

## La Trobe Financial & Brookfield – Strategic Partnership

As a valued partner of La Trobe Financial, it gives us great pleasure to inform you of an update to the La Trobe Financial business. The current shareholders of La Trobe Financial have executed an agreement to effect the sale of a 100% ownership interest in the La Trobe Financial Group to Brookfield.

The strategic rationale of this transaction is to continue the growth profile of La Trobe Financial with the support of another strong, well-capitalised and highly respected investment partner. Our entire La Trobe Financial executive team, will remain in place following completion. There will be no change to our day-to-day operations, credit process, or investment strategy arising from this transaction.

### Background

La Trobe Financial has substantial prospects for future growth over the coming decade.

Following a lengthy strategic review by current shareholders, they therefore decided to accept an offer by Brookfield to acquire a 100% interest in the La Trobe Financial Group of companies noting the following investment highlights:

- **Established track-record.** La Trobe has over A\$13 billion in assets under management and a 70-year track record of continuous profitability which has proven to be highly resilient to economic and housing cycles.
- **Strong competitive advantage.** The company's integrated residential mortgage lending and high net worth retail distribution channel results in stable long-term earnings and consistently high returns on capital.
- **Favorable market opportunity.** La Trobe plays an important role in providing credit to a growing proportion of high-quality borrowers who are unable to access traditional bank mortgages. The business' integrated asset management model provides a structural capital advantage in being able to service these customers.
- **Value creation potential.** La Trobe's large distribution footprint and recurring investor inflows provide opportunities to further scale and diversify its product platform.

### Who is the new shareholder?

Brookfield is a leading global alternative asset manager with approximately US\$690 billion in assets under management across real estate, infrastructure, renewable power, private equity and credit. Brookfield owns and operates long-life assets and businesses, many of which form the backbone of the global economy. Utilising its global reach, access to large-scale capital and operational expertise, Brookfield offers a range of alternative investment products to investors around the world—including public and private pension plans, endowments and foundations, sovereign wealth funds, financial institutions, insurance companies and private wealth investors. Brookfield Asset Management is listed on the New York and Toronto stock exchanges under the symbol BAM and BAM.A, respectively.



1. No material changes to the nature of the Group's current business operations;
2. Mr Chris Andrews, current Deputy CEO, will succeed Mr Greg O'Neill OAM as CEO upon closing;
3. The appointment of four additional appointees to the Board of the appointed holding company as a business as usual matter, with three Blackstone Directors and our Managing Director Greg O'Neill retiring from the company;
4. Retention of the Group's senior leadership team and board and management committee structure;
5. No changes to the Group's branding and profile in the market;
6. No material changes to the Group's loan and investment products suite and position in the Australian mortgage market; and
7. No changes to the Group's investment strategy, credit policy, loan servicing or mortgage help collection policies.

### **Conclusion**

This change in ownership of the La Trobe Group entities, as was the case in 2017 when we partnered with Blackstone, will not result in any interruption to the business or adverse change to the risk profile of the Group in terms of its operations, strategy, management team or ability to perform its obligations.

The proposed transaction has significant merit and will continue our strong and well capitalised shareholder heritage and maintain the depth and breadth of governance at the Board level, which is anticipated to be materially beneficial for all current and future stakeholders.

From our viewpoint, the change, which has been consented to by all of our funding banks, is both credit positive and ratings positive.

We look forward to your continued support of our business as we go forward with such a substantial and dynamic shareholder in Brookfield.

Please let us know if you have any further questions on 1800 818 818.

Yours sincerely,



**Michael Watson**

**Head of Distribution – Asia Pacific**