Date	Monday, 18 April
Expected date on which statements of allocation will be posted to Certificated Sycom Unitholders that do not have a CSDP or Broker account or have not surrendered their Documents of Title in the required manner by 12:00 on the day prior to the Payment Record Date	Monday, 18 April
Expected date for the accounts of Dematerialised Sycom Unitholders to be updated with Growthpoint Consideration Shares at the CSDP or Broker	Monday, 18 April
Sycom's listing on the JSE is expected to be terminated with effect from the commencement of trade on or about (note 2)	Tuesday, 19 April
Expected date of payment of the Sycom Final Distribution	by no later than 30 June

Notes:

1. All times given in this announcement are local times in South Africa.
2. The above dates and times are indicative, are subject to change and are based on the assumption that all Amalgamation Conditions and Scheme Conditions are fulfilled and/or waived on/before 31 March 2016 and 1 April 2016 respectively. Failing which, the Implementation Date will be moved out accordingly. Any material changes will be announced in the press and on SENS.
3. If either or both of the Meetings is adjourned or postponed, Forms of Proxy submitted for the initial General Meeting and/or Scheme Meeting (as appropriate) will remain valid in respect of any adjournment or postponement of the General Meeting and/or Scheme Meeting (as appropriate).
4. Unit certificates may not be Dematerialised or Rematerialised after the last date to trade in Sycom Units which is expected to be Friday, 8 April 2016.
5. If the Transaction is implemented, Sycom will be wound-up in due course.

11. Independent Committee responsibility statement

The Independent Committee accepts responsibility for the information contained in this announcement which relates to Sycom in connection with the Transaction and confirms that, to the best of its knowledge and belief, such information is true and the announcement does not omit anything likely to affect the importance of such information.

12. Growthpoint board responsibility statement

The Growthpoint Board accepts responsibility for the information contained in this announcement which relates to Growthpoint in connection with the Transaction and confirms that, to the best of its knowledge and belief, such information is true and the announcement does not omit anything likely to affect the importance of such information.

13. Acucap board responsibility statement

The board of directors of Acucap accepts responsibility for the information contained in this announcement which relates to Acucap in connection with the Transaction and confirms that, to the best of its knowledge and belief, such information is true and the announcement does not omit anything likely to affect the importance of such information.

14. SPFM board responsibility statement

The board of directors of SPFM accepts responsibility for the information contained in this announcement which relates to Sycom in connection with the Transaction and confirms that, to the best of its knowledge and belief, such information is true and the announcement does not omit anything likely to affect the importance of such information.

Johannesburg

8 February 2016

Sole Corporate Advisor to Growthpoint and Sycom



Sole Transaction Sponsor to Growthpoint and Sponsor to Sycom



Investment Bank and Sponsor to Growthpoint



Independent Reporting Accountants



Legal and Tax Advisor



PSG Capital
