

ASX announcement.

Growthpoint Properties Australia (ASX: GOZ)

GROWTH-POINT
PROPERTIES



3 Aug 2022

Acquisition of Fortius Funds Management

Growthpoint Properties Australia (Growthpoint or the Group) is pleased to announce that it has entered into an agreement under which it will acquire 100% of the shares in Fortius Funds Management Pty Ltd (Fortius) (the Transaction).

Transaction overview

- Fortius is one of Australia's leading family-owned private real estate funds management businesses with an established track record of investing in Australian real estate markets and generating strong returns for its investors
- Transaction delivers on a strategic growth opportunity for the Group, adding \$1.9 billion third party funds under management (FUM) to Growthpoint and bringing total assets under management to \$7.2 billion¹
- Consideration comprises a \$45 million initial purchase price, with a net asset adjustment, to be paid in cash and funded from the Group's existing liquidity and debt facilities
- Additional \$10 million earnout component, subject to Fortius achieving agreed milestones relating to FUM and revenue growth over the period to June 2024
- Performance fees for existing funds received by the Group will be paid to the sellers on an after tax basis as an additional purchase price adjustment. Performance fees for new funds will accrue to Growthpoint
- Completion anticipated 1Q FY23, subject to satisfaction of conditions precedent including certain change of control consents being received

Strategic rationale

- Transaction brings enhanced sector and product capabilities, including office, retail, mixed-use and debt investments across value-add and opportunistic strategies
- Continuation of Fortius successful growth story, with founder and Executive Director Ray Sproats remaining as Senior Adviser for at least two years and CEO Sam Sproats joining the Group's Executive Management Team as Executive Director – Funds Management
- Provides ability to scale up the platform significantly to drive incremental growth to earnings for securityholders
- Growthpoint intends to grow the funds management business, targeting 10-20% of Group EBIT, over the medium term

Timothy Collyer, Managing Director of Growthpoint, said, "We are pleased to announce the acquisition of Fortius today and the establishment of a funds management business which has been a key strategic priority for the Group. Fortius is a best-in-class fund manager with an over thirty year track record of generating an average IRR² of 17% per annum for its investors, a mix of high quality institutional investors, high net worth and wholesale investors. Investing in Fortius adds \$1.9 billion high quality FUM in a single transaction taking the Group's assets under management (AUM) to \$7.2 billion. We intend to grow the funds management business, targeting 10-20% of Group EBIT over the medium term, delivering incremental growth to earnings and income stream diversification for our securityholders."

Fortius management, Ray and Sam Sproats said "Joining with Growthpoint is an ideal outcome for Fortius and our stakeholders as it provides the best path to grow with our investors' aspirations as well as provide opportunities for our talented investment team. We are enthused by the complementary fit of an active funds manager with a leading office and industrial REIT." Ray Sproats concluded, "The Fortius team and I are excited by the capital support for growth initiatives as well as the continuation of services for our investors. I can think of no better way to build on our thirty years of successful investing."

¹ Includes unaudited valuations as at 30 June 2022 of \$5.3 billion. Includes 165-169 Thomas Street, Dandenong, Victoria which settled in July 2022

² Internal Rate of Return



Further information about the Transaction is contained in the investor presentation attached.

Growthpoint securityholders do not need to take any action in relation to the Transaction.

Growthpoint appointed MA Moelis Australia Advisory Pty Ltd as exclusive financial advisor to the Transaction and Gilbert + Tobin as legal advisor. SW Accountants & Advisors acted as tax advisors.

This announcement was authorised for release by Growthpoint's Board of Directors.

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About Growthpoint

Growthpoint provides space for you and your business to thrive. For more than 12 years, we've been investing in high-quality industrial and office properties across Australia. Today, we own and manage 59 properties, valued at approximately \$5.3 billion.³

We actively manage our portfolio. We invest in our existing properties, ensuring they meet our tenants' needs now and into the future. We are also focused on growing our property portfolio.

We are committed to operating in a sustainable way and reducing our impact on the environment. We are targeting net zero by 2025.

Growthpoint is a real estate investment trust (REIT), listed on the ASX, and is part of the S&P/ASX 200. Moody's has issued us with an investment-grade rating of Baa2 for domestic senior secured debt.

³ Unaudited valuations as at 30 June 2022. Includes 165-169 Thomas Street, Dandenong Victoria which settled in July 2022

Growthpoint Properties Australia

Agreement to acquire Fortius Funds Management.

Investor Presentation

3 Aug 2022

space to thrive.

GROWTH-POINT
PROPERTIES



Transaction summary.

Overview

- Growthpoint Properties Australia (Growthpoint or the Group) has entered into an agreement under which it will acquire 100% of the shares in Fortius Funds Management Pty Ltd (Fortius) (the 'Transaction')
- Fortius is one of Australia's leading family-owned private real estate funds management businesses, with a 30+ year track record of investing in Australian real estate markets and generating strong returns for investors
- Transaction delivers on a strategic growth opportunity for the Group, adding \$1.9 billion third party funds under management (FUM) to Growthpoint

Consideration

- \$45 million initial purchase price, with a net asset adjustment, to be paid in cash and funded out of the Group's existing liquidity and debt facilities
- Additional up to \$10 million earnout component, subject to Fortius achieving agreed milestones relating to FUM and revenue growth over the period to June 2024
- Performance fees for existing funds received by Growthpoint will be paid to the sellers on an after tax basis as an additional purchase price adjustment. Performance fees for new funds will accrue to Growthpoint
- Purchase price of \$45 million implies a 6.7x multiple on historic FY22 Fortius EBITDA

Completion

- Completion is conditional on satisfaction of conditions precedent, including certain changes of control consents being received
- Completion is anticipated in 1Q FY2023



Transaction summary.

Strategic rationale	• Establishes third party funds management platform for the Group, adding \$1.9 billion FUM in a single transaction • Acquisition of a best-in-class fund manager with an average IRR of 17% per annum over 30 years achieved for Fortius investors • Brings enhanced sector and product capabilities, including office, retail, mixed-use and debt investments across value-add and opportunistic strategies • Provides ability to scale up platform significantly to drive incremental growth to earnings for securityholders
Implementation	• Continuation of Fortius successful growth story, with founder and Executive Director Ray Sproats remaining as Senior Adviser for at least two years and CEO Sam Sproats joining the Group's Executive Management Team as Executive Director – Funds Management • No proposed changes to Fortius business model, investments and fund management strategies. No direct change for Fortius syndicate and capital partner investors. Co-branding to be maintained for a period of time • Orderly integration planned, with Fortius staff retained • Establishes experienced, dedicated and professional combined team of 60+ employees, located in Melbourne, Sydney and Brisbane
Governance	• Funds management business will be integrated into the Group's governance frameworks, with strong conflicts management systems in place • Fortius Independent Non-Executive Directors Edwin Zemancheff (Chairman) and Katherine Allchin will remain on Fortius board as will Sam Sproats and a Growthpoint appointee
Impact	• Increases Growthpoint's total assets under management to \$7.2 billion¹ • Growthpoint intends to grow the funds management business, targeting 10-20% Group EBIT, over the medium term

Includes unaudited valuations as at 30 June 2022 of \$5.3 billion. Includes 165-169 Thomas Street, Dandenong Victoria which settled in July 2022



Strategic rationale.

Acquisition of a best-in-class fund manager



Delivers on strategy to establish third party funds management business

Provides income stream diversification and leverages expertise to generate higher returns on capital employed for GOZ securityholders

Fortius operates a highly scalable business model

Adds \$1.9 billion high quality FUM in a single line transaction

Combining with Growthpoint can support further growth of Fortius' successful funds management strategy



Enhanced sector and product capabilities

Introduces retail and mixed-use asset capabilities to Growthpoint

Fortius specialise in value-add and opportunistic strategies

Increases alignment of tenant customer relationships and market coverage

Addition of debt capital business further broadens Group's capability



Access to new investor channels

Fortius investor base comprises >600 investors including high quality institutional accounts, high net worth and wholesale investors

Significant level of repeat Fortius investors

Fortius brings strong wealth management platform relationships and is well positioned to grow into new distribution channels

Growthpoint investors comprise >4300 securityholders, including global, domestic institutional investors and retail securityholders



Financially attractive to Growthpoint investors

Increases Growthpoint's total assets under management to \$7.2 billion

Ability to drive enhanced FFO growth over time

Growthpoint intends to grow the funds management business and target 10-20% of Group EBIT over the medium term

Overview of Fortius.



Fortius is one of Australia's **leading private real estate funds management businesses** with a distinct focus on value-add and opportunistic strategies

\$1.9 billion high quality FUM, including office and retail properties in Sydney, Brisbane and Adelaide

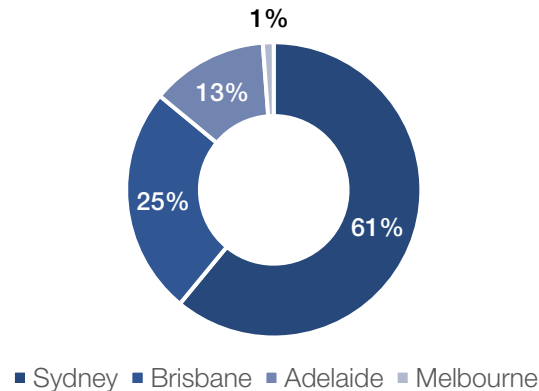
Primarily **value-add funds**, structured as syndicates and single asset mandates on behalf of institutional, wholesale and HNW investors. **Growing debt capital business**

High quality, successful team of 20 employees

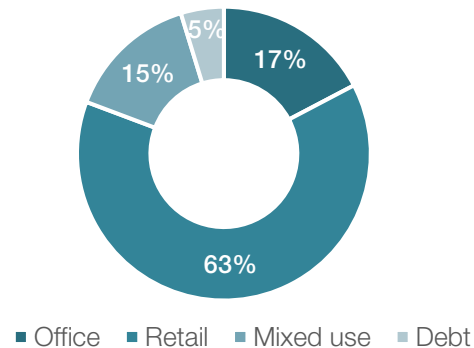
Established in 1991, Fortius has a **track record of outperformance**, with average IRR of 17% per annum delivered for investors over last 30 years

FUM as at 30 June 2022

Geographic diversity



Sector diversity



Key institutional partners

PGIM
SC Capital Partners
Heitman
BlackRock
Irongate

>600
Number of
investors

59%
Investors in more
than one fund

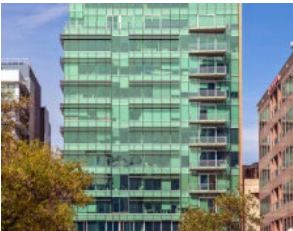
59% / 39% / 2%
Investor split
(HNW / Institutional / Other)



Fortius funds.

Fortius manages \$1.9 billion of high quality assets for third party investors, including HNW syndicates and institutional investors



					
307 Queen Street	Rundle Place	Greenfell Car Park	Central Park	Camberay Square	The Barracks
Brisbane, QLD Office Syndicate	Adelaide, SA Retail Syndicate	Adelaide, SA Office Syndicate	Sydney, NSW Retail Syndicate	Sydney, NSW Retail Syndicate	Brisbane, QLD Mixed use Syndicate
					
Home HQ	Albany Creek	Taylor House	Diversity	MidCity	99 Gawler Place
Sydney, NSW Retail Syndicate	Brisbane, QLD Retail Syndicate	Sydney, NSW Mixed use Syndicate	Sydney, NSW Retail Syndicate	Sydney, NSW Retail Separate account	Adelaide, SA Office Separate account

Typical platform fees

- Investment / asset management fees
- Leasing fees
- Acquisition and disposal fees
- Debt arrangement fees
- Performance fees
- Other (trustee fees, custodian fees, accounting fees, etc.)

Fortius Debt Capital

Various
Debt

FUM as at 30 June 2022

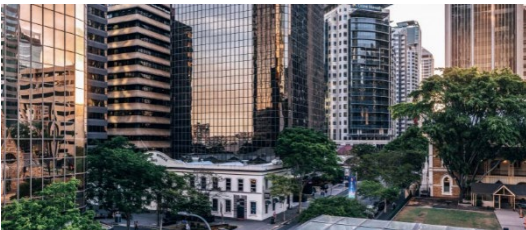


Fortius strategies.

Fortius has multiple fund management strategies, including HNW syndicates, institutional mandates, debt capital and intends to grow a wholesale capital strategy



Syndications



Single asset trusts

- Over 600 high net worth (HNW) investors including private investors, family offices, wealth managers and financial advisors
- Standard fund term of 5 years + 2 year extensions
- High level of repeat clients

FUM \$1.2bn

Separate accounts



Institutional mandates

- Typically single asset managed accounts targeting opportunistic investments
- Investors include high quality domestic and offshore institutional partners

FUM \$600m

Debt capital



Debt investments

- Debt arrangement, management fees
- Majority residential construction with first mortgage as security
- Typical investment timeframe of 12-24 months

FUM \$89m

Wholesale



Multi asset pooled funds

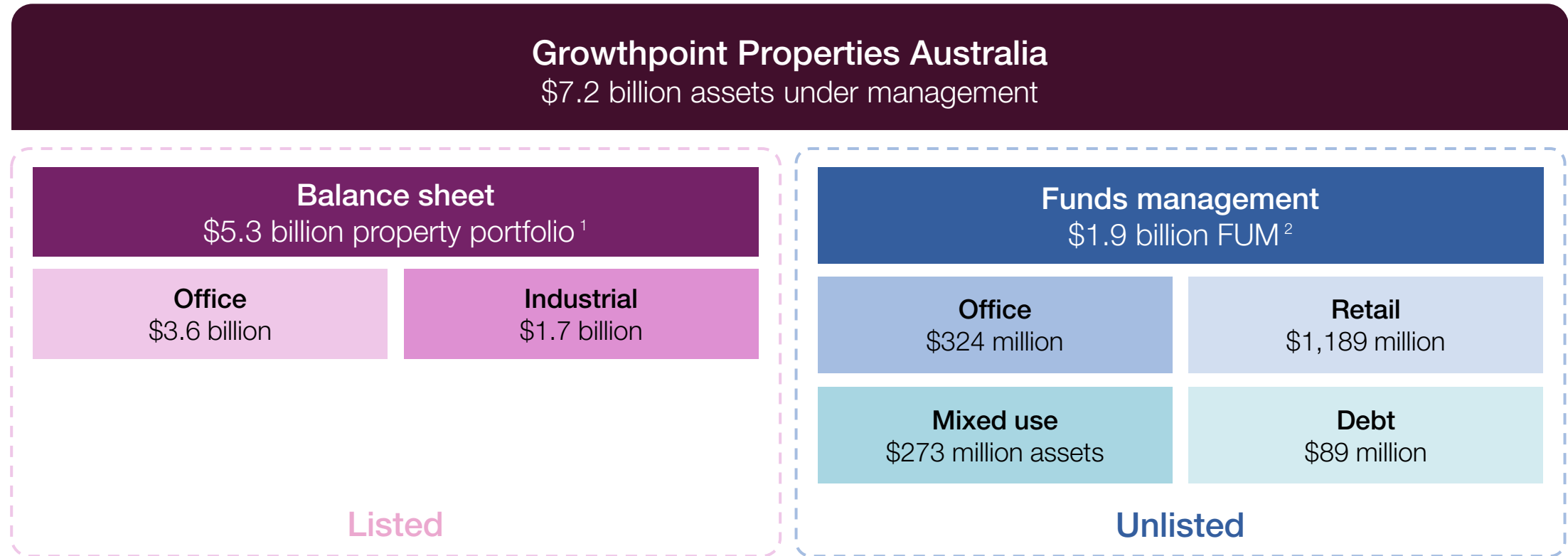
- Closed-end, pooled funds with wholesale investors
- Multi asset funds with focus on core, core+ and value-add strategies

FUM as at 30 June 2022



Growthpoint post transaction.

Growthpoint is a leading Australian integrated property group with \$7.2 billion assets under management, post completion, including \$5.3 billion¹ on balance sheet and \$1.9 billion on behalf of third party investors



1. Unaudited valuations as at 30 June 2022. Includes 165-169 Thomas Street, Dandenong VIC which settled in July 2022

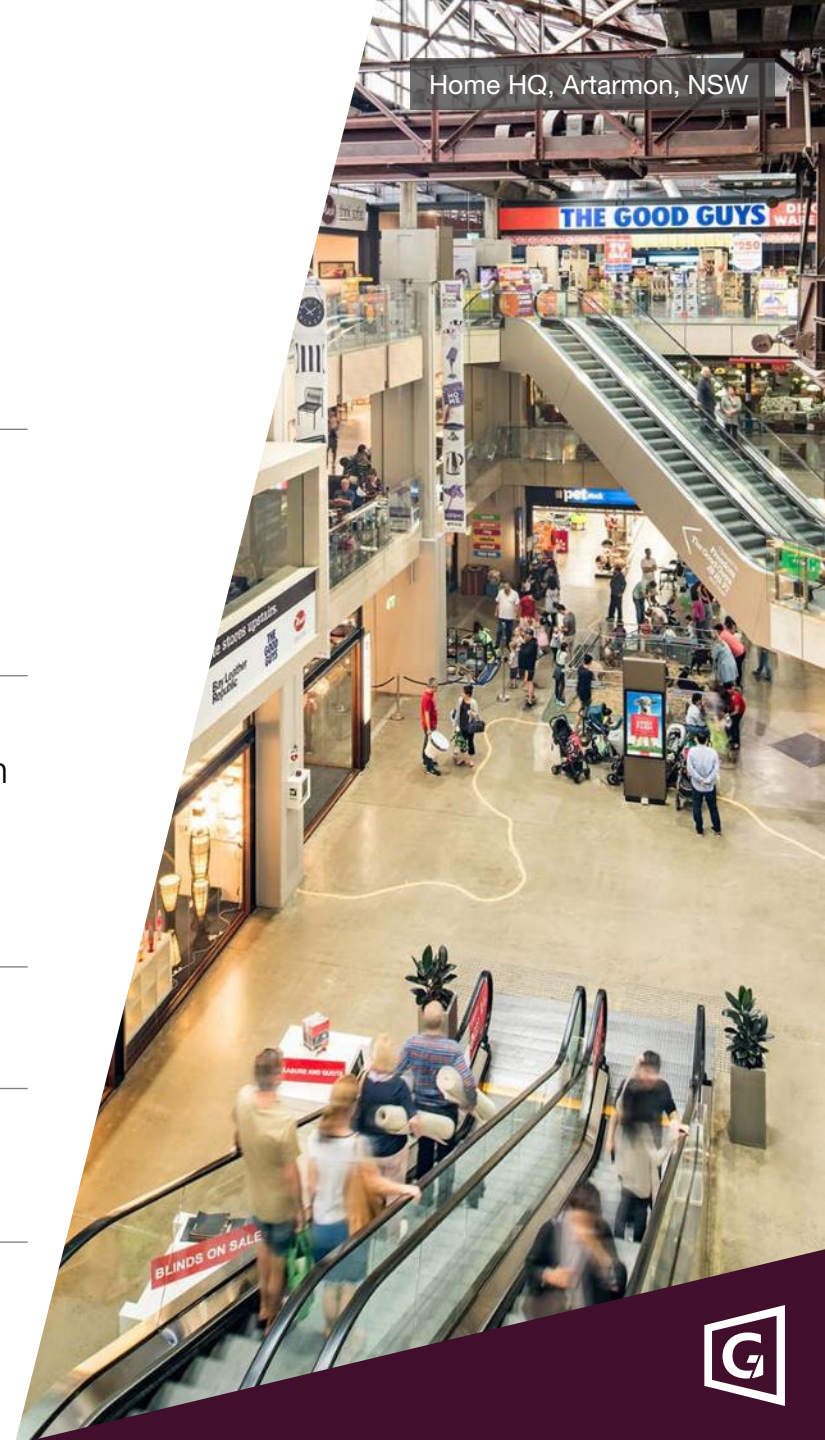
2. FUM as at 30 June 2022



Growth of Combined Platform.

Opportunities to grow FUM

New fund initiatives	• Establishment of new fund products and strategies • Including new asset classes / sectors • Increased geographical diversity • New investors and types of capital
Balance sheet support opportunities	• Significant balance sheet capacity to co-invest and underwrite acquisitions • Provides ability to execute more transactions, in quicker timeframes, and with higher execution certainty • Warehousing assets on balance sheet • Recycling capital with balance sheet
Access to deal flow	• Alignment and broadened coverage of sectors, products and asset classes
Group Approach	• Continued disciplined approach to capital management and investment to support growth of FUM in a volatile macroeconomic climate and changing business cycle





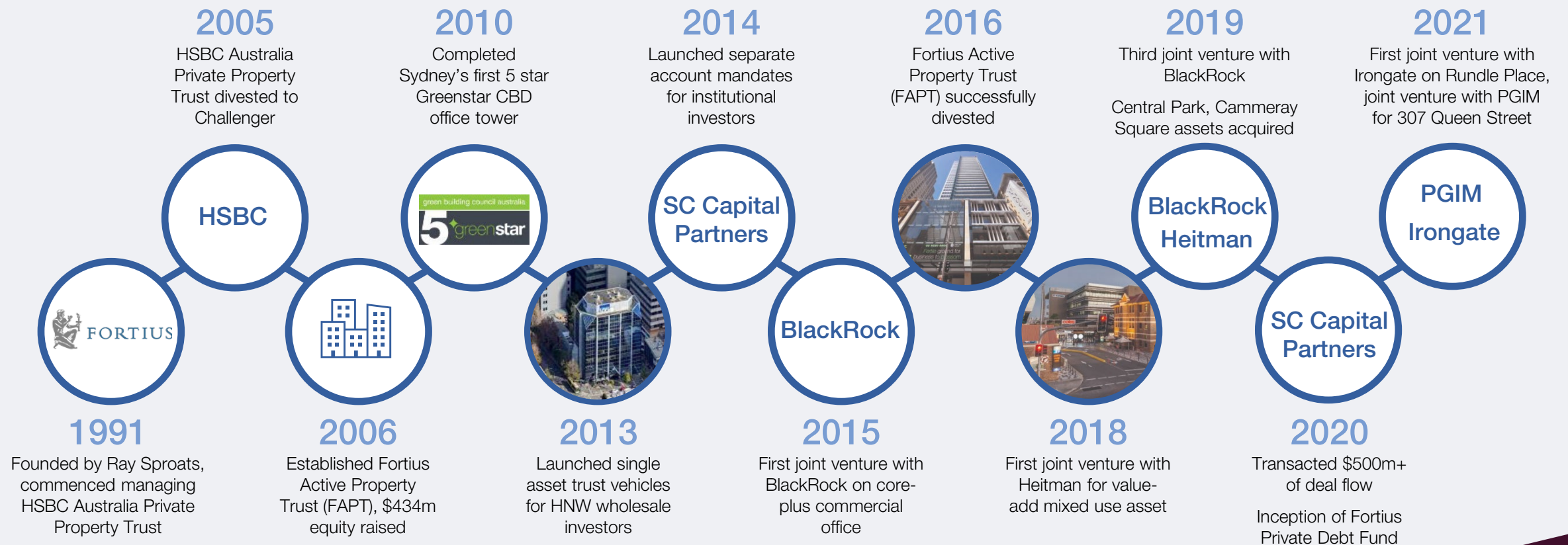
Additional
information.



Fortius timeline.



Fortius has been in operation for over 30 years and has significantly scaled in recent years.



Benefits for Fortius investors.

Seamless continuation of high quality funds management services

Continuation of service	✓ No changes to business or fund strategies ✓ Integration of business and transition of employees ✓ Co-branding to be maintained for a period of time
Access to enhanced acquisition opportunities	✓ Enhanced deal flow ✓ Scale advantage
Access to significant balance sheet	✓ Increased alignment via co-investments ✓ Ability to underwrite assets to support acquisitions
Access to enhanced capabilities	✓ Nationally leading office and industrial landlord ✓ Track record of successful asset management
Strong governance maintained	✓ ASX-listed Growthpoint has strong governance frameworks and is subject to ASX Listing Rules and Corporate Governance disclosures and other regulatory authority oversight ✓ Policies regarding conflicts and access to acquisition and development opportunities implemented from completion ✓ Fortius Independent Non-Executive Directors Edwin Zemancheff (Chairman) and Katherine Allchin will remain on Fortius board as will Sam Sproats and a Growthpoint appointee



Important information.

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2022 calendar.

- **16 August** – FY22 Results
- **17 November** – Annual General Meeting

Dates are indicative and subject to change.