

VGI PARTNERS

Prospectus

Initial Public Offer of Shares at an
Offer Price of \$5.50 per Share to raise
up to \$75 million

Financial Adviser



Joint Lead Managers



crestone.

WILSONS

ORD MINNETT

Co-Managers

ShawandPartners



PATERSONS

Important notices

This is an important document that should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this Prospectus.

Offer

The Offer contained in this Prospectus (**Prospectus**) is an invitation to apply for fully paid ordinary shares (**Shares**) in VGI Partners Limited (ACN 129 188 450) (**Company, VGI Partners, we, us or our**). This Prospectus is issued by the Company in connection with the initial public offering of the Company.

Lodgement and Listing

This Prospectus is dated 20 May 2019 (**Prospectus Date**) and was lodged with ASIC on that date. This is a replacement prospectus which replaces the original Prospectus dated 13 May 2019 and lodged with ASIC on that date (**Original Prospectus**).

Neither ASIC or ASX takes any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates. The Company applied to the ASX within seven days after the date of the Original Prospectus for admission of the Company to the official list of, and quotation of the Shares on, the ASX.

This replacement Prospectus has been issued to remove the reference to the Illustrative Revenue Scenarios (and the associated disclosure relating to the same) on the basis that they could be considered to be forecasts rather than illustrative examples and to include additional disclosure in relation to the voluntary escrow arrangements which are in place with the Escrowed Shareholders.

Expiry Date

This Prospectus expires on the date that is 13 months after the Prospectus Date (**Expiry Date**). No Shares will be issued on the basis of this Prospectus after the Expiry Date.

No investment advice

The information contained in this Prospectus is not financial product advice and does not take into account the investment objectives, financial situation or particular needs of any prospective investor.

It is important that you read this Prospectus carefully and in full before deciding whether to invest in the Company. In particular, in considering the prospects of the Company, you should consider the risks that could affect the financial performance of the Company. You should carefully consider these risks in the light of your investment objectives, financial situation and particular needs (including financial and taxation issues), and seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company. Some of the risks that should be considered by prospective investors are set out in Section 5. There may be risks in addition to the risks set out in Section 5 that should be considered in light of your personal circumstances.

No person named in this Prospectus, nor any other person, guarantees the performance of the Company, the repayment of capital by the Company or the payment of a return on the Shares.

No person is authorised to give any information or make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company or its Directors. You should rely only on information in this Prospectus.

As set out in Section 711.3, it is expected that the Shares will be quoted on the ASX initially on a deferred settlement basis.

To the extent permitted by law, each of the Company, the Financial Adviser, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving their holding statements.

Exposure Period

The Corporations Act prohibits the Company from processing Applications in the seven-day period after the date of the Original Prospectus (**Exposure Period**). The Exposure Period may be extended by ASIC by up to a further seven days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. The examination may result in the identification of deficiencies in this Prospectus, in which case any Application may need to be dealt with in accordance with Section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

No cooling-off rights

No cooling-off regime (whether provided by law or otherwise) applies in respect of the acquisition of Shares under this Prospectus. This means that, in most circumstances, you cannot withdraw your Application once it has been accepted.

Obtaining a copy of this Prospectus

A hard copy of this Prospectus is available free of charge to any Applicant in Australia by calling the Company's Offer Information Line on 1300 046 609 (toll-free within Australia) or +61 2 9290 9611 (outside Australia) between 8:30am and 5:30pm (Sydney, Australia time) during the Offer Period from 23 May 2019 to 6 June 2019.

During the Exposure Period, an electronic version of this Prospectus without an Application Form will be available at www.vgioffer.com for Australian and New Zealand investors only. Application Forms will not be made available until after the Exposure Period has expired.

During the Offer Period, this Prospectus is available to Australian and New Zealand investors in electronic form at www.vgioffer.com. The Offer constituted by this Prospectus in electronic form at www.vgioffer.com is available only to persons within Australia and New Zealand. The Prospectus is not available to persons in other jurisdictions (including the US). If you access the electronic version of this

Prospectus, you should ensure that you download and read the Prospectus in its entirety. You may, before the Closing Date, obtain a paper copy of this Prospectus (free of charge) by telephoning the Company's Offer Information Line on 1300 046 609 (within Australia) between 8:30am and 5:30pm (Sydney, Australia time), Monday to Friday (Business Days only). If you are eligible to participate in the Offer and are calling from outside Australia, you should call +61 2 9290 9611 between 8:30am and 5:30pm (Sydney, Australia time), Monday to Friday (Business Days only).

Applications for Shares may only be made during the Offer Period online at www.vgioffer.com or on the Application Form included in, or accompanying, this Prospectus in its hard copy form, or in its soft copy form that must be downloaded in its entirety from www.vgioffer.com, along with an electronic copy of this Prospectus. By making an Application, you declare that you were given access to this Prospectus, together with an Application Form. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is included in, or accompanied by, this Prospectus in its hard copy form or the complete and unaltered electronic version of this Prospectus. See Section 7 for further information.

Statements of past performance

This Prospectus includes information regarding the past performance of the Company and the VGI Funds. Investors should be aware that past performance should not be relied upon as an indicator of future performance and there is no guarantee that the Company will achieve, repeat or outperform its past performance.

Financial information

Section 4 sets out in detail the Financial Information referred to in this Prospectus. The basis of preparation of the Financial Information is set out in Section 4.4.

All references to CY appearing in this Prospectus are to the 12-month period ended or ending 31 December, unless otherwise indicated. All references to FY appearing in this Prospectus are to the 12-month period ended or ending 30 June, unless otherwise indicated. All references to FY appearing in this Prospectus are to the 12 month periods ended or ending 30 June, unless otherwise indicated. The Financial Information is presented on both an actual and pro forma basis and has been prepared and presented in accordance with the recognition and measurement principles of Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (**AASB**), which are consistent with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board (**IFRS**).

The Financial Information is presented in an abbreviated form insofar as it does not include all of the presentations and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Financial Information in this Prospectus should be read in conjunction with, and is qualified by reference to, the information contained in the Independent Limited Assurance Report in Section 8.

Unless otherwise stated or implied, all pro forma data in this Prospectus gives effect to the pro forma adjustments referred to in Section 4.

Readers should be aware that certain financial data included in this Prospectus is 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information', published by ASIC. The Company believes this non-IFRS information provides useful information to users in measuring the financial performance and conditions of the Company. The non-IFRS financial measures do not have standardised meanings prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS financial information or ratio included in this Prospectus.

Forward looking statements

This Prospectus contains forward-looking statements, including statements identified by words such as 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'targets', 'plans', 'goals', 'outlook', 'aims', 'guidance', 'may', 'will', 'would', 'could' or 'should' and other similar words that involve risks and uncertainties. The Additional Financial Information provided in Section 4 is an example of forward-looking statements.

The Additional Financial Information and other forward-looking statements in this Prospectus are based on a number of assumptions concerning future events, including, without limitation, the successful implementation of the Company's business strategy, assumed scenarios with respect to the performance of the managed funds and individually managed accounts managed by the Company and listed in Section 2.1 (**VGI Funds**), as well as a number of assumptions and estimates relating to factors affecting its business.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors beyond the control of the Company, its Directors and Management. They are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

Except as set out above, the Company and its respective Directors cannot and do not make any representation, express or implied, in relation to forward-looking statements and you are cautioned not to place undue reliance on these statements. The Company does not intend to update or revise forward-looking statements, or to publish prospective Financial Information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

These statements are subject to various risk factors that could cause the Company's actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are set out in Section 5. The occurrence of any one or more of these and other factors could cause actual results to differ materially from those expressed in any statement contained in this Prospectus.

This Prospectus, including the industry overview in Section 3, uses market data and third party estimates and projections. There is no assurance that any of the third

party estimates or projections contained in this Prospectus will be achieved. The Company has not independently verified this information. Estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed in the risks set out in Section 5.

Photographs and diagrams

Photographs and diagrams used in this Prospectus are for illustration purposes only and should not be interpreted to mean that any person shown in them endorses this Prospectus or its contents, or that the assets shown in them are, or on Completion of the Offer, will be owned by the Company. Diagrams used in this Prospectus are illustrative only and may not be drawn to scale. Unless otherwise stated, all data contained in charts, graphs and tables is based on information available as at the Prospectus Date.

Important information for New Zealand investors

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and regulations made under that Act.

In New Zealand, this is subpart 6 of Part 9 of the Financial Markets Conduct Act 2013 and Part 9 of the Financial Markets Conduct Regulations 2014.

This Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act and the regulations made under that Act set out how the Offer must be made.

There are differences in how financial products are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian financial products may differ from the rights, remedies, and compensation arrangements for New Zealand financial products.

Both the Australian and New Zealand financial markets regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Financial Markets Authority, New Zealand (<http://www.fma.govt.nz>). The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

Currency exchange risk

The Offer may involve a currency exchange risk. The currency for the financial products is not New Zealand dollars. The value of the financial products will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the financial products to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

Trading on financial product market

If the financial products are able to be traded on a financial product market and you wish to trade the financial products through that market, you will have to make arrangements for a participant in that market to sell the financial products on your behalf. If the financial product market does not operate in New Zealand, the way the market operates, the regulation of participants in that market, and the information available to you about the financial products and trading may differ from financial product markets that operate in New Zealand.

A copy of this Prospectus and other documents relating to the Offer have been, or will be, lodged with the New Zealand Companies Office. While the Offer is being extended to New Zealand investors under the mutual recognition regime, no application for listing and quotation is being made to NZX Limited. See below for more details of selling restrictions that apply to the Offer and sale of Shares in jurisdictions outside of Australia.

Selling restrictions

This Prospectus does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to register or qualify the Shares or the Offer, or to otherwise permit a public offering of Shares, in any jurisdiction outside Australia or New Zealand. The distribution of this Prospectus outside Australia or New Zealand (including electronically) may be restricted by law and persons who come into possession of this Prospectus outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state or other jurisdiction of the US. Shares may not be offered or sold, directly or indirectly, in the US unless the Shares have been registered under the US Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the US Securities Act and any other applicable securities laws. See Section 7 for more details on selling restrictions that apply to the Offer in jurisdictions outside Australia.

Privacy

By filling out the Application Form to apply for Shares you are providing personal information to the Company through its Share Registry, which is contracted by the Company to manage Applications.

The Company, and the Share Registry on its behalf, may collect, hold and use that personal information to process your Application, service your needs as a Shareholder, provide facilities and services that you request, and carry out appropriate administration.

If you do not provide the information requested in the Application Form, the Company and the Share Registry may not be able to process or accept your Application.

Your personal information may also be used from time to time to inform you about other products and services offered by the Company, which it considers may be of

interest to you. Your personal information may also be provided to the Company's members, agents and service providers on the basis that they deal with such information in accordance with the Company's privacy policy and applicable laws.

The members, agents and service providers of the Company may be located outside Australia where your personal information may not receive the same level of protection as that afforded under Australian law.

The types of agents and service providers that may be provided with your personal information and the circumstances in which your personal information may be shared are:

- the Share Registry for ongoing administration of the Shareholder register;
- printers and other companies for the purpose of preparation and distribution of statements and for handling mail;
- market research companies for the purpose of analysing the Shareholder base and for product development and planning; and
- legal and accounting firms, auditors, contractors, consultants and other advisers for the purpose of administering, and advising on, the Shares and for associated actions.

You may request access to your personal information held by or on behalf of the Company. You may be required to pay a reasonable charge to the Share Registry in order to access your personal information. You can request access to your personal information by writing to or telephoning the Share Registry as follows:

Telephone: 1300 046 609 (toll free within Australia)
+61 2 9290 9611 (outside Australia)

Address: Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000

Capital structure

As at the Prospectus Date, the capital structure of the Company comprises 1,240,891 shares of various classes that are not ordinary shares. Immediately prior to Completion of the Offer, (i) the rights attaching to these shares will be varied such that all of the shares have the rights of and are classified as fully paid ordinary shares in the Company; and (ii) the shares will be split on a proportionate basis into 53,431,346 Shares (together, **Share Capital Restructure**). Unless stated otherwise, all Share numbers in this Prospectus assume that the Share Capital Restructure had occurred on or prior to the Prospectus Date.

Offer management

The Offer is being managed by the Joint Lead Managers, on the terms and subject to the conditions of the Offer Management Agreement. See Section 9.8 for further information.

Independent Limited Assurance Report on the Financial Information and Financial Services Guide

The provider of the Independent Limited Assurance Report on the Financial Information has provided Australian Retail Investors with a Financial Services Guide in relation to its independent review under the Corporations Act. The Independent Limited Assurance Report and accompanying Financial Services Guide are provided in Section 8.

Company website

Any references to documents included on the Company's website are provided for convenience only, and none of the documents or other information on the Company's website, or any other website referred to in the sources contained in this Prospectus, is incorporated in this Prospectus by reference.

Defined terms and abbreviations

Defined terms and abbreviations used in this Prospectus have the meanings defined in the Glossary set out in Appendix A. Unless otherwise stated or implied, references to dates and times in this Prospectus refer to the date and time in Sydney, Australia. All financial amounts contained in this Prospectus are expressed in AUD unless otherwise stated. There may be discrepancies between totals and sums of components in tables contained in this Prospectus due to rounding.

Questions

If you have any questions about how to apply for Shares, please call your stockbroker, solicitor, accountant, tax adviser, or other independent and qualified professional adviser. Instructions on how to apply for Shares are set out in Section 7 of this Prospectus and on the back of each Application Form. Alternatively, please contact the Company's Offer Information Line on 1300 046 609 (toll-free within Australia) or +61 2 9290 9611 (outside Australia) between 8.30am and 5.30pm (Sydney, Australia time), Monday to Friday (Business Days only).

This Prospectus is important and should be read in its entirety.

Disclaimer

The Company, the Financial Adviser and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who trade Shares before receiving a holding statement, even if such persons received confirmation of allocation from the Company's Offer Information Line or confirmed their firm allocation through a broker.

Moelis Australia has acted as Financial Adviser in connection with the Offer, and Crestone Wealth Management, CommSec, Wilsons and Ord Minnett have acted as Joint Lead Managers of the Offer and have not authorised, permitted or caused the issue or lodgement, submission, dispatch or provision of this Prospectus. There is no statement in this Prospectus that is based on any statement made by the Financial Adviser or the Joint Lead Managers or by any their respective affiliates, officers or employees. To the maximum extent permitted by law, the Financial Adviser and the Joint Lead Managers and their respective affiliates, officers, employees and advisers expressly disclaim all liabilities in respect of, make no representations regarding and taking no responsibility for, any part of this Prospectus other than references to their respective names and make no representation or warranty as to the currency, accuracy, reliability or completeness of this Prospectus.

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Key Offer Statistics and Key Dates

Key dates

Original Prospectus Date	Monday, 13 May 2019
Offer opens	Thursday, 23 May 2019
Priority Offer closes	Thursday, 6 June 2019
Chairman's List Offer closes	Monday, 17 June 2019
Settlement	Thursday, 20 June 2019
Issue of Shares (Completion of the Offer)	Friday, 21 June 2019
Expected commencement of trading on the ASX (on a deferred settlement basis)	Friday, 21 June 2019
Expected completion of dispatch of holding statements	Tuesday, 25 June 2019
Expected commencement of trading on the ASX (on a normal settlement basis)	Wednesday, 26 June 2019

Note: This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney, Australia time. The Company reserves the right to vary any and all of the above dates and times without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close any part of the Offer early, to extend the Offer Period relating to any component of the Offer, or to accept late Applications, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or Applicants). If the Offer is cancelled or withdrawn before the issue of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens.

Key Offer statistics

Offer Price ¹	\$5.50 per Share
Total proceeds of the Offer	\$75.0 million
Total number of Shares to be issued under the Offer	13.6 million
Total Shares on issue at Completion of the Offer	67.1 million
Market capitalisation at the Offer Price ²	\$368.9 million
Pro forma net cash ³	\$65.3 million
Enterprise value at the Offer Price ⁴	\$303.6 million
Enterprise value / pro forma CY18 EBIT ^{5,6}	6.2x
Price-to-earnings ratio (market capitalisation / pro forma CY18 NPAT) ^{5,7}	10.6x
Price-to-earnings ratio (adjusted) ⁸	8.8x

1 Investors in the Offer who also participated in the placement component of the VG1 Equity Raising will be paid, by the Company, a participation fee of 1.5% of the amount subscribed for and allocated.

2 Calculated as the total number of Shares on issue following the Offer multiplied by the Offer Price.

3 Includes net Offer proceeds of \$66.0 million. Refer to Section 4.7.6 for further details on pro-forma net cash.

4 Enterprise value is calculated as market capitalisation at the Offer price less pro forma net cash.

5 See Section 4 for further details on the Historical Financial Information.

6 The enterprise value/EBIT multiple is calculated as the enterprise value divided by pro forma historical CY18 EBIT. This multiple represents a valuation metric that may enable prospective investors to assess the valuation of comparable businesses before the impact of different capital and taxation structures.

7 The price-to-earnings ratio is calculated as market capitalisation divided by pro forma historical CY18 NPAT.

8 Price-to-earnings ratio (adjusted) is calculated as market capitalisation (adjusted to exclude the impact of net Offer proceeds) divided by pro forma historical CY18 NPAT (adjusted to exclude pro forma adjustment for interest income earned on net Offer proceeds).

How to invest

Applications for Shares can only be made online at www.vgioffer.com or by completing and lodging the Application Form included in, or accompanying, this Prospectus.

Instructions on how to apply for Shares are set out in Section 7.3.3 of this Prospectus and on the Application Form.

Chairman's Letter

13 May 2019

Dear Investor,

I am delighted to invite you to invest in VGI Partners, the wealth management business that I founded in 2008.

For the last 11 years, VGI Partners has maintained a singular focus on providing investors with capital growth over the long term through investing in a concentrated portfolio of global listed securities, always with a strong bias to capital preservation. Over the years, the team has grown, with the VGI Partners Investment Team now comprising 14 professionals located in Sydney, New York and Tokyo, supported by a 10-person finance and operational team.

VGI Partners currently manages funds of over \$2.1 billion¹. This includes \$1.5 billion for approximately 250 high-net-worth individuals and families, and a further \$0.6 billion for VGI Partners Global Investments Limited (**VG1**), a listed investment company for which we are the investment manager.

Our business generates revenue from the fees we charge clients for managing their global portfolios. All clients pay a management and performance fee, with the latter adding to the variability of our earnings. Due to the success of our Investment Strategy in delivering strong risk-adjusted returns to investors, we have generated positive returns and earned performance fees on all of our funds in every year since inception in January 2008. Our largest and longest running AUD fund, the VGI Partners Master Fund, has produced a compound annual return of 14.6% per annum, after fees², since it was established in January 2009.

VGI Partners is raising \$75 million under the Offer. This represents, following Completion of the Offer, approximately 20% of the issued Shares of VGI Partners. I believe incoming Shareholders should derive confidence from the fact that Existing Shareholders (who are all senior members of the VGI Partners Investment Team) will retain their interests in VGI Partners, equating to approximately 80% of the issued Shares of VGI Partners after Completion.

Once listed, VGI Partners intends to retain its investment philosophy, which is based on the key tenets of capital preservation, aiming for superior long-term compound growth and, concentration of the portfolio in our best ideas. As a wealth manager, VGI Partners seeks to 'buy and hold' long-term investments in what it believes to be great businesses that are not fully valued by the market, while also short selling securities that are assessed to be vulnerable to a material decline in price.

The primary reason for pursuing the Offer and listing on the ASX is to recognise and reward investors who have supported VGI Partners over the last 11 years. I believe the time is right to further strengthen the alignment between VGI Partners and our clients by providing the opportunity for them to benefit – as owners – from our future growth. This is why we are giving exclusive access to this Offer to VG1 Shareholders and investors in VGI Partners' unlisted funds, in each case, who participate in the concurrent capital raising being undertaken by VG1.

As announced today, VG1 is seeking to raise up to \$300 million in new capital via a placement and renounceable entitlement offer (**VG1 Equity Raising**). The \$98 million placement component of the VG1 Equity Raising was successfully completed on 12 May 2019 with strong support from investors in VGI Partners' unlisted funds. The entitlement offer component of the VG1 Equity Raising is expected to be completed over the next few weeks. All participants in the VG1 Equity Raising will be entitled to apply for up to \$1 worth of Shares for every \$4 of shares applied for in the VG1 Equity Raising³.

The Board believes there are a number of additional benefits associated with listing on the ASX. Importantly, being listed will provide VGI Partners with the opportunity to further align interests between its staff and Shareholders by establishing a Share ownership scheme in the annual remuneration process.

¹ As at 31 March 2019.

² Assuming that annual Master Fund distributions are reinvested.

³ Applicable to Applicants under the Priority Offer.

Immediately following Completion, VGI Partners is expected to have approximately \$66 million in cash. This capital will be available to support and grow the business, whether through investing in funds managed by VGI Partners (including VG1) or to seed and co-invest in new investment strategies with clear adjacencies to VGI Partners existing areas of expertise.

Investors in the Offer will benefit from a dividend expected to be paid a few months after Completion. The Company intends to pay dividends twice a year, with the first dividend expected to be paid in August 2019 in respect of the half year ending 30 June 2019. Shares issued under the Offer will be entitled to any such dividend, with its quantum depending on the Company's performance fee result for the period ending 30 June 2019.

The Directors of VGI Partners measure the Company's success by the long-term returns that it delivers for investors in the VGI Funds and expect that Shareholder returns will follow. VGI Partners prides itself on fostering a culture of single-minded dedication to this objective.

This Prospectus contains detailed information about the Offer, the industry in which the Company operates and its business model. Section 5 includes a description of the key risks associated with an investment in VGI Partners. These include risks associated with investment performance and strategy, the unpredictability of performance fees, retaining and attracting investors, and a loss of key personnel. It is important that you read this Prospectus carefully and in its entirety before making your investment decision.

Yours sincerely



Robert M P Luciano, CFA
Executive Chairman
VGI Partners Limited

Investment Overview

01

1) Investment Overview

1.1 Introduction

Topic	Summary	For more information
Why is the Offer being conducted?	<p>The Offer is being conducted to:</p> <ul style="list-style-type: none">• recognise and reward investors in the VGI Funds by providing them with an opportunity to apply for Shares under the Offer;• increase alignment between VGI Partners and investors in the VGI Funds;• provide VGI Partners with an increased capital base, financial flexibility and ability to execute growth strategies and co-invest in funds through improved access to capital markets;• broaden VGI Partners' shareholder base and provide a liquid market for the Shares;• provide potential for non-cash compensation for employees (existing and new) of the Company through an equity incentive plan to be adopted by the Company in connection with the Offer; and• provide an improved capacity to attract and retain quality staff through short and long term employee incentives.	<i>Section 7.1.3</i>

1.2 Business overview

Topic	Summary	For more information
Who is the Company?	<p>VGI Partners is a wealth manager specialising in global equities with funds under management (FUM) of over \$2.1 billion as at 31 March 2019. The Company was established in 2008 by Robert Luciano, VGI Partners' Executive Chairman, and now employs a team of 14 investment personnel and 10 operations professionals.</p> <p>VGI Partners employs its Investment Strategy to manage the VGI Funds through a concentrated portfolio, currently predominantly comprising of Long Investments and Short Positions in global listed securities and cash.</p> <p>The Company's clients gain exposure to its Investment Strategy through the VGI Funds, being listed and unlisted managed funds and individually managed accounts.</p>	<i>Section 2.1</i>
How does the Company generate its income?	<p>As a wealth manager, the Company generates the majority of its revenue from management fees and performance fees which are charged on each of the VGI Funds.</p> <p>Both management and performance fee generation are driven by the level of FUM. Performance fees are also driven by the investment performance of the funds, which can be volatile.</p> <p>Management fees</p> <p>Management fees are paid monthly and are typically equal to 1.5% of FUM of each VGI Fund. Management fees accrue regardless of the performance of the VGI Funds, noting that management fees vary month to month in proportion to the FUM of each VGI Fund.</p>	<i>Section 2.3</i>

1) Investment Overview

Topic	Summary	For more information
How does the Company generate its income? (cont.)	<p>Performance fees</p> <p>Performance fees are charged in addition to the management fees. The Company charges performance fees equal to 15% of performance subject to a high water mark mechanism. This mechanism provides that should the actual FUM of a fund at the end of a period be lower than the high water mark then no performance fee would be payable from that fund for the period.</p> <p>Each VGI Fund has its performance fee calculated based on performance over a specific period of time determined in its investment management agreement (Performance Calculation Period). With the exception of VG1, performance fees are calculated annually on either 30 June or 31 December, depending on the year end of the fund. For VG1, performance fees are calculated on a six-monthly basis on 30 June and 31 December.</p>	Section 2.3

What are the VGI Funds?

A summary of the VGI Partners' Funds as at 31 March 2019 is provided below:

Sections 2.5.2, 2.5.3, 2.5.4 and 2.5.5

	Master Fund	Offshore Fund	IMAs	VG1
FUM at 31 March 2019	A\$816m	A\$246m	A\$438m	A\$637m/A\$937m (incl. VG1 Equity Raising) ¹
Launch date	January 2009	May 2012	Various	September 2017
Currency	AUD	USD	AUD & USD	AUD
Performance fee calculation date	Annually on 30 June	Annually on 31 December	Annually on 30 June	Semi-annually on 30 June and 31 December
Entity type	Unlisted vehicle	Unlisted vehicle	Unlisted vehicle	Listed Investment Company
Structure	Open-ended	Open-ended	Open-ended	Closed-ended

¹ Assumes the VG1 Equity Raising is fully subscribed.

The total FUM of VGI Funds as at 31 March 2019, adjusted for the expected increase in FUM from the VG1 Equity Raising (assuming full subscription), is \$2.4 billion (**Adjusted FUM**).

The VGI Partners Master Fund

The VGI Partners Master Fund (**Master Fund**) was launched in January 2009 and is VGI Partners' longest running fund. The Company considers the performance of the Master Fund to be representative of the historical performance of its Investment Strategy.

The Master Fund is denominated in AUD with the Company actively managing currency exposures as its analysis of the economic outlook for Australia evolves relative to other major global economies.

VGI Partners Offshore Fund

The VGI Partners Offshore Fund (**Offshore Fund**) was launched in May 2012 to provide investors with access to VGI Partners' Investment Strategy save that the Offshore Fund is fully hedged to the USD and therefore provides investors with a pure USD return.

Topic	Summary	For more information
What are the VGI Funds? (cont.)	<p>VG1</p> <p>VG1 completed its initial public offering and was listed on the ASX (VG1 IPO), as a listed investment company (LIC), in September 2017. VG1 sought to replicate the proven and successful Investment Strategy that was being deployed by VGI Partners in respect of its Master Fund portfolio.</p> <p>IMAs</p> <p>VGI Partners manages nine IMAs with capital from ultra-high-net worth individuals and family offices. The IMAs provide investors with access to the VGI Partners' Investment Strategy, which is the same strategy employed across the Master Fund, Offshore Fund and VG1.</p>	<p>Sections 2.5.2, 2.5.3, 2.5.4 and 2.5.5</p>
What is the Company's Investment Strategy?	<p>The Company invests the VGI Funds on a global basis, seeking out what it considers to be the best investment opportunities in any country with a legal system with which it feels comfortable. This is complemented with opportunistic short selling of businesses that the Company considers to be structurally challenged, poorly managed or materially overvalued.</p> <p>VGI Partners takes a risk-adjusted return philosophy and implements it through three key tenets:</p> <ol style="list-style-type: none"> 1) Capital preservation: the Company places a great deal of importance on assessing downside risk. The Company attempts to gain as much insight about its investments as possible and believes that this knowledge is key in guarding against permanent loss of capital. The Company will hold cash when it perceives that value is scarce. 2) Superior long-term compound growth: the Company believes that strong businesses purchased with a sufficient 'margin of safety'¹ held for the long term are best-placed to provide superior long-term returns. The Company believes that if a business performs well, the stock price will eventually follow. Accordingly, the Company aims to invest for the long term in a relatively small number of businesses that it considers to be undervalued but that exhibit superior economic characteristics. 3) Concentration: the Company believes that diversification preserves wealth, while concentration builds wealth. Accordingly, the Company aims to invest in a relatively small number of high-quality Long Investments. The Company aims to be concentrated enough in its best ideas (i.e. the core Long Investments) so as not to dilute overall returns, but hold enough Long Investments to provide an appropriate level of diversification. 	<p>Section 2.6</p>

¹ Margin of safety is where the security (as a Long Investment candidate) is priced by the market at a discount to the Manager's assessment of intrinsic value.

1.3 Key strengths

Topic	Summary	For more information
<p>High performing wealth manager with a strong track record of performance</p>	<p>VGI Partners has a proven ability to execute its Investment Strategy and deliver strong risk-adjusted returns to investors in VGI Funds. It has generated positive returns and earned performance fees on all of the VGI Funds in every year since inception in 2008.</p> <p>The Master Fund is VGI Partners' largest and longest running AUD fund. VGI Partners considers the performance of the Master Fund to be representative of the historical performance of VGI Partners' Investment Strategy. Since establishing the Master Fund in January 2009, VGI Partners has accomplished the below.</p> <ul style="list-style-type: none"> • a compound annual return of 14.6% per annum, after fees. Put another way, \$1,000,000 invested in the Master Fund at inception in January 2009 grew to approximately \$4,033,600 at 31 March 2019 after all fees and expenses and assuming that any annual Master Fund distributions were reinvested. • in the view of VGI Partners, these returns have been generated with a relatively moderate level of risk, as measured by an average net equity exposure of 70% since inception. VGI Partners believes that always having net equity exposure well below 100%, or cash on hand, has added significantly to the firm's executable opportunity set. • the Company's core investment objective, which is to structure portfolios to perform adequately in positive periods, while at the same time seeking to preserve capital in falling markets. This combination has seen the compound average annual return after fees of the Master Fund (14.6%) outperform that achieved by the MSCI World (AUD) of 11.0% over the same period. 	<p>Section 2.5</p>
<p>Aligned and experienced team</p>	<p>VGI Partners is led by its founder Robert Luciano, who, along with Douglas Tynan, an executive director of VGI Partners, and Robert Poiner, Head of US Research, is deeply committed to the business and oversees all business activity, including the implementation of the Investment Strategy. VGI Partners' Senior Management team and Investment Team combine significant experience in portfolio analysis, equities analysis and accounting. VGI Partners prides itself on its differentiated investment insights and its emphasis on aligning its interest with those of its investors.</p> <p>All members of the VGI Partners Investment Team have invested a material proportion of their net worth in VGI Partners and/or the VGI Funds. Full-time employees, including the Existing Shareholders (who are all senior members of the VGI Partners Investment Team), are prohibited from buying securities outside the VGI Funds and VGI Partners itself. The VGI Partners Investment Team focuses all of its time and energy on managing the VGI Funds.</p> <p>On Completion, VGI Partners will be approximately 80% owned by the Existing Shareholders. The Existing Shareholders are not selling down any Shares under the Offer. They have also entered into voluntary escrow deeds with VGI Partners under which they agree not to dispose of 66.67% of the Shares they hold on Completion (except in limited circumstances) for a period of five years.</p>	<p>Section 2.2, 6.3, 6.4 and 6.6</p>

Topic	Summary	For more information
Aligned and experienced team (cont.)	<p>They have confirmed that their intention in relation to the balance of the Shares they own is not to dispose of them during this period except to fund other investments in the VGI Funds, new funds managed by the Company or other initiatives that may assist the Company's growth or otherwise benefit it. This provides continued alignment of interests between VGI Partners, its Existing Shareholders, and investors.</p> <p>On Completion of the Offer:</p> <ul style="list-style-type: none"> all investors in the VGI Funds will have been given the opportunity to invest in VGI Partners; all Shareholders will also be shareholders in VG1; and ongoing alignment of interest of VGI Partners staff with Shareholders will be supported by the adoption of share-based employee incentive plans. 	<i>Section 2.2, 6.3, 6.4 and 6.6</i>
Strong established wealth management platform	<p>VGI Partners currently manages funds of over \$2.1 billion¹, comprising \$1.5 billion for approximately 250 high-net worth individuals and families, and a further \$637 million for VG1 (which is expected to increase by \$300 million following completion of the VG1 Equity Raising, assuming it is fully subscribed). Further:</p> <ul style="list-style-type: none"> a large proportion of VGI Partners' FUM base is in VG1, which provides a long term source of capital (for more information about VGI Partners' IMA with VG1, see Section 9.10); and VGI Partners has low single mandate risk and no institutional mandates. <p>VGI Partners' Investment Team comprises 14 professionals located in Sydney, New York and Tokyo, supported by a 10-person finance and operations team.</p>	<i>Section 2.5</i>
History of growing FUM and revenue	<p>The key driver of VGI Partners' management fee generation is FUM. At the beginning of CY13, VGI Partners managed approximately \$300 million. By the end of CY18, FUM had increased to more than \$2.1 billion, representing a compound annual growth rate of approximately 38%. Management fees (adjusted for VG1 Fee Waiver) increased in line with FUM growth from \$4.9 million in CY13 to \$27.5 million in CY18². VGI Partners' recurring management fees have historically been in excess of its operating costs.</p> <p>In addition to management fees, VGI Partners charges performance fees equal to 15% of performance, subject to a high-water mark mechanism. That mechanism provides that should the actual FUM of a VGI Fund at the end of a period be lower than the high-water mark, then no performance fee should be payable from that fund for the period. Performance fees are driven by performance returns of the funds and can be volatile. Performance fees have been earned on all of the VGI Funds in every year since inception. In the six years to CY18, on average, VGI Partners has earned annual performance fees equivalent to 2.5% of FUM³. Refer to Section 9.7.2 for more information on how VGI Funds' high-water marks operate.</p>	<i>Sections 2.3 and 2.5</i>

1 As at 31 March 2019.

2 Represents management fees that would have been earned if not for the impact of the VG1 Fee Waiver (pursuant to which the Company received no management fees from VG1 until the end of April 2019, at which point the management fees otherwise payable equalled the costs of VG1's IPO - see Section 4.6.3 for further details). Actual management fees received in CY18 were \$19.2 million.

3 Represents gross performance fees (excluding rebates) as a percentage of monthly average FUM aligned to match the Performance Calculation Period of each VGI Fund.

1) Investment Overview

Topic	Summary	For more information
Well positioned for growth opportunities	<p>While VGI Partners' current Investment Strategy will be closed to new money, upon the completion of the VG1 Equity Raising, VGI Partners has a number of opportunities to increase revenue and cash flow over time.</p> <ul style="list-style-type: none"> • VGI Partners' track record of strong performance has in its opinion resulted in an existing investor base with an appetite to continue to invest in VGI Partners' products. • VGI Partners has the potential to leverage current capabilities to launch new investment strategies and funds, for example a new strategy that may focus on a geographic region. The Company's historical investment in people, intellectual property and systems (including the establishment of offices in New York and Tokyo) means that its existing personnel and infrastructure are capable of managing materially higher FUM with modest incremental cost. • VGI Partners also has the potential longer-term opportunity to expand into other asset classes through selective talent acquisition and build out of new capabilities. 	<i>Section 2.5.7</i>
1.4 Key risks		
Investment performance risk	<p>The performance of the Company in providing its investment management services is dependent on its expertise, the level of research it undertakes and ultimately the outcomes of its investment decisions. The Company's assessment of the intrinsic worth of an investment may be incorrect, the relevant investment objective may not be achieved, and the market may continue to value the securities within the portfolio at prices materially different to the Company's assessment from time to time, which may result in the poor performance of the VGI Funds.</p> <p>Poor investment decisions and/or unfavourable market movements may also result in reduced or no performance fees and lower management fees, client redemptions of their investments, and may curtail any potential for new investment products.</p>	<i>Section 5.1.1</i>
Performance fee risk	<p>Past good performance of the VGI Funds, and consequently the Company's ability to earn performance fees, are not necessarily a guide to future performance fee generation. The ability of the Company to earn performance fees is contingent on numerous factors, some of which cannot be controlled by the Company.</p> <p>A sustained period of poor performance may cause the value of the VGI Funds to fall below its high-water mark. If this occurs, not only would the Company not generate performance fees during that period, but in future periods the fund would need to recoup past underperformance against the high-water mark before becoming entitled to a performance fee.</p>	<i>Section 5.1.2</i>
Reduced ability to retain and attract investors	<p>With the exception of VG1, the VGI Funds provide investors with the ability to redeem their investment. Redemptions reduce the Company's FUM balance and therefore its fee earning base impacting both management and performance fees.</p> <p>A reduced ability, or inability, to attract new clients for its existing Investment Strategy or for new strategies that it may seek to establish in the future, will reduce its ability to grow fee revenue, and/or offset redemptions.</p>	<i>Section 5.1.3</i>

Topic	Summary	For more information
Investment strategy risk	<p>Single investment strategy risk</p> <p>VGI Partners currently employs one Investment Strategy across each of the VGI Funds. Therefore, the VGI Funds provide similar underlying asset exposures, notwithstanding that some funds aim to maximise AUD returns, while some funds are fully hedged to the USD. If the Company's Investment Strategy results in underperformance it is likely that all the VGI Funds may underperform.</p> <p>Concentration risk</p> <p>The Company's typical portfolio holds shares in approximately 10 to 25 companies, which represents a relatively high level of investment concentration. This may result in more volatile returns than a more diversified portfolio of investments.</p> <p>Short selling risk</p> <p>Short selling can be seen as a form of leverage and may magnify the gains and losses achieved in VGI Partners' portfolios. Short selling also exposes portfolios to the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender and that positions may have to be liquidated at a loss and not at a time of the Company's choosing.</p> <p>Derivatives</p> <p>The value of the derivative may fail to move in line with the underlying security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the VGI Funds to lose more than the amount of assets initially contributed to the investment. Historically, the Company has rarely used derivatives.</p> <p>Leverage</p> <p>While the Company does not typically use debt to increase the scale of the portfolios it manages, the use of derivatives and short selling may have a similar effect to leverage that can magnify the gains and losses achieved in the portfolios.</p> <p>Under-investment</p> <p>The Company may be unable to identify suitable assets to invest in and consequently be unable to deliver wholly on its Investment Strategy.</p>	Section 5.1.5
Loss of key personnel	<p>VGI Partners relies on its ability to attract, train and retain high-quality employees and investment professionals to generate future earnings and returns. Loss of these key personnel may affect the Company's ability to execute its Investment Strategy.</p>	Section 5.1.6
Brand and reputation	<p>The success of VGI Partners is dependent on its reputation. While its reputation is heavily dependent on its investment performance track record, there are other risks of damage to its reputation including:</p> <ul style="list-style-type: none"> • failure to deal with actual, potential or perceived conflicts of interest; and • employee misconduct, which may be difficult to detect and deter. 	Section 5.1.8

1.5 Key financials and investment metrics

Topic	Summary	For more information			
What is the key financial information and key financial ratios?	Summary Pro Forma Financial Information ¹	<i>Section 4.7</i>			
	\$m		CY16	CY17	CY18
	Management fees ²		11.2	14.8	19.2
	Performance fees		13.7	12.6	44.9
	Forex gains / (losses)		0.2	(0.6)	0.7
	Total revenue		25.1	26.9	64.8
	Total expenses		(10.3)	(12.1)	(16.0)
	EBIT		14.8	14.8	48.7
	NPAT		11.2	11.2	34.9
	Key financial ratios				
	Enterprise value / pro forma CY18 EBIT		6.2x		
	Price-to-earnings ratio (market capitalisation / pro forma CY18 NPAT)		10.6x		
	Price-to-earnings ratio (adjusted)		8.8x		
<p>The adjusted price-to-earnings ratio in the table above serves as a useful valuation metric in addition to the standard price-to-earnings ratio by removing the net Offer proceeds component from the indicative market capitalisation and the interest assumed to be earned on net Offer proceeds (at a cash rate of 1.5% per annum).</p> <p>¹ See Section 4.74 for details of the pro forma adjustments made to Statutory Historical Financial Information. ² Management fees in CY17 and CY18 would be higher if not for the impact of the VGI Fee Waiver. Please see Section 4.6.3 for further details.</p>					
What is the Half Year June 2019 Performance Fee Information?	<p>Performance fees represent a material proportion of the Company's revenues and are weighted towards the June half of each year due to the Performance Calculation Period of each VGI Fund. Please see Section 4.9 for further information on the Performance Fee Profile.</p> <p>While the Company calculates performance fees each month based on the performance of each VGI Fund for the month (Unrealised Performance Fees), performance fees are recognised as revenue in the Company's accounts only when they crystallise – that is, as and when they become due and payable, after the end of the Performance Calculation Period.</p> <p>The Unrealised Performance Fees calculated as at 30 April 2019 is \$22.0 million (\$11.5 million as at 31 March 2019). Of this amount, \$20.0 million (\$10.3 million as at 31 March 2019) relates to VGI Funds that have a Performance Calculation Period ending on 30 June. While unlikely, if there was no further investment performance in VGI Funds (up or down) from 1 May 2019 until 30 June 2019, the Company would record \$20.0 million in performance fee revenue for its half year to 30 June 2019. Such a result would be significantly lower than the \$39.5 million of performance fees recorded in the first half of CY18.</p>	<i>Section 4.9</i>			

Topic	Summary	For more information
What is the Half Year June 2019 Performance Fee Information? (cont.)	<p>While the Unrealised Performance Fee amount as at 30 April 2019 is a useful piece of information in assessing the short-term performance of the Company, investors should also consider performance fee revenue over the longer term to take account of the variability of the performance of VGI Funds. Investors should note the short term volatility of performance fees as illustrated by the difference in the Unrealised Performance Fees from March to April. The Company's average performance fee revenue, expressed as a percentage of average FUM, for the last six years to CY18 has been 2.5%¹.</p> <p>Please see Section 4.9.2 for further details on the Unrealised Performance Fees. Investors should note that past performance (including short-term performance) should not be relied upon as indicative of future performance and no guarantee is provided by the Company as to any future returns or performance. Furthermore, adverse movements in the values of the assets into which the VGI Funds are invested between 1 May 2019 and the end of the upcoming Performance Calculation Periods could result in the recognition of only part of, or none of the Unrealised Performance Fee amount as at 30 April 2019.</p> <p><small>1 Represents gross performance fees (excluding rebates) as a percentage of monthly average FUM aligned to match the Performance Calculation Period of each VGI Fund.</small></p>	<i>Section 4.9</i>

1.6 Directors and key management

Topic	Summary	For more information																												
Who are the Directors?	<p>The Directors of VGI Partners are:</p> <ul style="list-style-type: none"> • Robert M P Luciano, Executive Chairman • Douglas H Tynan, Executive Director • David F Jones, Executive Director • Jaye L Gardner, Independent Non-executive Director • Benjamin A Pronk, Independent Non-executive Director • Darren J Steinberg, Independent Non-executive Director 	<i>Section 6.1.1</i>																												
Who is the Senior Management team of the Company?	<p>The Senior Management team of VGI Partners includes:</p> <ul style="list-style-type: none"> • Robert M P Luciano, Executive Chairman • Douglas H Tynan, Executive Director • Robert J Poiner, Head of US Research • Adam M Philippe, Chief Operating Officer • Ian J Cameron, Chief Financial Officer 	<i>Section 6.1.2</i>																												
Who are the Existing Shareholders and what will be the interests of the Existing Shareholders at Completion of the Offer?	<p>The Existing Shareholders are entities controlled by Robert Luciano, Douglas Tynan and Robert Poiner.</p> <table border="1"> <thead> <tr> <th>Securityholder</th> <th>Shares at Prospectus Date (million)</th> <th>Shares immediately after Completion of Offer (million)¹</th> <th>% of Shares on Completion</th> </tr> </thead> <tbody> <tr> <td>Robert M P Luciano¹</td> <td>40.9</td> <td>41.0</td> <td>61.2%</td> </tr> <tr> <td>Douglas H Tynan²</td> <td>10.7</td> <td>10.7</td> <td>16.0%</td> </tr> <tr> <td>Robert J Poiner³</td> <td>1.8</td> <td>1.8</td> <td>2.8%</td> </tr> <tr> <td>Sub-total: Existing Shareholders</td> <td>53.4</td> <td>53.6</td> <td>79.9%</td> </tr> <tr> <td>New investors</td> <td>-</td> <td>13.5</td> <td>20.1%</td> </tr> <tr> <td>Total</td> <td>53.4</td> <td>67.1</td> <td>100.0%</td> </tr> </tbody> </table>	Securityholder	Shares at Prospectus Date (million)	Shares immediately after Completion of Offer (million) ¹	% of Shares on Completion	Robert M P Luciano ¹	40.9	41.0	61.2%	Douglas H Tynan ²	10.7	10.7	16.0%	Robert J Poiner ³	1.8	1.8	2.8%	Sub-total: Existing Shareholders	53.4	53.6	79.9%	New investors	-	13.5	20.1%	Total	53.4	67.1	100.0%	<i>Section 7.1.5</i>
Securityholder	Shares at Prospectus Date (million)	Shares immediately after Completion of Offer (million) ¹	% of Shares on Completion																											
Robert M P Luciano ¹	40.9	41.0	61.2%																											
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¹ Robert M P Luciano's interest in VGI Partners is held through an entity controlled by Robert M P Luciano.

² Douglas H Tynan's interest in VGI Partners is held through an entity controlled by Douglas H Tynan.

³ Robert J Poiner's interest in VGI Partners is held through an entity controlled by Robert J Poiner.

In addition to Shares, the Company expects to issue, immediately prior to Completion of the Offer, 4.8 million Options to certain VGI Partners employees, Directors and consultants. No Options are on issue at the Prospectus Date. No Existing Shareholders will hold any of these Options and no additional Options are being issued under this Prospectus.

1.7 Significant interests and benefits of key people

Topic	Summary	For more information																																							
<p>What significant benefits are payable to Directors and other persons connected with the Company, or the Offer and what significant interests do they hold?</p>	<table border="1"> <thead> <tr> <th rowspan="2">Securityholder</th> <th>As at Prospectus Date</th> <th colspan="2">Immediately after Completion of Offer</th> </tr> <tr> <th>Shares</th> <th>Shares</th> <th>Options</th> </tr> </thead> <tbody> <tr> <td>Robert M P Luciano¹</td> <td>40,905,913</td> <td>41,018,859</td> <td>-</td> </tr> <tr> <td>Douglas H Tynan²</td> <td>10,686,691</td> <td>10,716,086</td> <td>-</td> </tr> <tr> <td>Robert J Poiner³</td> <td>1,838,742</td> <td>1,844,377</td> <td>-</td> </tr> <tr> <td>David F Jones⁴</td> <td>-</td> <td>6,159</td> <td>81,168</td> </tr> <tr> <td>Jaye L Gardner⁵</td> <td>-</td> <td>17,107</td> <td>32,467</td> </tr> <tr> <td>Benjamin A Pronk</td> <td>-</td> <td>-</td> <td>32,467</td> </tr> <tr> <td>Darren J Steinberg⁶</td> <td>-</td> <td>15,682</td> <td>81,168</td> </tr> <tr> <td>Total</td> <td>53,431,346</td> <td>53,618,270</td> <td>227,270</td> </tr> </tbody> </table> <p>1 Robert M P Luciano's interest in VGI Partners is held through an entity controlled by Robert M P Luciano. 2 Douglas H Tynan's interest in VGI Partners is held through an entity controlled by Douglas H Tynan. 3 Robert J Poiner's interest in VGI Partners is held through an entity controlled by Robert J Poiner. 4 Shares acquired by David F Jones under the Offer will be held by an entity controlled by David F Jones. 5 Shares acquired by Jaye L Gardner under the Offer will be held by an entity controlled by Jaye L Gardner. 6 Shares acquired by Darren J Steinberg under the Offer will be held by an entity controlled by Darren J Steinberg.</p> <p>Directors and key Management are entitled to remuneration and fees on commercial terms as described in Section 6.3.1, 6.3.4 and 6.4.</p> <p>After Completion of the Offer, the Directors are expected to hold, directly or indirectly, a total of approximately 53.6 million Shares as outlined above.</p> <p>Advisers and other service providers to the Company will receive fees for their services in connection with the Offer. For more information see Section 9.19.</p>	Securityholder	As at Prospectus Date	Immediately after Completion of Offer		Shares	Shares	Options	Robert M P Luciano ¹	40,905,913	41,018,859	-	Douglas H Tynan ²	10,686,691	10,716,086	-	Robert J Poiner ³	1,838,742	1,844,377	-	David F Jones ⁴	-	6,159	81,168	Jaye L Gardner ⁵	-	17,107	32,467	Benjamin A Pronk	-	-	32,467	Darren J Steinberg ⁶	-	15,682	81,168	Total	53,431,346	53,618,270	227,270	<p>Section 6.3</p>
Securityholder	As at Prospectus Date		Immediately after Completion of Offer																																						
	Shares	Shares	Options																																						
Robert M P Luciano ¹	40,905,913	41,018,859	-																																						
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Total	53,431,346	53,618,270	227,270																																						
<p>Will any Shares be subject to restrictions on disposal following Completion?</p>	<p>Certain Shares held at Completion by Existing Shareholders will be subject to voluntary escrow arrangements (Escrowed Shares).</p> <p>Under these arrangements, the Existing Shareholders have agreed not to dispose of their Escrowed Shares (being 66.67% of the Shares they hold on Completion) (except in limited circumstances) for a period of five years, and have separately confirmed to the Company that their intention in relation to the balance of their Shares is not to dispose of them during this period except to fund other investments in the VGI Funds or new funds managed by the Company, or other initiatives that may assist the Company's growth or otherwise benefit the Company.</p>	<p>Sections 6.6</p>																																							

1.8 Details of the Offer

Topic	Summary	For more information										
Who is the issuer of the Prospectus?	VGI Partners Limited (ACN 129 188 450).	Sections 7.1 and 9.1										
What is the Offer?	<p>The Offer is an invitation to apply for 13.6 million¹ new Shares at the Offer Price of \$5.50 per Share².</p> <p>The Offer is expected to raise \$75.0 million. The Shares being offered under this Prospectus will represent approximately 20% of the Shares on issue on Completion of the Offer.</p>	Section 7.1										
What is the price of Shares under the Offer?	The Offer Price is \$5.50 per Share ² .	Section 7.1										
What is the proposed use of funds received in connection with the Offer?	<p>At the Offer Price, the Offer is expected to raise \$75 million.</p> <p>The funds received under the Offer are expected to be applied as identified below.</p> <table border="1"> <thead> <tr> <th>Uses³</th> <th>\$ m</th> </tr> </thead> <tbody> <tr> <td>Growth and co-investment capital</td> <td>66.0</td> </tr> <tr> <td>Payment of Offer costs</td> <td>3.7</td> </tr> <tr> <td>Payment of VG1 Equity Raising costs</td> <td>5.3</td> </tr> <tr> <td>Total uses</td> <td>75.0</td> </tr> </tbody> </table>	Uses ³	\$ m	Growth and co-investment capital	66.0	Payment of Offer costs	3.7	Payment of VG1 Equity Raising costs	5.3	Total uses	75.0	Section 7.1.4
Uses ³	\$ m											
Growth and co-investment capital	66.0											
Payment of Offer costs	3.7											
Payment of VG1 Equity Raising costs	5.3											
Total uses	75.0											
How is the Offer structured / who is eligible to participate?	<p>The Offer comprises:</p> <ul style="list-style-type: none"> the Priority Offer, which is exclusively open to persons who participate in the VG1 Equity Raising (excluding certain investors to whom entitlement offer shortfall (if any) is placed); and the Chairman's List Offer, which is exclusively open to persons who participate in the VG1 Equity Raising (including certain investors to whom entitlement offer shortfall (if any) is placed) and have received an invitation to participate in the Chairman's List Offer from VGI Partners. 	Sections 7.1.2, 7.3 and 7.4										

¹ Includes Shares issued to Directors, employees and the advisory board under the Offer.

² Investors in the Offer who also participated in the placement component of the VG1 Equity Raising will be paid, by the Company, a participation fee of 1.5% of the amount subscribed for and allocated.

³ Assumes the VG1 Equity Raising is fully subscribed and raises \$300 million. If less is raised under the VG1 Equity Raising, the amount attributable to payment of the VG1 Equity Raising costs will be proportionally lower.

Topic	Summary	For more information
How many Shares can be applied for under the Priority Offer?	<p>Priority Offer Applicants will be able to apply for up to a maximum of \$1 worth of Shares for every \$4 applied for in the VG1 Equity Raising (including, in respect of the entitlement offer component of the VG1 Equity Raising, additional VG1 shares applied for in excess of a participant's entitlement).</p> <p>For Applicants with a maximum application size above \$2,000 (based on the above ratio), the minimum Application size is \$2,000.</p> <p>For Applicants with a maximum application size below \$2,000 (based on the above ratio), the minimum application size is equal to the maximum application size.</p>	<i>Sections 7.1.2, 7.2 and 7.3.2</i>
What is the allocation policy?	<p>Applicants under the Priority Offer will be guaranteed an allocation of the amount of Shares applied for up to a maximum of \$1 worth of Shares for every \$4 worth of VG1 shares actually allocated to them in the VG1 Equity Raising (after, in respect of the entitlement offer component of the VG1 Equity Raising, any scale back of VG1 shares applied for in excess of a participant's entitlement) (Priority Offer Entitlement).</p> <p>The allocation of Shares between the Priority Offer and the Chairman's List Offer will be:</p> <ul style="list-style-type: none"> • first to the Priority Offer up to each Applicant's Priority Offer Entitlement; and • second between the Priority Offer and the Chairman's List Offer at the full discretion of the Company. 	<i>Section 7.2</i>
Is the Offer underwritten?	No. The Offer will not be underwritten.	<i>Section 7.2</i>
Will the Shares be quoted on the ASX?	<p>The Company has applied to the ASX for its admission to the Official List of, and quotation of its Shares by, the ASX (under the code 'VG1') within seven days of the date of the Original Prospectus. It is anticipated that quotation will initially be on a deferred settlement basis.</p> <p>Completion is conditional on the ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest) as soon as practicable in accordance with the requirements of the Corporations Act.</p>	<i>Section 7.2</i>
Are there any brokerage, commission or stamp duty payable by Applicants?	No brokerage, commission or stamp duty is payable by Applicants on the acquisition of Shares under the Offer.	<i>Section 7.2</i>
What are the tax implications of investing in the Shares?	<p>Summaries of certain Australian tax consequences of participating in the Offer and investing in Shares are set out in Section 9.13.</p> <p>The tax consequences of any investment in Shares will depend upon an investor's particular circumstances. Applicants should obtain their own tax advice prior to deciding whether to invest.</p>	<i>Section 9.13</i>

1) Investment Overview

Topic	Summary	For more information
How can I apply?	<p>Applicants under the Priority Offer should apply online at www.vgioffer.com by completing an online Application Form and making payment by BPAY or electronic funds transfer.</p> <p>Alternatively, you can apply using the paper Application Form included in or accompanying this Prospectus and make payment by cheque or bank draft.</p>	<i>Sections 7.3.3 and 7.4.2</i>
When will I receive confirmation that my Application has been successful?	<p>It is expected that initial holding statements will be dispatched by standard post on or about 25 June 2019.</p>	<i>Section 7.2 and Key Dates on page 5</i>
When can I sell my Shares on the ASX?	<p>It is expected that trading of Shares on the ASX will commence on or about 21 June 2019 on a deferred settlement basis.</p> <p>It is expected that the dispatch of holding statements will occur on or about 25 June 2019 and that Shares will commence trading on the ASX on a normal settlement basis on 26 June 2019.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading their Shares. Applicants who sell Shares before they receive an initial holding statement do so at their own risk.</p>	<i>Sections 7.2, 7.11.3 and Key Dates on page 5</i>
Can the Offer be withdrawn?	<p>The Company reserves the right to not proceed with the Offer at any time before the issue of Shares to Successful Applicants.</p> <p>The Offer is not underwritten and in the event the amount raised under the Offer is less than \$75 million, the Company reserves the right to withdraw the Offer.</p> <p>If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded.</p> <p>No interest will be paid on any Application Monies refunded as a result of the withdrawal of the Offer.</p>	<i>Section 7.8</i>
Where can I find more information about this Prospectus or the Offer?	<p>All enquiries in relation to this Prospectus should be directed to the Company's Offer Information Line on:</p> <p>Within Australia: 1300 046 609 Outside Australia: +61 2 9290 9611</p> <p>8.30am to 5.30pm (Sydney, Australia time) Monday to Friday (Business Days only)</p> <p>If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.</p>	

Company Overview

02

2) Company Overview

2.1 Introduction

VGI Partners is a wealth manager specialising in global equities with FUM of over \$2.1 billion as at 31 March 2019. The Company's investment philosophy is based on the key tenets of capital preservation, aiming for superior long-term compound growth and concentration of capital in its best ideas. VGI Partners manages its funds through a concentrated portfolio predominantly comprising Long Investments and Short Positions in global listed securities and cash.

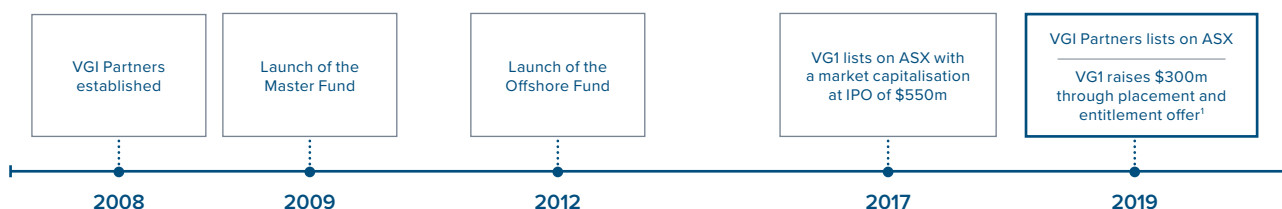
The Company's clients invest with VGI Partners through the VGI Funds, being the following managed funds and individually managed accounts:

Figure 1: VGI Funds

VGI Managed Funds	Unlisted	VGI Partners Master Fund (Master Fund) VGI Partners Offshore Fund (Offshore Fund)
	Listed	VGI Partners Global Investments Limited (VG1)
Individually managed accounts (IMAs)	Unlisted	Nine IMAs with capital from high-net-worth individuals and family offices

The Company was established in 2008 by Robert Luciano, the Company's Executive Chairman, and now employs a team of 14 investment personnel and 10 operations professionals. The VGI Partners team is spread across its offices in Sydney, New York and Tokyo. VGI Partners has made a significant investment in its research capability with the result being the Company's current FUM equates to approximately \$153 million per investment professional. This is significantly less than ASX-listed peers and is consistent with the Company being able to manage substantially more FUM without materially expanding the Investment Team.

Figure 2: Key milestones in VGI Partners' history



¹ Assumes VG1 Equity Raising is fully subscribed

2.2 Alignment of interests

Alignment of interests is a critical aspect of the Company's business model and culture. This is achieved through the following:

- the Investment Team investing a material proportion of their net worth in the Company and/or the VGI Funds;
- the Company's investment staff and senior operating management being incentivised through a discretionary bonus scheme that takes into account individual performance, the performance of the Company and the VGI Funds. All staff are encouraged to reinvest any discretionary bonuses into the VGI Funds; and
- full-time employees, including the Existing Shareholders, undertaking to the Company not to buy securities outside of the VGI Funds. The VGI Partners Investment Team is solely focused on managing the VGI Funds. The Investment Team does not have any material or significant business involvement outside the management of the Investment Strategy.

In addition, the Offer has been structured to enhance alignment of interests between VGI Partners and investors in the VGI Funds. The Offer is being made exclusively to investors in the VGI Funds who participated in the VG1 Equity Raising. On Completion of the Offer, all investors in the VGI Funds will have been given the opportunity to invest in VGI Partners. On Completion, all Shareholders will also be shareholders of VG1.

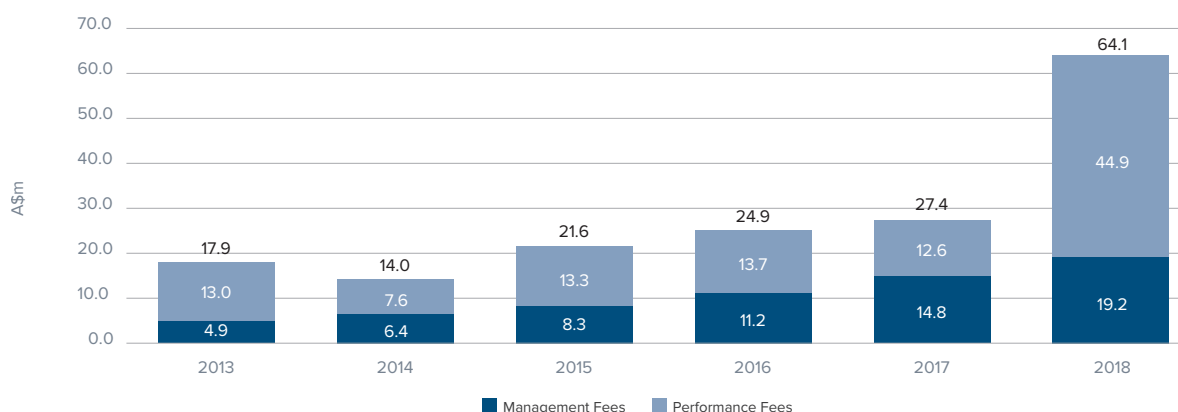
Ongoing alignment of interest of VGI Partners staff will be supported by the adoption of share-based employee incentive plans (see Section 6.4).

2.3 How VGI Partners generates revenue

The Company generates the majority of its revenue from management fees and performance fees which are charged on each of the VGI Funds. Management fees have been a consistent contributor to revenue and have grown broadly in line with FUM growth. Performance fees are less predictable and have contributed between 46% and 73% of total fee revenue each year since 2013.

Both management and performance fee generation are driven by the level of FUM. As is typical of wealth managers, the Company has historically managed an amount of FUM on behalf of staff, charities and certain other investors for which it has chosen to charge discounted fees or provide rebate arrangements. Currently the only non-fee paying FUM relates to staff and charity investors.

Figure 3: Historical fee income (CY13 to CY18)¹



¹ Management fees in CY17 and CY18 would be higher if not for the VGI Fee Waiver, which is no longer in effect. Please see Section 4.6.3 for further details.

2.3.1 Management fees

Management fees are paid monthly and are equal to a percentage of the FUM of each VGI Fund (calculated on the last business day of each month and paid following the end of each month in arrears). Management fees accrue regardless of the performance of the VGI Funds, noting that management fees vary month-to-month in proportion to the FUM of each VGI Fund. For a worked example of how management fees are calculated please refer to Section 9.7.

2.3.2 Performance fees

Performance fees are charged in addition to management fees. The Company charges performance fees equal to 15% of performance subject to a high-water mark mechanism. Should the FUM of a fund at the end of a period be lower than the high-water mark then no performance fee would be payable from that fund for the period.

Each VGI Fund has its performance fee calculated based on performance over the period of time determined in its investment management agreement (**Performance Calculation Period**). With the exception of VG1, performance fees are calculated annually on either each 30 June or 31 December, depending on the year end of the fund. For VG1 performance fees are calculated on a six-monthly basis on each 30 June and 31 December.

For a worked example of how performance fees are calculated and how the high-water marks operate please refer to Section 9.7.2.

2.3.3 Seasonality of fees

In relation to the seasonality of total fees earned on the VGI Funds:

- management fees are received each month and therefore are not seasonal;
- the Company does not accrue performance fees until the end of the relevant Performance Calculation Period. As the majority of the VGI Funds have performance fees calculated at 30 June, performance fees have historically been weighted towards the first half of the calendar year; and

2) Company Overview

- to the extent the Company develops and launches new strategies and funds in the future it will likely look to decrease the seasonality of performance fees by having more funds with performance fees calculated on a six monthly basis as is the case with VG1.

Based on Adjusted FUM, approximately 71% of VGI Partners' FUM will have performance fees that crystallise on 30 June, with the remainder crystallising on 31 December for each given year.

Figure 4: Timing of performance fee realisation

Performance fee seasonality	Adjusted FUM ¹	Proportion
FUM with performance fees crystallising on 30 June	\$1.7 bn	71%
FUM with performance fees crystallising on 31 December	\$0.7 bn	29%
Total FUM	\$2.4 bn	

¹ VG1 performance fees crystallise on a six monthly basis on 30 June and 31 December. VG1 FUM has been apportioned evenly between 30 June and 31 December for the purpose of the above analysis

2.3.4 Fee revenue composition

The key driver of management fees is FUM. The management fees charged on VGI Funds are approximately 1.5% of FUM per annum. The lower rate shown in Figure 5 below is due to the fee arrangements for a limited number of investors who supported the Company at its foundation, many of whom are still investors with VGI Partners today. VGI Partners' blended management fee has converged towards 1.5% over time as all new clients are charged a management fee of 1.5%.

Performance fees are impacted by the returns of the funds. Therefore, performance fees as a percentage of FUM are more volatile than management fees. In the six years to CY18, on average, VGI Partners has earned performance fees equivalent to 2.5% of FUM.

Figure 5: Fee revenue as a percentage of FUM

Fee revenue as % of average FUM	CY13	CY14	CY15	CY16	CY17	CY18
Management fees ¹	1.4%	1.4%	1.4%	1.5%	1.5%	1.5%
Performance fees ²	4.0%	1.8%	3.5%	2.0%	1.2%	2.5%

¹ Represents gross management fees (before the VG1 Fee Waiver and rebates) as a percentage of monthly average FUM.

² Represents gross performance fees (before rebates) as a percentage of monthly average FUM aligned to match the Performance Calculation Period of each VGI Fund.

As at 30 April 2019, Unrealised Performance Fees were \$22.0 million. Refer to Section 4.9.2 for detail on the calculation and limitations of the Unrealised Performance Fee.

2.4 VGI Partners operating costs

Figure 6: Operating costs

Operating costs	CY18 \$m	CY18 %
Personnel	7.6	47%
Research and marketing	2.8	18%
Occupancy	0.5	3%
Communications and information technology	0.6	4%
Depreciation and amortisation	0.1	1%
Other expenses	4.3	27%
Total expenses	16.0	100%

The largest category of operating costs for the Company is personnel costs, which include salary and bonus components. Other expenses include administration costs associated with the management of the VGI Funds, such as registry expenses.

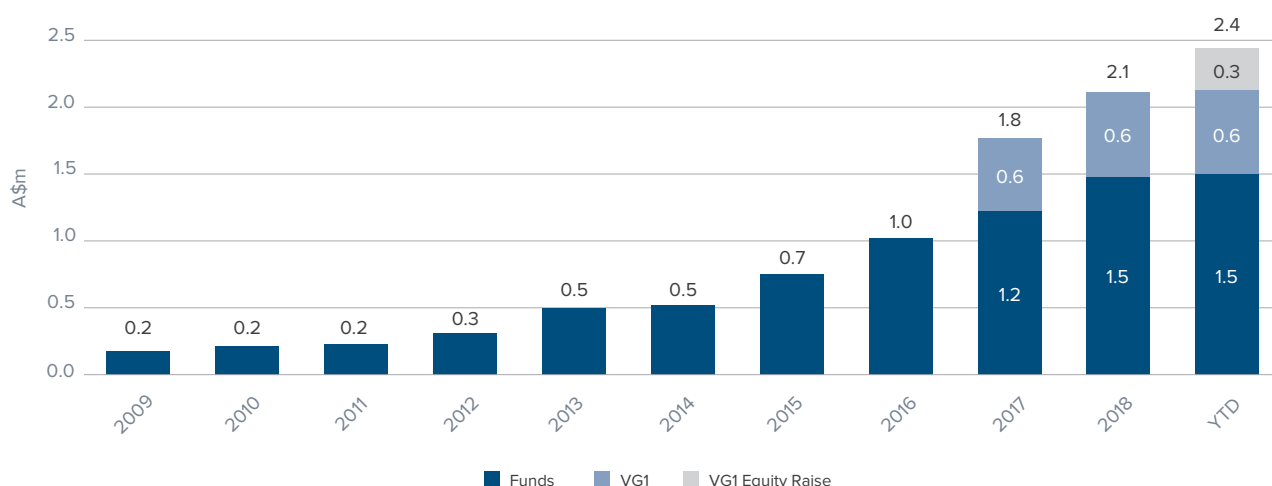
The Company's operating costs are partly fixed, such that increases or decreases in revenue can be recorded without a proportionate increase or decrease in expenses. The partly fixed nature of VGI Partners' operating costs provides the opportunity to increase profit margin through growing FUM. However, creating new strategies and/or funds, may incur large upfront costs, which will in turn delay achieving increases in profit margin.

2.5 VGI Partners' FUM

2.5.1 Historical FUM

Since 2008 VGI Partners has grown its FUM through both net capital inflows and strong investment returns. Following completion of the proposed VG1 Equity Raising of ~\$300 million, the Company's Adjusted FUM is expected to be \$2.4 billion.

Figure 7: Growth in Total FUM (calendar year)



2.5.2 Fund applications and redemptions

VGI Partners' unlisted funds and individually managed accounts have been closed to new investment from 1 December 2017, with the only exception being made for funds that had been committed prior to that date.

The decision to close the Investment Strategy was consistent with earlier representations that VGI Partners had made to investors that the firm would not let the amount of capital committed to the Investment Strategy compromise investment returns.

VGI Partners has now made the decision to restrict the opportunity for unlisted fund and individually managed account investors to take up the remaining commitments in the current Investment Strategy and to make this capacity available through the VG1 Equity Raising.

The Board of VG1 has resolved that, following completion of the VG1 Equity Raising, VG1 will not issue equity in the next three years unless as part of a value-enhancing acquisition of another fund, or in order to satisfy the requirements of the VG1 performance fee reinvestment mechanism for Existing Manager Shareholders.

VGI Partners has historically experienced low levels of redemptions across its unlisted funds and has never experienced simultaneous or sustained redemptions across the VGI Funds. VG1 is a listed investment company and, therefore, there are no redemption rights for investors, as investors are instead entitled to buy and sell on the ASX, the shares which they hold in VG1.

VGI Partners also has low single mandate risk from a diversified client base of high-net worth individuals, and families as well as no institutional mandates.

2) Company Overview

A summary of the VGI Funds is provided in Figure 8 below.

Figure 8: Summary of VGI Funds at 31 March 2019

	Master Fund	Offshore Fund	IMAs	VG1
FUM at 31 March 2019	A\$816m	A\$246m	A\$438m	A\$637m / A\$937m (including VG1 Equity Raising) ¹
Launch date	January 2009	May 2012	Various	September 2017
Currency	AUD	USD	AUD & USD	AUD
Performance fee calculation date	Annually on 30 June	Annually on 31 December	Annually on 30 June	Semi-annually on 30 June and 31 December
Entity type	Unlisted vehicle	Unlisted vehicle	Unlisted vehicle	Listed Investment Company
Structure	Open-ended	Open-ended	Open-ended	Closed-ended

¹ Assumes the VG1 Equity Raising is fully subscribed.

VGI Partners manages nine IMAs with capital from ultra-high-net worth individuals and family offices. The IMAs provide investors with access to the VGI Partners' Investment Strategy which is the same strategy employed across the Master Fund, the Offshore Fund and VG1. Portfolio investments and as such, the weightings are very similar within the VGI Managed Funds. IMAs include both AUD and USD denominated funds. Therefore, performance and return characteristics for IMAs closely track the VGI Managed Funds denominated in the same currency.

2.5.3 The Master Fund

The Master Fund was launched in January 2009 and is VGI Partners' longest running fund. The Company considers the performance of the Master Fund to be representative of the historical performance of its Investment Strategy (see Section 2.6 for further details).

The Master Fund is denominated in AUD with the Company actively managing currency exposures as its analysis of the economic outlook for Australia evolves relative to the other major global economies. VGI Partners purposeful and active management of currency has enhanced the Master Fund's returns by 19.7% since its inception.

The Company believes that the commentary and charts outlined in this section demonstrate that the Master Fund has historically achieved strong returns, while taking what the Company considers only moderate risks to achieve those returns.

(a) Historical performance

The below table shows that, since inception in January 2009, the Master Fund's total return is +303.4%. This compares to the return of the MSCI World Net Total Return Index (in AUD) (**MSCI World (AUD)**) over the same period, being +192.6%. This represents an outperformance versus the MSCI World (AUD) of +110.7% since inception.

It is the Company's view that these returns have been generated with a relatively moderate level of risk (that is, an average net equity exposure of 70% since inception).

Figure 9: Master Fund historical performance

Year to 31 December	VGI Partners	Index	Relative	Net exposure
2009	13.9%	6.2%	7.7%	43%
2010	7.2%	(1.9%)	9.1%	83%
2011	4.1%	(5.8%)	9.9%	80%
2012	16.8%	14.4%	2.4%	72%
2013	42.6%	47.3%	(4.7%)	86%
2014	8.3%	14.7%	(6.4%)	82%
2015	25.1%	11.0%	14.1%	75%
2016	10.3%	8.6%	1.7%	66%
2017	6.6%	13.1%	(6.5%)	54%
2018	16.9%	1.3%	15.6%	58%
2019 (3 months to 31 March 2019)	2.5%	11.6%	(9.1%)	61%
Total return since inception	303.4%	192.6%	110.7%	70%
Compound annual return	14.6%	11.0%	3.5%	

1 The MSCI World (AUD) Index is 100% net invested at all times.

2 The performance of the Master Fund is calculated in AUD, after all ongoing fees and expenses and assuming all distributions are reinvested and based on, in respect of the period from inception on 20 January 2009 to 30 June 2018, the audited accounts of the Master Fund and in respect of the period from 1 July 2018 to 31 March 2019, monthly performance as calculated by Citco Fund Services (Australia) Pty Limited as external administrator of the Master Fund.

3 The performance of MSCI World (AUD) is based on trading data prepared by Bloomberg Finance L.P. Bloomberg Finance L.P. has not consented to the use of this data in this Prospectus.

4 Past performance is not a reliable indicator of future performance. The returns identified above are not intended to be an indication of future performance of the Company, the VGI Funds or the market and there is no guarantee that VGI Partners will be able to achieve, repeat or outperform past performance.

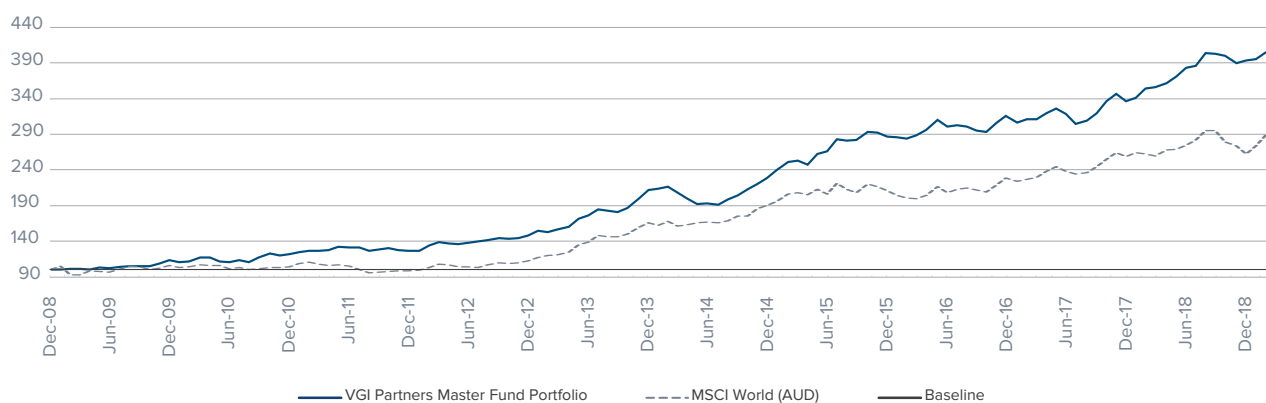
5 The relative returns identified above are provided for information purposes only. The Company will not seek to replicate or have regard to the MSCI World (AUD) or any other common index in the construction of its portfolios. The VGI Funds and the MSCI World (AUD) will have different risk profiles.

(b) Comparative investment return – cumulative performance since inception

The chart below illustrates the investment return of the Master Fund as compared to the MSCI World (AUD).

The chart shows that \$1,000,000 invested in the Master Fund at its inception in January 2009 would have grown to approximately \$4,033,600 at 31 March 2019 after all fees and expenses, assuming that annual Master Fund distributions were reinvested.

Figure 10: Master Fund cumulative performance since inception



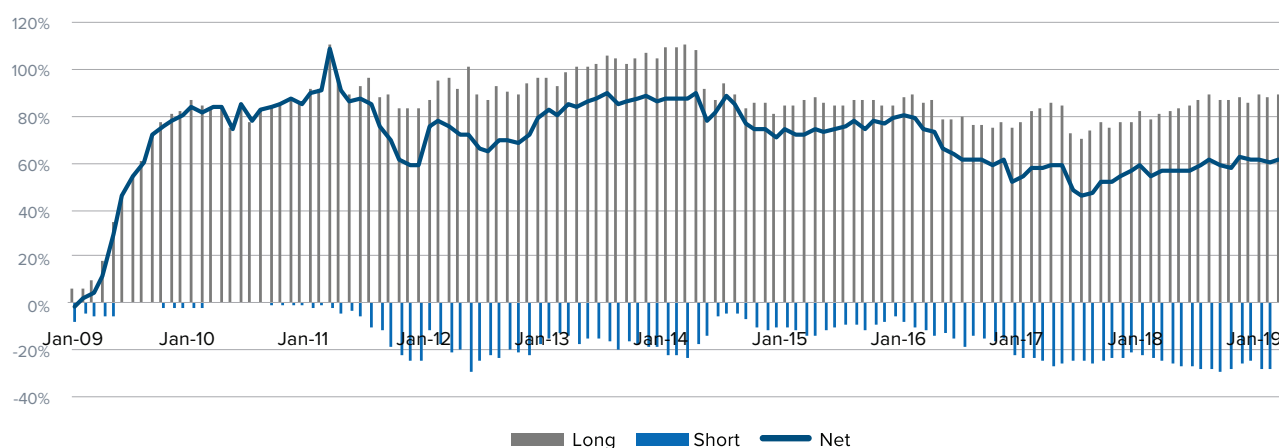
2) Company Overview

- 1 The above chart reflects the period commencing 20 January 2009 and ended 31 March 2019.
- 2 The MSCI World (AUD) has been chosen for comparison purposes only. The Company believes that the MSCI World (AUD) offers a reasonable representation of a diversified basket of global corporations and, as an AUD index, is a relevant reference point for the Master Fund. The above chart is not intended to be an indication of future performance of any asset class, index or the portfolio.
- 3 The performance of the Master Fund is calculated in AUD, after all ongoing fees and expenses and assuming all distributions are reinvested and based on, in respect of the period from inception to 30 June 2018, the audited accounts of the Master Fund and in respect of the period from 1 July 2018 to 31 March 2019, monthly performance as calculated by Citco Fund Services (Australia) Pty Limited as external fund administrator of the Master Fund.
- 4 The performance of the MSCI World (AUD) is based on trading data prepared by Bloomberg Finance L.P. Bloomberg Finance L.P. has not consented to the use of this data in this Prospectus.
- 5 Past performance is not a reliable indicator of future performance. The returns identified above are not intended to be an indication of future performance of the Company, the VGI Funds or the market. The performance of a VGI Portfolio may differ significantly from the historical performance of the Master Fund and there is no guarantee that VGI Partners will be able to achieve, repeat or outperform past performance.

(c) Comparative investment return – net exposures since inception

The chart below illustrates the month-end exposures of the Master Fund since inception. The chart shows that the Master Fund has typically run with a net equity exposure well below 100%, and therefore VGI Partners always has cash on hand to capitalise on investment opportunities should they arise. The Company believes that always having cash available, at call, has added significantly to the firm's executable opportunity set.

Figure 11: Master Fund net exposure since inception



- 1 'Long exposure', indicated by the grey lines in the above chart, is the sum of the respective weightings of the Long Investments within the Master Fund portfolio at the end of each calendar month from inception to 31 March 2019, expressed as a percentage.
- 2 'Short exposure', indicated by the pale blue lines in the above chart, is the sum of the respective weightings of the Short Positions within the Master Fund portfolio at the end of each calendar month from inception to 31 March 2019, expressed as a percentage.
- 3 'Net Exposure', indicated by the bright blue line in the above chart, is the total weightings of the Long Investments less the total weightings of the Short Positions within the Master Fund portfolio, expressed as a percentage, at various points from inception to 31 March 2019.
- 4 The above chart does not reflect the likely long exposure, short exposure or net exposure within the Master Fund portfolio. It is provided as an example only. It is not to be taken as an example of the optimal portfolio allocation, now or in the future.
- 5 The chart above shows that the Master Fund has briefly exceeded 100% net equity exposure only once (on 31 March 2011). The Master Fund had material inflows pending for 1 April 2011, and the exposures shown are only the month-end values. On 30 March 2011, the Master Fund had net equity exposure of 89.5% and on 1 April 2011 (once the inflows for that month were included), the Master Fund had net equity exposure of 88.6%.

(d) Comparative investment return – performance versus index in Up Months and Down Months

The chart below separates the average monthly performance of the Master Fund into two categories:

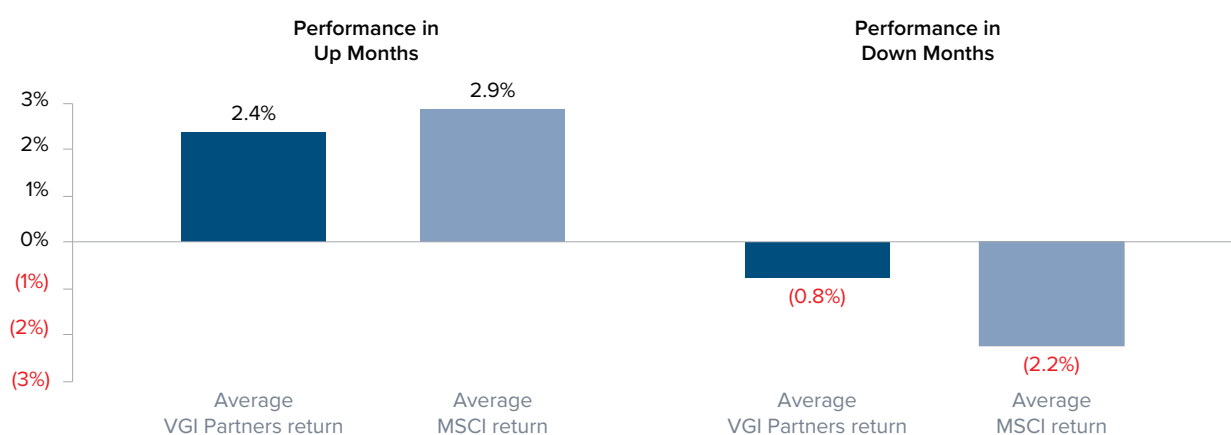
- performance in months when the MSCI World (AUD) performed positively (**Up Months**); and
- performance in months when the MSCI World (AUD) went down (**Down Months**).

In the period from inception to 31 March 2019 (a total of 123 months), there have been 76 Up Months and 47 Down Months.

The chart below shows that in Up Months, the Master Fund has performed on average close to, but slightly below, the MSCI World (AUD). However in Down Months, the Master Fund has performed considerably better than the MSCI World (AUD). This performance is consistent with the Company's core investment objective: to structure portfolios to perform adequately in positive periods, while at the same time seeking to protect capital from loss in falling markets.

The combination of modest relative underperformance in Up Months and material relative outperformance in Down Months, has led to the Master Fund achieving a compound average annual return of 14.6%, compared to 11.0% achieved by the MSCI World (AUD) over the same period (see Section 2.5.3(a)).

Figure 12: Master Fund performance versus index in Up Months and Down Months



- 1 The average VGI Partners return in Up Months is the average monthly performance of the VGI Partners Master Fund expressed as a percentage for each month over the period since inception to 31 March 2019 that the market, represented by the MSCI World (AUD), which produced a positive return. The average VGI Partners return in Down Months is the average monthly performance of the Master Fund expressed as a percentage for each month from inception to 31 March 2019 that the market, represented by the MSCI World (AUD), which produced a negative return. In each case, the Master Fund monthly performance is calculated in AUD, net of all ongoing fees and expenses and assuming all distributions are reinvested and is based on, in respect of the period from inception to 30 June 2018, the audited accounts of the Master Fund and in respect of the period 1 July 2018 to 31 March 2019, monthly performance as calculated by Citco Fund Services (Australia) Pty Limited as external fund administrator of the VGI Partners Master Fund
- 2 The average MSCI return is the average monthly return of the MSCI World (AUD) in Up Months and Down Months respectively, expressed as a percentage and calculated based on trading data prepared by Bloomberg Finance L.P.
- 3 Past performance is not a reliable indicator of future performance. The returns identified above are not intended to be an indication of future performance of the Company, the VGI Funds or the market. The performance of the Master Fund portfolio may differ significantly from the historical performance of the Master Fund.

2.5.4 VGI Partners Offshore Fund

The VGI Partners Offshore Fund (**Offshore Fund**) was launched in May 2012 as a standard master/feeder structure, whereby non-US investors invest via the VGI Partners Offshore Feeder Fund (**Feeder Fund**), with US investors investing directly into the Offshore Fund. The Feeder Fund in turn invests most of its assets into the Offshore Fund. Together, this master/feeder structure is referred to as the Offshore Fund.

The Offshore Fund was established to provide investors with access to VGI Partners' Investment Strategy and to provide them with similar equity exposures to the Master Fund, save that the Offshore Fund is fully hedged to the USD and therefore provides investors with a pure USD return. The Company also charges management and performance fees to the Offshore Fund in USD.

The table below shows that since inception in May 2012, the Offshore Fund's total return has been +118.6%. This compares to the return of the MSCI World Net Total Return Index (in USD) (**MSCI World (USD)**) over the same period of +97.2%. This represents an outperformance versus the MSCI World (USD) of +21.4% since inception.

2) Company Overview

Figure 13: Offshore Fund historical performance

Year to 31 December	VGI Partners	Index	Relative	Net exposure
2012	7.8%	5.0%	2.8%	64%
2013	27.2%	26.7%	0.5%	85%
2014	1.9%	4.9%	(3.0%)	81%
2015	13.9%	(0.9%)	14.8%	75%
2016	11.4%	7.5%	3.9%	66%
2017	12.2%	22.4%	(10.2%)	54%
2018	6.8%	(8.7%)	15.5%	58%
2019 (3 months to 31 March 2019)	3.0%	12.5%	(9.5%)	62%
Total return since inception	118.6%	97.2%	21.4%	69%
Compound annual return	12.0%	10.3%	1.7%	

1 MSCI World (USD) is 100% net invested at all times.

2 The performance of the Offshore Fund is calculated in USD, after all ongoing fees and expenses and are based on, in respect of the period from inception on 14 May 2012 to 31 December 2018, the audited accounts of the Offshore Fund and in respect of the period from 1 January 2019 to 31 March 2019, monthly performance as calculated by CITCO Fund Administration (Cayman Islands) Limited as external administrator of the Offshore Fund.

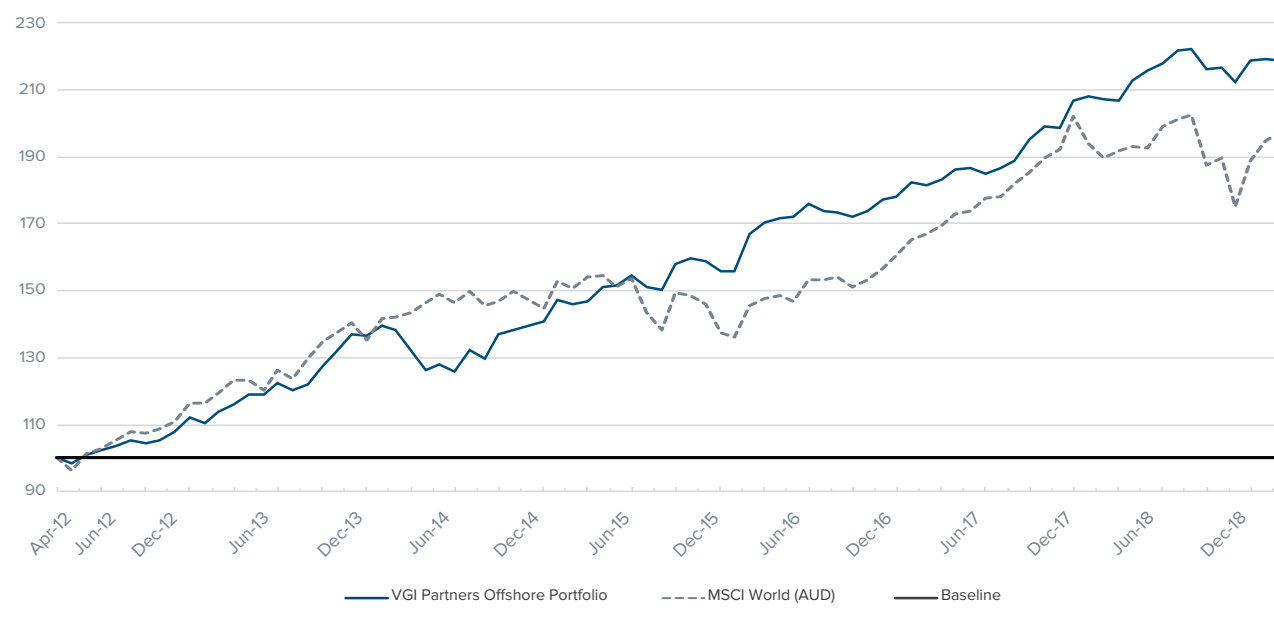
3 The performance of MSCI World (USD) is based on trading data prepared by Bloomberg Finance L.P. Bloomberg Finance L.P. has not consented to the use of this data in this Prospectus.

4 Past performance is not a reliable indicator of future performance. The returns identified above are not intended to be an indication of future performance of the Company, the VGI Funds or the market and there is no guarantee that VGI Partners will be able to achieve, repeat or outperform past performance.

5 The relative returns identified above are provided for information purposes only. The Company will not seek to replicate or have regard to the MSCI World (USD) or any other common

The chart below illustrates that \$1,000,000 invested in the Offshore Fund at inception in May 2012 would have grown to approximately \$2,186,100 at 31 March 2019 after all fees and expenses. In comparison, an investment of \$1,000,000 in May 2012 that tracks the MSCI World (USD) return would have grown to approximately \$1,972,100 at 31 March 2019.

Figure 14: Offshore Fund cumulative performance since inception



- 1 The above table reflects the period commenced 14 May 2012 and ending 31 March 2019.
- 2 The MSCI World (USD) has been chosen for comparison purposes only. The Company believes that the MSCI World (USD) offers a reasonable representation of the performance of a diversified basket of global corporations over the period commencing 14 May 2012 to 31 March 2019 and, as a USD index, is a relevant reference point for the Offshore Fund. The above chart is not intended to be an indication of future performance of any asset class, index or the portfolio.
- 3 The performance of the Offshore Fund is calculated in USD, after all ongoing fees and expenses based on, in respect of the period from inception to 31 December 2018, the audited accounts of the Offshore Fund and in respect of the performance from 1 January 2019 to 31 March 2019, monthly performance as calculated by CITCO Fund Administration (Cayman Islands) Limited as external fund administrator of the Offshore Fund.
- 4 The performance of the MSCI World (USD) is based on trading data prepared by Bloomberg Finance L.P. Bloomberg Finance L.P. has not consented to the use of this data in this Prospectus.
- 5 Past performance is not a reliable indicator of future performance. The relative returns identified above are not intended to be an indication of the future performance of the Company, the VGI Funds or the market and there is no guarantee that VGI Partners will be able to achieve, repeat or outperform past performance. The performance of a portfolio may differ significantly from the historical performance of the Offshore Fund.

Like the Master Fund, the Offshore Fund has a strong focus on capital preservation and a conservative portfolio positioning. Historically, the Offshore Fund has maintained similar net equity exposures to the Master Fund (see Section 2.5.3(c)). Similarly, in Up Months the Offshore Fund has performed on average close to, but slightly below, the MSCI World (USD). However in Down Months, it has performed considerably better than the MSCI World (USD) (see Section 2.5.3(d)).

2.5.5 VG1

VG1 completed its initial public offering and was listed on ASX (**VG1 IPO**), as a listed investment company or 'LIC' in September 2017. Prior to the VG1 IPO, the only way to access VGI Partners' Investment Strategy (the details of which are set out in Section 2.6) was via a minimum investment of \$1,000,000 into one of the private VGI Funds. The VG1 IPO provided investors with a lower investment threshold by which they could access the Company's Investment Strategy.

As noted in the prospectus issued by VG1 in connection with the VG1 IPO, VG1 sought to replicate the proven and successful Investment Strategy that was being deployed by VGI Partners in respect of its Master Fund portfolio by full deployment of funds within three months of the listing of VG1 on the ASX, subject to market conditions. VG1 noted in its first letter to investors in January 2018, that, as a result of the highly unusual investment environment, with most major global stock market indices reaching all-time highs, and given VGI Partners' focus on preservation of investors' capital, VGI Partners had been patient in making investments on behalf of VG1.

VG1 has, however, achieved a net return of +9.1% since inception. This compares to the return of the MSCI World (AUD) over the same period of +12.7%. VG1's average monthly net exposure since inception has been 39% (60% Long Investments less 21% Short Positions), with an average monthly gross exposure of 81%. This means that on average, for every \$100,000 invested in VG1, the Company has owned \$60,000 of equities and sold short \$21,000 of equities for a net exposure of \$39,000. It is important to recognise that VG1's returns have been generated with a very substantial cash buffer, much higher than what VGI Partners has historically held. This provides VG1 with significant purchasing power when the Company sees opportunities to buy high quality companies at prices that meet its valuation criteria.

The table below shows the performance of VG1 relative to the MSCI World Total Return Index (AUD).

Figure 15: VG1 historical performance

Year to 31 December	VG1	Index	Relative	Net exposure
2017 (3 months)	1.0%	5.9%	(4.9%)	19%
2018	10.8%	1.3%	9.5%	41%
2019 (3 months)	1.9%	11.6%	(9.8%)	50%
Total return since inception	13.9%	19.7%	(5.8%)	39%
Compound annual return	9.1%	12.7%	(3.7%)	

- 1 MSCI World Total Return index (AUD). The MSCI Index is 100% net invested at all times.
- 2 The performance of VG1 is calculated in AUD, after all ongoing fees and expenses and is based on audited accounts from inception on 28 September 2017 to 31 December 2018, and the monthly performance as calculated by Citco Fund Services (Australia) Pty Limited as external administrator of VG1 for the period 1 January 2019 to 31 March 2019.
- 3 The performance of MSCI World (AUD) is based on trading data prepared by Bloomberg Finance L.P. Bloomberg Finance L.P. has not consented to the use of this data in this Prospectus.

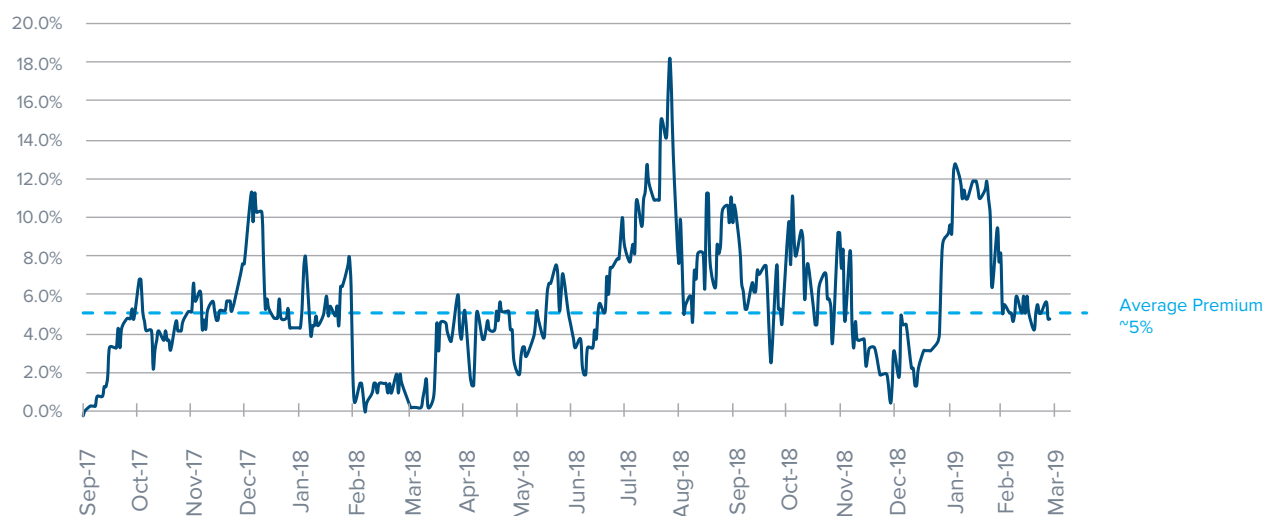
2) Company Overview

4 Past performance is not a reliable indicator of future performance. The returns identified above are not intended to be an indication of future performance of the Company, the VGI portfolio or the market and there is no guarantee that VGI Partners will be able to achieve, repeat or outperform past performance.

5 The relative returns identified above are provided for information purposes only. The Company will not seek to replicate or have regard to the MSCI World (AUD) or any other common index in the construction of its portfolios. The VGI Funds and the MSCI World (AUD) will have different risk profiles.

VGI has consistently traded at a premium to net tangible assets (**NTA**) since its listing on the ASX in September 2017. The average premium to NTA since the VGI IPO is ~5% as at 31 March 2019.

Figure 16: Share price premium to NTA



Notes: Post-tax NTA is calculated after tax on realised gains/losses, deferred tax assets and deferred tax liabilities, but before allowing for deferred tax liabilities/deferred tax assets on unrealised gains/losses. The premium percentage shown above is based on the Post-tax NTA.

2.5.6 The VGI Partners Foundation

Since establishment in 2008, VGI Partners has actively supported charitable and community causes. To further the Company's direct support for philanthropic initiatives, the VGI Partners Foundation was formed in 2018 together with the establishment of a new Charitable Foundation Class of investment in the VGI Funds.

The Charitable Foundation Class has a capacity of \$40 million. All investment terms mirror those of existing VGI Funds with the exception that 100% of management fees and performance fees earned by VGI Partners on the Charitable Foundation Class are donated to The VGI Partners Foundation. The Charitable Foundation Class is currently at around 50% of its allocated capacity within the Master Fund.

The VGI Partners Foundation seeks to make a sustainable difference to the health and wellbeing of Australian children and provide support to families of people who have made a significant personal sacrifice while contributing to Australian society. With an emphasis on research and education, The VGI Partners Foundation collaborates with community and philanthropic partners on various initiatives including those that have not previously received much attention from charitable bodies.

2.5.7 Future growth

Since inception the Company has employed the same Investment Strategy across all of the VGI Funds. Upon completion of the VG1 Equity Raising the Investment Strategy will be closed to new investment (refer to Section 2.5.2 for more detail).

The Company recognises that its future growth prospects are determined in part by its ability to develop and launch new strategies and funds, for example, a new strategy which may focus on a particular geographic region. The Company believes it is well positioned to launch new strategies based on the following factors:

- a) a track record of strong performance, which the Company believes has resulted in an existing investor base with an appetite to continue to invest in the Company's products;
- b) VGI Partners has members of the Investment Team located in offices in Sydney, New York and Tokyo with responsibility for monitoring global listed investment opportunities. This includes conducting meetings and conference calls with company management teams and industry experts across the world;
- c) the Company's efficient operating platform; and
- d) scalable business model, with existing personnel and infrastructure capable of managing materially higher FUM with modest incremental cost. This is highlighted by the fact that the Company currently manages FUM of \$2.1 billion, equating to approximately \$153 million per investment professional. This metric is significantly less than ASX listed peers and is consistent with the Company being able to manage substantially more FUM without materially expanding the Investment Team.

VGI Partners has the potential longer-term opportunity to expand into other asset classes through selective talent acquisition and build out of new capabilities.

2.6 Investment philosophy, strategy and investment process

The Company applies the same investment philosophy, strategy and investment process across all of the VGI Funds. Therefore the VGI Funds provide similar underlying asset exposures, notwithstanding that some funds aim to maximise AUD returns, while some funds are fully hedged to the USD in order to achieve a pure USD return.

2.6.1 The Company's investment philosophy

In the Company's view, superior investing must be viewed in terms of risk-adjusted returns. VGI Partners takes this risk-adjusted return philosophy and implements it through three key tenets that can be summarised as follows:

- 1) **Capital preservation:** The Company believes that risk comes from not properly understanding an investment and places a great deal of importance on assessing downside risk. The Company attempts to know as much about its investments as it can and believes that this knowledge is key in guarding against permanent loss of capital.
- 2) **Superior long-term compound growth:** The Company believes that strong businesses purchased with a sufficient 'margin of safety'¹ held for the long term are best-placed to provide superior long-term returns. The Company believes that if a business performs well, the stock price will eventually follow. Accordingly, the Company aims to invest for the long term in a relatively small number of businesses that it considers to be undervalued but that exhibit superior economic characteristics. The Company believes that a 'buy and hold' strategy can promote compound growth, as it minimises frictional costs (such as commissions, fees and taxes) and allows time for business performance to be translated into stock performance.
- 3) **Concentration:** The Company believes that diversification preserves wealth, while concentration builds wealth. Accordingly, the Company aims to invest in a relatively small number of high quality Long Investments. The Company aims to be concentrated enough in its best ideas (that is, the core Long Investments) so as not to dilute overall returns but hold enough Long Investments in order to provide an appropriate level of diversification.

¹ Margin of safety is where the security (as a Long Investments candidate) is priced by the market at a discount to the Manager's assessment of intrinsic value.

2) Company Overview

2.6.2 Investment Strategy overview

The Company invests on a global basis, seeking out what it considers to be the best investment opportunities in any country with a legal system with which it feels comfortable. This is complemented with opportunistic short selling of, which the Company considers to be, low quality businesses that are considered by the Company to be structurally challenged, poorly managed or materially overvalued. The Company's philosophy is to employ a 'buy and hold' strategy for Long Investments and to generate long-term compound returns.

The Company believes that long-term business success is achieved through operating where you have a competitive advantage and that in the business of investing, competitive advantage is obtained through superior knowledge and analysis. The Company also believes that a long-term investment horizon provides a competitive advantage in an investment world which is increasingly focused on the short term.

In the future, the Company may establish new investment strategies, including ones with clear adjacencies to VGI Partners' existing area of expertise.

2.6.3 Focus on circle of competence

The Company bases its investment decisions on detailed and rigorous research and a proprietary investment process. All research is generated internally by the Company, using a variety of external data. The Company employs a dedicated, stable and experienced Investment Team (across its offices in Sydney, New York and Tokyo) to monitor listed securities globally for the best investment opportunities.

The Company has a broad global mandate but will always focus on opportunities within its circle of competence. This means that the Company will look to invest in (or short) businesses that:

- a) the Company considers to be either undervalued (for Long Investments) or overvalued (for Short Positions) by the market;
- b) have a business model that is easy to understand (the Company believes that you should never invest in any idea you can't explain in relatively simple terms);
- c) operate in a country with a robust and reliable legal system; and
- d) operate within industries where the Company believes it possesses insights not appreciated by the wider investment industry.

2.7 Investment process

Broadly defined, the investment process employed by the Company consists of idea generation, due diligence, capital allocation, and ongoing monitoring. The Company's analyst team has a formalised research and financial modelling process.

2.7.1 Idea generation

The Company's idea generation process is driven by its investment values. Long Investment ideas come from a variety of sources, including news, screening tools, monitoring economic and industry trends (for example economic, political or legislative changes that impact the structure and competitive environment of particular industries), extensive contact with company management and industry sources, along with the use of the creativity and judgement of the VGI Partners Investment Team.

Short Position investment ideas are predominantly identified via the Company's proprietary screening process.

The Company screens over 4,000 companies globally which meet the market capitalisation and liquidity thresholds set internally. These companies are filtered through approximately 120 red-flag screens (which alert the Company to items such as accounting irregularities, recent management departures, insider selling and cash generation relative to accrual profits).

In considering potential Long Investment ideas, the Company focuses on sectors/industries with favourable industry dynamics that allow the Company to earn strong returns on capital deployed. Conversely, in considering potential Short Position investment ideas, the Company focuses on sectors/industries that it considers to demonstrate unfavourable industry dynamics.

The Company views the primary source of risk as a permanent loss of investment capital and believes that narrowing the investment universe to quality companies that it understands and that have strong balance sheets will reduce the likelihood of permanent loss of capital. The Company focuses its attention on companies within its circle of competence and typically will not invest in resources, complex banking and long tail insurance companies.

2.7.2 Due diligence

Potential Long Investments are typically dealt with as set out below.

Step 1: Potential ideas are filtered to create target lists. An example of the filtering criteria used to narrow the list of potential investments would be that the security must be liquid enough to trade (usually trading above US\$7.5 million per day) and domiciled in specific geographies. The Company prefers to use liquidity screens rather than market capitalisation screens (some companies may have a large market capitalisation but very little free float and are therefore relatively illiquid and in the Company's view not investable).

Step 2: Once an idea is identified and has been placed on a target list, the Investment Team does preliminary work to determine if, based on readily available information, the idea complies with the Company's investment values.

Step 3: For each idea that complies with the Company's values, extensive research is undertaken involving an assessment of:

- a) a variety of external data and information sources (including Capital IQ, Bloomberg, Factiva, company reports, broker reports, industry reports, and material from industry associations); this external data and information is used to ensure that the Company understands the detailed consensus expectations for a particular company rather than as a source of ideas; and
- b) due diligence interviews with competitors, customers, suppliers, appropriate executives, members of Senior Management and investor relations representatives. These interviews are fundamental in the Company's overall analysis. They reflect the Company's belief that good businesses generally follow good corporate governance. Over the last five years, the Investment Team has averaged over 500 research/due diligence meetings/calls per year.

Detailed proprietary financial models are then created and maintained for each investment idea deemed 'actionable'. Typically, the models will include full financial performance and key metrics going back at least a decade. The financial modelling helps the Company to evaluate how various factors such as volume, price, costs, and capital can change in various economic and competitive environments. Macro-economic variables are used to stress-test investments, and to develop a 'through-the-cycle' view to ensure that investments survive various macro-economic conditions and remain strong. Typically, these models will include a number of valuation approaches for each investment, which the Company uses as a cross-check in its assessment of potential upside as well as downside scenarios.

With respect to potential Short Positions, the Company performs forensic research on those companies identified via its proprietary screening process as triggering the greatest number of 'red flags' in order to identify the best shorting opportunities.

2) Company Overview

2.7.3 Portfolio construction

The VGI Funds are concentrated on the long side, with the top five Long Investments typically representing between 40% and 50% of each portfolio's Net Asset Value (**NAV**).

On the short side, the VGI Funds are less concentrated and, as a result, Short Positions tend to be substantially more diversified (and smaller in size) than the Long Investments within the portfolios. The Company's short exposure is driven by the ability to identify high quality short ideas. All of the Company's gross short exposure arises from profit-seeking equity shorts based on 'bottom up' fundamental company research.

The Company takes a conservative approach to portfolio construction, and typically holds meaningful cash buffers to protect the portfolios in the event of material market movements. The Company is cognisant of its cornerstone principles of capital preservation and requiring a 'margin of safety' in any position it takes (in other words, in the Company's assessment, a position could deteriorate from the current level and the investment would still have a high likelihood of not losing money at the point when the position is eventually exited). As a result, the Company is focused on seeking to avoid any permanent loss of capital.

2.7.4 Ongoing monitoring

The Company will monitor and adjust a portfolio as required. Typically, the Company prefers to allow profitable investments to grow; however, in addition to company valuations, it is always mindful in its portfolio construction of concentration, thematic aggregation, liquidity and volatility.

Portfolios are rebalanced where an investment no longer meets the VGI Partners investable criteria and policies or more attractive investment opportunities indicate that portfolio capital should be redirected.

Macro-economic variables are used to stress-test investments, and to develop a 'through-the-cycle' view to ensure that investments survive macro-economic conditions and perform accordingly. The Company conducts this analysis prior to making an investment and periodically for all portfolio holdings.

Industry Overview

03

3) Industry Overview

3.1 Overview

While VGI Partners considers itself a wealth manager, it operates within the funds management industry and manages a portfolio of global securities. Fund managers offer a variety of products and service levels depending on a client's size and investment preferences. Tailored mandate solutions are available for larger clients while smaller investors may use a registered investment scheme. The amount of money managed by fund managers is commonly referred to as funds under management (**FUM**). Australia has the sixth largest managed fund assets pool in the world, and the largest in the Asian region, with approximately US\$2.1 trillion in FUM¹.

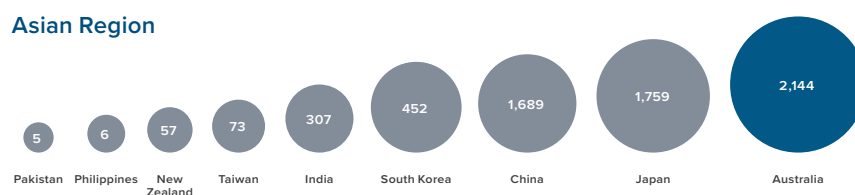
The Australian funds management sector generally, is highly competitive with many participants. It provides a useful reference point for considering the market position and outlook for VGI Partners as the head office of VGI Partners and the majority of its investors are based in Australia. However, VGI Partners predominantly invests in companies which are listed on foreign exchanges and have operations focused outside of Australia. In addition, many larger investors in the VGI Managed Funds are not constrained by geography in their selection of wealth managers. As a consequence, VGI Partners' success is dependent in part on trends in the global wealth management industry.

It is important to consider this, and other factors, when comparing VGI Partners to other Australia-based fund managers. For example, some trends in the Australian funds management industry are not directly relevant to VGI Partners. One current trend is for institutional fund managers to experience fee compression and the loss of mandates as their superannuation fund clients build internal capability and take investment management in-house. VGI Partners has low single mandate risk and no institutional mandates and therefore has not been impacted by this negative trend.

Broadly, Australia's funds management sector is underpinned by its superannuation system, a mandated retirement savings system that has resulted in Australia having the fourth largest pension pool in the world. Other key contributors to the strength of Australia's funds management sector include its mature financial markets, stable and efficient regulatory environment, sophisticated investor base and its development of attractive investment products.

Figure 17: Australia's open-end fund asset pool (US\$ billion, 2017)²

Global investment total net assets	2017
USA	22,147
Luxembourg	4,989
Ireland	2,874
Germany	2,314
France	2,312
Australia	2,144
UK	1,915
Japan	1,759
China	1,689
Canada	1,292



Note: Regulated open-end funds include mutual funds, exchange-traded funds (**ETFs**) and institutional funds where the fund can issue new fund shares (or units) or redeem existing shares (or units) on demand.

Participants in the Australian funds management industry source capital from a range of clients including retail and sophisticated investors, institutional investors, insurance companies and state and federal governments. VGI Partners' business is focused on managing funds raised from high-net worth individuals in its unlisted funds, as well as a large proportion of retail investors in VG1.

¹ Australian Trade and Investment Commission (Austrade), *Why Australia: Benchmark Report 2019*

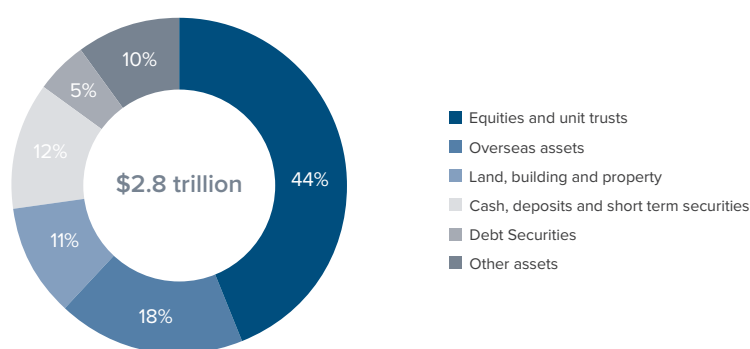
² Investment Company Institute. 2018. *2018 Investment Company Fact Book: A Review of Trends and Activities in the Investment Company Industry*. Washington, DC: Investment Company Institute. Available at www.icifactbook.org. Investment Company Institute has not consented to be named in the Prospectus or to the use of its data in the Prospectus for the purposes of Section 716 of the Corporations Act.

3.2 Industry structure

The Australian funds management industry includes large diversified fund managers offering a range of products and strategies, as well as smaller boutique investment managers concentrated on delivering a single, or a limited number of strategies.

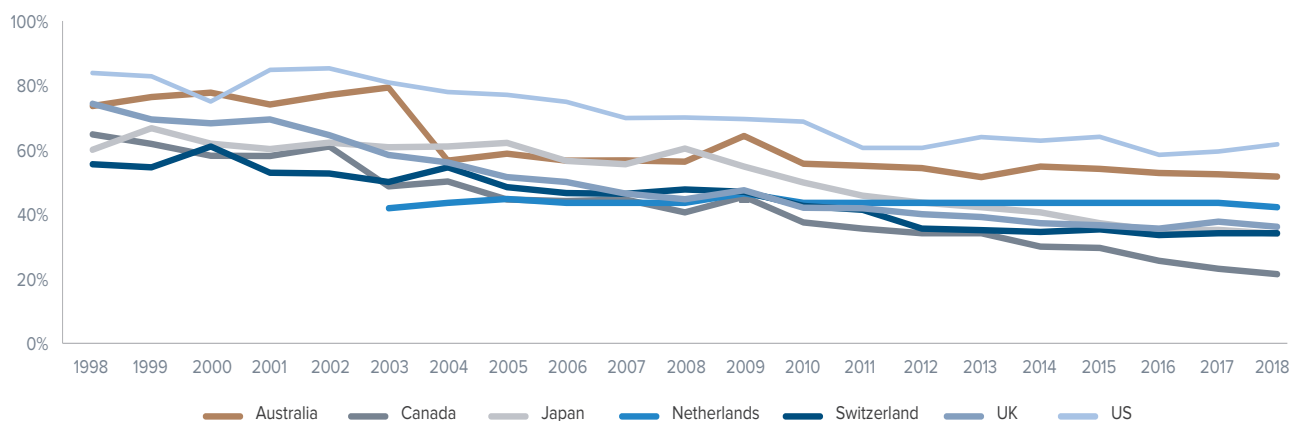
The strategies employed by fund managers differ depending on the mandate and risk-return trade-off sought by their investors. VGI Partners focuses on global equities.

Figure 18: Asset allocation of Australian fund managers, excluding superannuation funds (December 2018)¹



Australian fund managers, in line with a global trend, have shown signs of reduced home bias when investing in domestic equities in comparison with international equities. Over the past decade, the weight of domestic equities for selected countries in Figure 19, has fallen on average from 68.7% in 1998 to 40.2% in 2018. This trend has coincided with an increased appetite from domestic Australian investors for exposure to international assets.

Figure 19: Domestic equity as a share of total equity exposure over time²



VGI Partners has benefited from Australian investors seeking more global exposure, and despite the trend shown in the above chart, VGI Partners believes that Australian investors are still significantly underweight in their exposure to international equities. Over 98% of global GDP is generated outside Australia, yet just 22% of Australian FUM is designated to overseas investments³. As a result, Australian investors are increasingly seeking access to offerings like the VGI Funds that provide exposure to global equities and the associated growth.

1 Australian Bureau of Statistics at December 2018. 'Consolidated assets' excludes cross-investment that takes place between the various types of institutions.

2 Thinking Ahead Institute, Global Pension Assets Study 2019. Thinking Ahead Institute has not consented to be named in the Prospectus or to the use of its data in the Prospectus for the purposes of Section 716 of the Corporations Act.

3 Austrade, *Australia's Managed Funds 2017 update* and The World Bank, GDP data <https://data.worldbank.org/indicator/ny.gdp.mktpp.cd>

3) Industry Overview

3.2.1 Characteristics of high conviction, long / short equity fund managers

VGI Partners is a high conviction, long / short global equity fund manager. A fund manager employing this investment strategy aims to invest in a small number, or concentrated portfolio of businesses that it considers to be undervalued, but that exhibit superior economic characteristics. A fund manager employing this strategy complements its long positions with opportunistic short selling of what it considers to be low quality businesses that it believes are structurally challenged, poorly managed and materially overvalued. Further context on this strategy is outlined below:

- Long / short strategy
 - In a long position, a fund manager seeks a return by purchasing securities with the expectation that the value of the securities will appreciate over time.
 - In a short position, a fund manager borrows a security and sells the security to a third party. The fund manager will then reacquire the same security at a later point in time and return it to the lender to close the transaction. The fund manager will generate a return if the price of the borrowed security declines in value in the period between the sale to the third party and the reacquisition of the security. Conversely, the fund manager will experience a loss if the borrowed security increases in value during this period.
 - Short selling can involve greater risk than buying a security, as losses can continue to grow to the extent that the price of the borrowed security rises. The risk of losses associated with a long position is generally restricted to the amount invested, whereas losses on a short position can be greater than the value of the security at the time the position was initiated.
- Portfolio concentration versus diversification
 - In a high conviction or concentrated portfolio strategy, a fund manager invests in and actively manages a small number of positions. Conversely in a diversified allocation strategy managers typically invest in a broader range of positions.
 - VGI Partners employs a concentrated portfolio strategy. The Company typically invests in between 10 and 25 Long Investments, of which 10 to 15 are considered core Long Investments. The top five Long Investments within the VGI Funds typically represent on average between 40% and 50% of the portfolio's NAV at any given time.
 - In contrast for example, ETFs employ a passive investment strategy to track a given index, and typically have highly diversified portfolios.

3.2.2 Unlisted versus listed funds

The vast majority of managed funds in Australia are unlisted trust structures, whereby investors directly purchase units in the unlisted trust. The unit price of the trust closely reflects the underlying value of the assets of the trust on a per unit basis. Unlisted trusts are often exposed to cash outflows as investors can require the trustee of the trust to redeem their units at specified times and in accordance with the trust's (or fund's) constitutional documentation, product disclosure statement or investment management agreement.

By comparison, Australian listed investment companies (**LICs**), and listed investment trusts (**LITs**) provide investors with exposure to underlying assets through their ownership of shares or units which are able to be traded on ASX. Both LICs and LITs are closed end structures where the number of shares or units on issue is determined by the Board. LICs and LITs therefore provide fund managers with a constant or stable sources of capital with little, if any, redemption risk.

The major difference between a LIC structure and a LIT structure, is that a LIC pays corporate tax and pays dividends out of after tax income, whereas a LIT does not pay corporate tax and pays distributions to investors on a pre-tax basis.

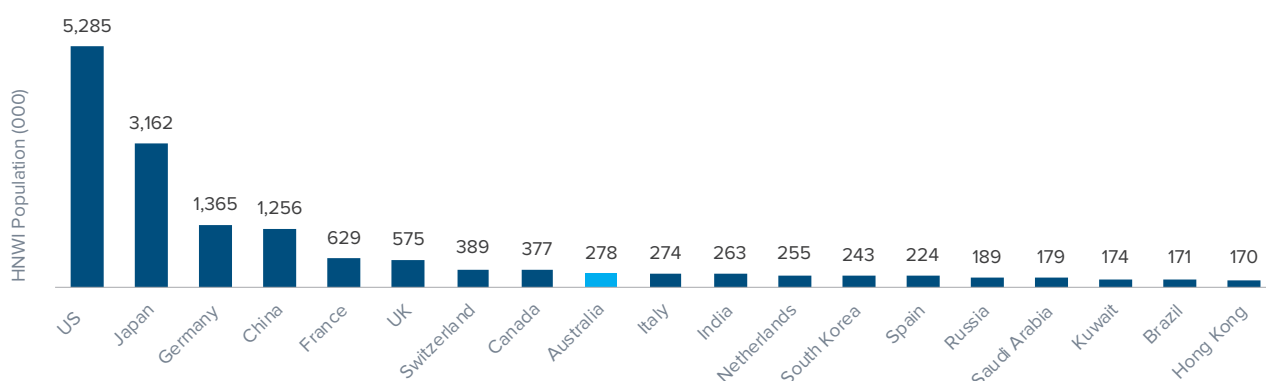
The share or unit price of a LIC or LIT may trade at a discount or premium to its NTA, or underlying value of the fund. Typically when a LIC's share or LIT's unit price consistently trades above NTA, it signals that investors see value in the fund manager's track record and ability to generate returns.

3.3 Industry growth

As referenced in Section 3.1 some factors specific to VGI Partners make it difficult to draw comparisons between the Company and other Australian fund managers more broadly. However, there are a number of supportive trends in the managed funds industry from which VGI Partners could benefit. Some of these are outlined below:

- An increasing number of millionaires, and ultra-high net worth individuals
 - Globally the number of millionaires grew from approximately 25 million in 2010 to 33 million in 2016, representing an increase of more than 30%. Over that same period, Australia saw an increase in millionaires from approximately 740,000 to more than one million; and
- Capgemini defines high-net worth individuals (**HNWIs**) as those having investable assets of US\$1 million or more, excluding primary residence, collectibles, consumables and durable goods. According to the World Wealth Report 2018, Australia had approximately 278,000 HNWIs (up from 255,000 in 2016). This represents the ninth highest number of HNWIs of any country as shown below¹.

Figure 20 – Global HNWI Population ('000)



- Compulsory superannuation and increasing prevalence of self-managed super funds
 - The total assets under management for the Australian superannuation industry increased by 140% from \$1.1 trillion in June 2008 to \$2.7 trillion in June 2018. There has also been a steady growth in self-managed super funds which now account for approximately 28% of total superannuation assets²; and
 - As Australian superannuation funds have risen in asset size and sophistication, they have expanded their portfolios to cover additional asset classes such as 'alternative investments'. Alternative investments include direct infrastructure funds, Australian real estate funds, direct hedge funds and private equity funds.
- Foreign demand for Australian managed investments
 - Flow of funds from foreign investors into Australian managed investment trusts more than doubled in the five years to December 2015 from \$20.3 billion to \$46.0 billion according to the Financial Services Council and Perpetual '2016 Australian Investment Managers Cross-Border Flows Report'. Asia remains the primary source of cross-border fund inflow followed by the US, Middle East and Europe.
- Demand from Australian investors for global equities exposure
 - As outlined in Figure 19, Australian investors are significantly underweight in global equities and increasingly use managed funds to increase exposure to this asset class; and
 - A potential policy change put forward by the Australian Labor Party ahead of the 2019 Federal Election to eliminate refundable franking credits on dividends paid by Australian companies may also increase the relative appeal of overseas compared to Australian equity exposures.

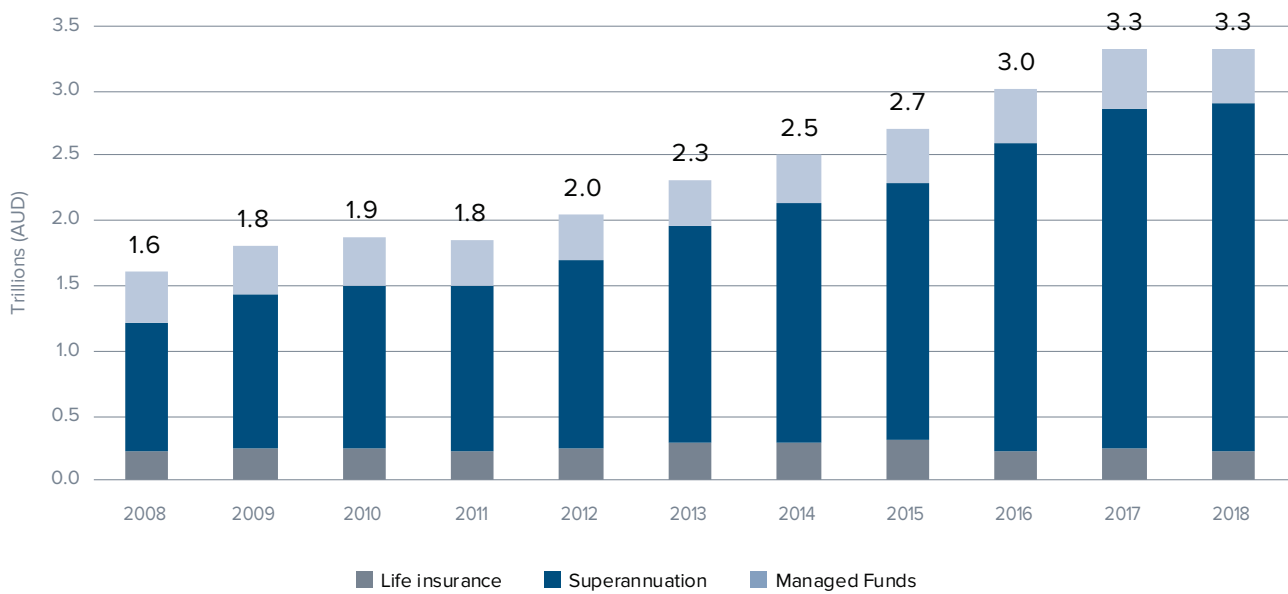
¹ Capgemini, *World Wealth Report 2018*. Capgemini has not consented to be named in the Prospectus or to the use of its data in the Prospectus for the purposes of Section 716 of the Corporations Act.

² APRA Statistics, *Annual Superannuation Bulletin*, June 2018

3) Industry Overview

- Fallout from the Royal Commission into Misconduct in the Banking, Superannuation and Financial Services Industry
 - There may be a higher level of distrust of vertically integrated fund managers given the conflicts of interest identified. Some investors may be more inclined to invest through smaller, specialised managers like VGI Partners.

Figure 21: Australia’s managed funds growth to CY18 (unconsolidated)¹



¹ Australian Bureau of Statistics. Unconsolidated means before the elimination of any cross-investment that takes place between the various types of institutions.

Financial Information

04

4) Financial Information

4.1 Introduction

This section contains a definition of the Financial Information of the Company as set out below.

The **Statutory Historical Financial Information** comprises the:

- statutory audited consolidated historical income statements for the financial years ended 30 June 2016 (**FY16**), 30 June 2017 (**FY17**) and 30 June 2018 (**FY18**) and the half year ended 31 December 2018 (**HY Dec 18**) (**Statutory Historical Income Statements**);
- statutory audited consolidated historical cash flow statements for FY16, FY17, FY18, and HY Dec 18 (**Statutory Historical Cash Flow Statements**); and
- statutory audited consolidated historical balance sheet as at 31 December 2018 (**Statutory Historical Balance Sheet**).

The **Pro Forma Historical Financial Information** comprises:

- pro forma reviewed consolidated historical income statements for the calendar years ended 31 December 2016 (**CY16**), 31 December 2017 (**CY17**), and 31 December 2018 (**CY18**) (**Pro Forma Historical Income Statements**); and
- pro forma reviewed consolidated historical balance sheet as at 31 December 2018 (**Pro Forma Historical Balance Sheet**).

A reconciliation of Statutory Historical Financial Information to Pro Forma Historical Financial Information is provided in Sections 4.7.4 and 4.7.6.

The Statutory Historical Financial Information and the Pro Forma Historical Financial Information are collectively referred to as the **Historical Financial Information**, and in combination cover financial information for the three-and-a-half-year period from 1 July 2015 to 31 December 2018 (**Historical Financial Information Period**).

The **Additional Financial Information** comprises the:

- **HY June 2019 Performance Fee Information** being:
 - information on performance fee revenue in relation to the Company's total revenue and timing of realisation (**Performance Fee Profile**); and
 - information on the unrealised performance fees as at 30 April 2019 (**Unrealised Performance Fees**); and
- **Management Fee Base** comprising estimated annualised management fee revenue based on the Adjusted FUM.

The Statutory Historical Financial Information, the Pro Forma Historical Financial Information and the Additional Financial Information are collectively referred to as the Financial Information.

Other information

Also summarised in this Section 4 are:

- the basis of preparation of the Historical Financial Information (refer to Section 4.4);
- key operating metrics (refer to Section 4.7.2);
- historical indebtedness, and information concerning liquidity and capital sources (refer to Section 4.10);
- management's discussion and analysis of the Pro Forma Historical Financial Information (refer to Section 4.8);
- the basis upon which the Additional Financial Information has been prepared (refer to Sections 4.5 and 4.9); and
- the Company's proposed dividend policy (refer to Section 4.11).

The Historical Financial Information has been reviewed by Deloitte Corporate Finance Pty Limited, whose Independent Limited Assurance Report is set out in Section 8. Investors should note the scope and limitations of the Independent Limited Assurance Report.

The Additional Financial Information is not included in the scope of Deloitte Corporate Finance Pty Limited's Independent Limited Assurance Report.

All amounts disclosed in this Section 4 are presented in AUD and, unless otherwise noted, are rounded to the nearest \$100,000. Accordingly, totals in tables may not add correctly due to rounding.

Further information about management fees and performance fees are included in Section 2.3. Information about how these fees are calculated is included in Section 9.7.

Non-IFRS financial information

Investors should be aware that certain financial data included in this Section 4 is 'non-IFRS financial information' under Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC (**non-IFRS financial information**). The Company believes that this non-IFRS financial information provides useful information to users in measuring the financial performance and condition of the Company. As non-IFRS financial information is not defined by recognised standard setting bodies, they do not have a prescribed meaning. Therefore, the way in which the Company calculates these measures may be different to the way other companies calculate similarly titled measures. Investors are cautioned not to place undue reliance on any non-IFRS financial information and ratios.

In particular, the following non-IFRS financial data is included:

- **EBIT:** earnings before interest and tax;
- **EBIT margin:** a profitability measure expressed as a percentage, calculated by dividing EBIT by revenue; and
- **FUM:** funds under management, being the gross assets managed by the Company for the relevant funds.

4.2 Presentation of change of financial year ends

The Company had a 30 June financial year end for the financial years up to and including 30 June 2018. Accordingly, the Company's Statutory Historical Financial Information includes information extracted from the Company's audited annual financial statements ended 30 June 2016, 2017, and 2018, and the Company's half year audited financial statements for the six months ended 31 December 2018.

In 2019 the Company changed its financial year end to 31 December. It will therefore prepare half year financial statements for the six months ending 30 June 2019 (**June HY2019**), and annual financial statements for the twelve months ending 31 December 2019.

Due to the timing of recognition of the Company's performance fee revenue, its results are best understood when looked at on an annual basis, not on a six-month basis. To provide the most recent annual historical information, the Pro Forma Historical Financial Information has been presented on a calendar year basis ending on 31 December 2018 (rather than on a financial year basis ending on 30 June 2018). The difference between the historical income statements on a 30 June and 31 December basis is shown in Section 4.7.4.

4.3 Additional Financial Information

A significant proportion of the Company's revenue and earnings is dependent on performance fees. Performance fees for a VGI Fund are calculated over the Performance Calculation Period, being the period as specified in the investment management agreement of that VGI Fund. Performance fees become due and receivable only at the end of the Performance Calculation Period, and these periods vary across the VGI Funds including twelve-month periods ending 30 June and 31 December and six-month periods ending 30 June and 31 December.

Performance fee revenue is dependent on the performance of each VGI Fund over its Performance Calculation Period and the impact of any high-water mark set in prior periods (refer to Section 9.7.2 for more information on how high-water marks operate). The aggregate performance of the VGI Funds is dependent on the decisions of the Company's Investment Team and to a large extent, a number of market forces outside of the control of the Company (refer to Section 5.1 for key risks affecting the performance of VGI Funds).

4) Financial Information

Due to the volatility in portfolio performance and in accordance with AASB 15 the Company does not accrue performance fee revenue during each Performance Calculation Period. Performance fees are recognised as revenue only at the end of each Performance Calculation Period, when the amount of the performance fee is known.

Predicting future performance fee revenue with any degree of accuracy is not possible. As performance fees comprise a material component of the Company's revenue, the Company has not provided pro forma forecast financial information for CY19.

As the majority of the VGI Funds (by FUM) have a twelve-month performance fee measurement period ending 30 June, the upcoming June HY2019 and to a lesser extent the full year December CY19 results will be heavily dependent on the performance outcomes of the VGI Funds. The Additional Financial Information includes information on the Unrealised Performance Fees as at 30 April 2019, being the performance fee calculated as if the performance fee measurement period ended on that date. While this information is of relevance to the June HY2019 and CY19 results, the actual fees are likely to vary, potentially materially, due to performance of the VGI Funds from 1 May until 30 June 2019, and for the six months to 31 December 2019 depending on the performance fee measurement period of each VGI Fund.

4.4 Basis of preparation and presentation of the Historical Financial Information

4.4.1 Overview

The Historical Financial Information included in this Prospectus is intended to present potential investors with financial information to assist them in understanding the underlying historical financial performance, cash flows and financial position of the Company. The Directors are responsible for the preparation of the Historical Financial Information.

The Historical Financial Information has been presented in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards (including the Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (AASB) and the summarised accounting policies adopted by the Company as set out in Appendix B. Compliance with Australian Accounting Standards ensures that the Historical Financial Information complies with the recognition and measurement principles of International Financial Reporting Standards (IFRS) and interpretations issued by the International Accounting Standards Board (IASB).

The Historical Financial Information is presented in an abbreviated form and does not include all of the disclosures, statements or comparative information required by Australian Accounting Standards applicable to general purpose financial reports prepared in accordance with the Corporations Act.

The Historical Financial Information presented in this Section 4 should be read in conjunction with the risk factors set out in Section 5 and other information contained in this Prospectus.

The Company's significant accounting policies are set out in Appendix B. In preparing the Statutory and Pro Forma Historical Financial Information, the accounting policies of the Company have been applied consistently throughout the periods presented with the exception of the adoption of AASB 15 *Revenue from Contracts with Customers* (AASB 15) which was adopted by the Company effective 1 July 2018.

The Company has not yet adopted AASB 16 Leases (AASB 16) which will be effective for the annual reporting period beginning 1 January 2019. AASB 16 supersedes AASB 117 Leases. AASB 16 provides a new lessee accounting model, which requires lessees to recognise the right-to-use assets, and liabilities to make lease payments, for leases with a term of more than 12 months unless the underlying asset is of low value. Expenses in respect of leases include amortisation of the right-of-use asset and interest expense in respect of the lease liability. As at 31 December 2018, the Group had non-cancellable operating lease commitments of \$393,000. The Company has not yet determined to what extent these commitments will result in the recognition of a 'right-to-use' asset and a 'liability for future payments' and how this will affect the Group's profit or loss and classification of cash flows.

The Company has one reportable segment under AASB 8 Operating Segments, being the provision of fund management services.

4.4.2 Preparation of Historical Financial Information

The Historical Financial Information has been prepared on both a statutory and pro forma basis.

The Statutory Historical Financial Information for FY16, FY17, FY18 and HY Dec 18 has been extracted from the consolidated financial statements of the Company as audited by Deloitte Touche Tohmatsu in accordance with Australian Auditing Standards. Deloitte Touche Tohmatsu has issued unqualified audit opinions in respect of these periods.

The Pro Forma Historical Financial Information has been prepared solely for the purpose of inclusion in this Prospectus.

The Pro Forma Historical Financial Information for CY16, CY17 and CY18 has been derived from the Statutory Historical Financial Information. Pro forma adjustments have been made to the Statutory Historical Financial Information to:

- i. reflect the assumed 31 December year end;
- ii. reflect interest income earned on the net Offer proceeds assuming investment in a bank account earning 1.5% per annum;
- iii. more appropriately reflect the costs of the ongoing operations of the Company as a listed public company following Completion of the Offer, and to eliminate certain non-operating or non-recurring items, as described in Section 4.7.4; and
- iv. reflect the impact of the proceeds of the Offer and the expected pre-IPO dividend as a balance sheet adjustment at 31 December 2018.

4.5 Basis of preparation and presentation of the Additional Financial Information

(a) Presentation basis

The Additional Financial Information has been prepared solely for inclusion in this Prospectus and provides information useful in understanding the characteristics of the Company's revenue.

(b) Composition of the Additional Financial Information

The Performance Fee Profile is extracted from the Historical Financial Information.

The Unrealised Performance Fees as at 30 April 2019, being the performance fees that would be receivable by the Company if the performance fee measurement period for all VGI Funds ended on that date, are derived from the Company's internal accounting systems and an external fund administration service provider.

The Management Fee Base is based on the Adjusted FUM (which is the FUM of the VGI Funds as at 31 March 2019, increased to reflect the completion of the VG1 Equity Raising and assuming a full subscription) of the VGI Funds and their investment management agreements.

(c) Additional Financial Information inputs

The Performance Fee Profile information is provided to give an understanding of the amount of the Company's performance fee revenue in relation to the Company's total revenue, and when it is recognised.

Changes to the terms of existing investment management agreements, increases or reductions in the size of existing VGI Funds and new funds in the future may alter the amount and timing of the Company's performance fee revenue.

The Unrealised Performance Fees have been calculated as at 30 April 2019 for the VGI Funds existing at that date. While this information is relevant to the HY June 2019 and CY19 results, the actual results are likely to vary, potentially materially. Actual performance fees will depend on the investment performance of the VGI Funds from 1 May until 30 June 2019, and for the six months to 31 December 2019, as well as increases or reductions in the FUM of existing VGI Funds (including the increase in the FUM of VG1 following completion of the VG1 Equity Raising), timing of the deployment of new funds and the introduction of new investment funds (if any).

4) Financial Information

The Management Fee Base is based on the Adjusted FUM of the VGI Funds and their investment management agreements. No account has been taken of potential future changes in the terms of the investment management agreements or future increases or reductions in the FUM of existing investment portfolios (other than the VG1 Equity Raising) or the introduction of new funds.

The Additional Financial Information is based on the limitations described above and investors are cautioned not to place undue reliance on it. Investors are advised to review the Additional Financial Information in conjunction with the risk factors set out in Section 5 and other information set out in this Prospectus.

The Company has no intention to update or revise the Additional Financial Information or other forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this Prospectus, except where required by law.

4.6 VG1 IPO arrangements

4.6.1 VG1 IPO

In CY17, the Company played a key role in establishing VG1, a listed investment company for which the Company is the investment manager. VG1 was listed on the ASX on 28 September 2017. In connection with the VG1 IPO, the Company:

- entered into an agreement with a third party (**Supplier**) to act as an adviser (**VG1 Advisory Agreement**); and
- entered into an investment management agreement with VG1 under which the Company is to receive a management fee of 1.5% of FUM. Management fees are foregone until the cumulative management fees that would otherwise be payable equal the costs of the VG1 IPO of \$14.4 million paid by VG1 (**VG1 Fee Waiver**).

4.6.2 VG1 Advisory Agreement

Under the VG1 Advisory Agreement, the Company agreed to pay a third party a fee structured as a series of payments over approximately a 10 year period with the majority of the payments expected to be completed by the end of calendar year 2020.

Under accounting standards the present value of the expected future payments to the Supplier is recognised as a liability, with a corresponding expense, upon the rendering of services to the Company under the VG1 Advisory Agreement. The value of the liability is increased at the end of each reporting period, with any movement being reflected as an expense.

The expense in relation to the VG1 Advisory Agreement included in the Statutory Historical Income Statements in CY17 and CY18, has been removed in the Pro Forma Historical Income Statements in order to show the performance of the Company without this major, one off transaction cost.

On 30 April 2019, the Company submitted to ASIC audited consolidated financial statements of the Company for FY18 which included the liability for future payments to the supplier under the VG1 Advisory Agreement, and made the other associated and required regulatory filings with ASIC.

4.6.3 VG1 Fee Waiver

The terms of the Company's investment management agreement with VG1 provide that no management fee is payable until the management fee which would have otherwise been payable equals the total costs of \$14.4 million paid by VG1 in connection with its IPO.

The Company has consequently received no management fees from VG1 up until the end of April 2019. After this date, the Company will be receiving monthly management fees from VG1 calculated as 1.5% of FUM per annum.

Prior to the adoption by the Company of AASB 15: *Revenue from Contracts with Customers* on 1 July 2018, the Company did not record any management fee revenue in relation to its investment management agreement with VG1, on the basis that it received no management fees. From 1 July 2018, and as a result of the application of AASB 15, the Company is accruing fee revenue equivalent to the forgone fees over the expected term of the investment management agreement. The Statutory Historical Income Statements and Pro Forma Historical Income Statements for CY18 include \$720,000 of accrued management fee revenue. The Company adopted the cumulative effect option on transition to AASB 15 and hence opening retained earnings at 1 July 2018 were increased by \$760,000 to reflect the AASB 15 impact of this contract in prior periods.

Notwithstanding that the Company received no management fee from VG1 in CY17 and CY18, it still applied the appropriate resources necessary to undertake its investment management services and paid the majority of VG1's operating expenses. Consequently, when the Company assesses its FUM and its operating expenses against its management fee revenue (see Section 4.7.2 for key financial metrics), it uses a management fee revenue adjusted for the impact of the VG1 Fee Waiver, that is, as if it received the full 1.5% per annum fee from the date of the VG1 IPO.

Figure 22: Impact of the VG1 Fee Waiver on management fees

\$m	CY16	CY17	CY18
Management fees	11.2	14.8	19.2
VG1 Fee Waiver	–	2.3	8.3
Management fees adjusted for the VG1 Fee Waiver	11.2	17.1	27.5

4.7 Historical Financial Information

4.7.1 Pro Forma Historical Income Statements

\$m	CY16	CY17	CY18
Management fees ¹	11.2	14.8	19.2
Performance fees	13.7	12.6	44.9
Foreign exchange gains/(losses)	0.2	(0.6)	0.7
Revenue	25.1	26.9	64.8
Personnel	(4.9)	(6.2)	(7.6)
Research and marketing	(1.4)	(2.1)	(2.8)
Occupancy	(0.3)	(0.4)	(0.5)
Communications and information technology	(0.3)	(0.3)	(0.6)
Depreciation and amortisation	(0.1)	(0.1)	(0.1)
Donations	(0.3)	(0.3)	(0.4)
Other expenses ²	(2.9)	(2.7)	(3.9)
Expenses	(10.3)	(12.1)	(16.0)
Earnings before interest and tax	14.8	14.8	48.7
Interest income ³	1.0	1.0	1.1
Taxation	(4.6)	(4.7)	(14.9)
Profit after tax	11.2	11.2	34.9

1 Management fees in CY17 and CY18 would be higher if not for the impact of the VG1 Fee Waiver, which is no longer in effect. Please see Section 4.6.3 for further details.

2 Other expenses include an estimate of the additional costs of \$1.0 million that will arise by virtue of the Company becoming listed, refer Section 4.7.4 for more detail.

3 Interest income includes an estimate of the interest that would have been earned on the net Offer proceeds assuming the Offer is fully subscribed, refer Section 4.7.4 for more detail.

A reconciliation of the Pro Forma Historical Income Statements to the Statutory Historical Income Statements is included in Section 4.7.4.

4) Financial Information

4.7.2 Key financial and operating metrics

The table below provides a summary of the Company's key pro forma historical financial and operating metrics for CY16, CY17 and CY18 and are in addition to the performance of its funds which are detailed in Sections 2.5.3, 2.5.4 and 2.5.5.

		CY16	CY17	CY18
Average monthly FUM	\$bn	0.8	1.2	2.0
Management fees adjusted for VG1 Fee Waiver ¹	\$m	11.2	17.1	27.5
Management fee growth ¹	%	35%	53%	61%
Performance fees as % of average FUM ²	%	2.0%	1.2%	2.5%
Expenses / average FUM	%	1.2%	1.0%	0.8%
EBIT margin	%	59%	55%	75%
Headcount at year end	#	15	15	20

1 Management Fee revenue for CY17 and CY18 is increased for the management fees that would have been earned were it not for the impact of the VG1 Fee Waiver, which is no longer in effect. (refer to Section 4.6.3 for more details).

2 Represents gross performance fees (before rebates) as a percentage of monthly average FUM aligned to match the Performance Calculation Period of each VGI Fund.

4.7.3 Statutory Historical Income Statements

\$m	FY16	FY17	FY18	HY Dec 18
Management fees ¹	9.6	13.1	16.2	10.8
Performance fees	12.7	10.9	43.4	5.4
Foreign exchange gains/(losses)	0.1	(0.2)	0.1	0.4
Revenue	22.5	23.8	59.6	16.6
Personnel	(5.1)	(5.5)	(7.6)	(4.5)
Research and marketing	(1.3)	(2.2)	(2.2)	(1.2)
Occupancy	(0.3)	(0.3)	(0.4)	(0.3)
Communications and information technology	(0.3)	(0.3)	(0.4)	(0.3)
Depreciation and amortisation	(0.1)	(0.1)	(0.1)	(0.1)
Other expenses	(1.8)	(1.6)	(2.2)	(1.5)
VG1 IPO expenses	-	-	(7.4)	(0.4)
Donations	(0.2)	(0.2)	(0.3)	(0.4)
Expenses	(9.1)	(10.2)	(20.5)	(8.6)
Earnings before interest and tax	13.4	13.5	39.1	8.0
Interest income	0.1	0.0	0.1	0.1
Taxation	(4.0)	(4.0)	(11.7)	(2.4)
Profit after tax	9.4	9.6	27.4	5.7

1 Management fees in FY18 and HY Dec 18 would be higher if not for the impact of the VG1 Fee Waiver, which is no longer in effect. Please see Section 4.6.3 for Section 4.6.3 for further details.

A reconciliation of the Statutory Historical Income Statements to the Pro Forma Historical Income Statements is provided in Section 4.7.4.

4.7.4 Reconciliation of Statutory and Pro Forma Historical Income Statements

\$m	Note	2016	2017	2018
Statutory Historical profit after tax on <u>FY basis</u>		9.4	9.6	27.4
Change in reporting period		1.5	(3.7)	6.5
Pro Forma Historical Statutory profit after tax on <u>CY basis</u>		11.0	5.9	33.9
Pro Forma adjustments:				
VG1 Advisory Agreement	1	–	7.0	0.8
Interest income	2	1.0	1.0	1.0
Listed company costs	3	(1.0)	(1.0)	(1.0)
Private company costs, non recurring expenditure	4	0.4	0.6	0.7
Impact of Pro Forma adjustments pre-tax		0.3	7.6	1.4
Tax impact of the above		(0.1)	(2.3)	(0.4)
Impact of Pro Forma adjustments after-tax		0.2	5.3	1.0
Pro Forma Historical profit after tax		11.2	11.2	34.9

1 The cost of the VG1 Advisory Agreement, including its initial recognition in September 2017 has been excluded as a one-off cost. Refer Section 4.6.2 for more detail.

2 The funds raised through the Offer are intended to be used to facilitate growth opportunities, including co-investment in existing and future funds which may be established. Given the uncertainty of the timeframe for the investment in growth opportunities and their returns, the Pro Forma Historical Income Statements assume, effective 1 January 2016, the net Offer proceeds of \$66 million are invested in a bank account earning 1.5% per annum.

3 Becoming a listed entity will increase some expenses and give rise to new expenses. This includes, costs of additional Directors, annual listing fees, increased insurance costs, increased compliance costs and reporting costs, and the costs of holding Shareholder meetings, producing Shareholder reports and investor relation activities.

4 As part of the Listing, the Existing Shareholders and Executive Directors have entered into new employment contracts on market terms, resulting in a reduction in salaries.

4.7.5 Statutory Historical Cash Flow Statements

\$m	FY16	FY17	FY18	HY Dec 18
Earnings before interest and tax	13.4	13.5	39.1	8.0
Non-cash movements:				
VG1 Fee Waiver	–	–	–	(0.7)
VG1 Advisory Agreement	–	–	6.6	0.2
VG1 Performance fee received in shares	–	–	(0.7)	(5.5)
Depreciation and amortisation	0.1	0.1	0.1	0.1
Movement in performance fee receivable	1.3	2.4	(31.6)	35.7
Other changes in working capital	0.9	(0.4)	2.5	(4.2)
Operating cash flow before interest and tax	15.7	15.6	16.0	33.5
Capital expenditure	(0.2)	(0.1)	(0.3)	(0.8)
Interest received	0.1	0.0	0.1	0.1
Income taxes paid	(4.6)	(4.7)	(4.4)	(12.0)
Net operating cash flow before dividends	11.0	10.8	11.4	20.8

4) Financial Information

4.7.6 Statutory and Pro Forma Historical Balance Sheet

The table below has been extracted from the audited consolidated balance sheet of the Company as at 31 December 2018 and adjusted to reflect the impact of the Offer as if it had taken place as at 31 December 2018.

The post-Offer Pro Forma Historical Balance Sheet is provided for illustrative purposes and is not represented as being indicative of the Company's view of its potential future financial position.

31 December 2018 \$m	Note	Statutory	Pre-Offer Dividend	Impact of the Offer	Pro Forma
Current assets					
Cash and cash equivalents		7.8	(8.5)	66.0	65.3
Trade and other receivables		8.1			8.1
Contract asset		1.8			1.8
Total current assets		17.7			75.2
Non-current assets					
Property, plant and equipment		1.3			1.3
Deferred tax asset		2.1		2.7	4.8
Restricted cash		0.3			0.3
Total non-current assets		3.7			6.4
Total assets		21.4			81.6
Current liabilities					
Trade and other payables		3.8			3.8
Income tax payable		1.6			1.6
Employee entitlements		1.5			1.5
Total current liabilities		6.8			6.8
Non-current liabilities					
Trade and other payables		4.1			4.1
Employee entitlements		0.4			0.4
Total non-current liabilities		4.5			4.5
Total liabilities		11.3			11.3
Net assets		10.1			70.3
Equity					
Contributed equity	1	0.6		73.9	74.5
Retained earnings	2	9.5	(8.5)	(5.3)	(4.3)
Total shareholders' equity		10.1			70.3

1 Increase in contributed equity reflects the Offer net of costs incurred as a result of issuing new Shares, refer table below.

2 Decrease in retained earnings represents:

a) Pre-Offer dividend:

- The Company intends to declare a dividend of \$8.5 million to the Existing Shareholders prior to Completion of the Offer using existing cash on the balance sheet.
- VGI Partners has accumulated further cash resulting from operating activities in 2019 and the pre-IPO dividend will be paid out of these cash balances.
- The net Offer proceeds will not be used to pay the pre-IPO dividend.

b) Costs of the Offer not directly attributable to the issue of New Shares (including the costs of the VG1 Equity Raising) net of tax benefit.

The Company has offered to issue 4.8 million Options to Directors, the VGI Advisory Board and employees. The Company expects to issue these Options before Completion of the Offer. The Option premia received by the Company for issuing the Options is expected to total \$556,000. The expected issuance of these Options has not been reflected in the Pro Forma Historical Balance Sheet above. Refer to Section 6.5 for more details on the terms of these Options.

The pro forma balance sheet does not take into account the cashflows occurring from 1 January 2019 to the Completion of the Offer, including the expected receipt of the Option premia. The Company estimates it will have a cash balance of at least \$66 million at Completion of the Offer.

Transaction costs	\$m
Offer proceeds	75.0
Legal expenses	0.5
Financial advisory expenses	1.4
Joint Lead Manager, Co-Manager and distribution fees	1.0
ASX Listing fee	0.3
Independent Limited Assurance Report	0.1
Other	0.5
Offer Costs	3.7
VG1 Equity Raising costs paid by the Company	5.3
Total transaction costs	9.0
Net Offer Proceeds	66.0

4.8 Management's discussion and analysis of the Pro Forma Historical Financial Information

4.8.1 Management discussion and analysis: Pro forma income statement CY16 compared to CY17

\$m	CY16	CY17	\$ Change	% Change
Management fees ¹	11.2	14.8	3.6	32%
Performance fees	13.7	12.6	(1.1)	(8%)
Foreign exchange gains/(losses)	0.2	(0.6)	(0.8)	N/M
Revenue	25.1	26.9	1.8	7%
Personnel	(4.9)	(6.2)	(1.3)	26%
Other expenses	(5.4)	(5.9)	(0.5)	9%
Expenses	(10.3)	(12.1)	(1.8)	17%
Earnings before interest and tax	14.8	14.8	(0.0)	(0%)
Interest income	1.0	1.0	0.0	1%
Taxation	(4.6)	(4.7)	(0.0)	1%
Profit after tax	11.2	11.2	(0.1)	(0%)

¹ Management fees in CY17 would be higher if not for the impact of the VG1 Fee Waiver, which is no longer in effect. Please see Section 4.6.3 for further details.

Management fee revenue increased as a result of the increase in average FUM (44%), but at a lower rate due to the impact of the VG1 Fee Waiver.

Performance fee revenue decreased as a result of the lower returns of the VGI Funds over their Performance Calculation Periods. Performance fees as a percentage of FUM over the relevant Performance Calculation Periods were approximately 1.2% in CY17 compared with approximately 2.0% in CY16.

Personnel costs increased due to salary increases and higher bonuses.

4) Financial Information

4.8.2 Management discussion and analysis: Pro forma income statement CY17 compared to CY18

\$m	CY17	CY18	\$ Change	% Change
Management fees ¹	14.8	19.2	4.4	30%
Performance fees	12.6	44.9	32.2	256%
Foreign exchange gains/(losses)	(0.6)	0.7	1.2	N/M
Revenue	26.9	64.8	37.9	141%
Personnel	(6.2)	(7.6)	(1.4)	22%
Other expenses	(5.9)	(8.5)	(2.6)	44%
Expenses	(12.1)	(16.0)	(4.0)	33%
Earnings before interest and tax	14.8	48.7	33.9	229%
Interest income	1.0	1.1	0.1	10%
Taxation	(4.7)	(14.9)	(10.3)	219%
Profit after tax	11.2	34.9	23.8	213%

¹ Management fees in CY17 and CY18 would be higher if not for the impact of the VG1 Fee Waiver, which is no longer in effect. Please see Section 4.6.3 for further details.

Management fee revenue increased as a result of the increase in average FUM (64%), but at a lower rate due to the impact of the VG1 Fee Waiver.

Performance fee revenue increased as a result of a higher FUM balance and higher investment performance in the VGI Funds over their Performance Calculation Periods. Performance fees as a percentage of FUM over the relevant Performance Calculation Periods were approximately 2.5% in CY18 compared with approximately 1.2% in CY17.

Personnel costs increased as a result of an increase in headcount.

The increase in other expenses reflects the increase in FUM, and in particular a full year of the costs of administering VG1. Higher legal and professional services expenditure and increased spending on operational improvements and security consultancy also contributed to the increase in other expenses.

4.9 Additional Financial Information

4.9.1 Performance Fee Profile

Table below shows the relative amount of performance fee revenue compared to the total fee revenue (management and performance fees):

Figure 23: Fee revenue composition

\$m	CY16	CY17	CY18
Management fees	11.2	14.8	19.2
Performance fees	13.7	12.6	44.9
Total fees	24.9	27.4	64.1
Management fees as % of total fee revenue	45%	54%	30%
Performance fees as % of total fee revenue	55%	46%	70%

The table below shows the degree to which performance fee revenue is concentrated in the first half of each calendar year.

Figure 24: Timing of performance fee realisation¹

	Proportion	Adjusted FUM \$bn
First Half (June realisation)	71%	1.7
Second half (December realisation)	29%	0.7
Total	100%	2.4

¹ Based on the Performance Calculation Periods of each VGI Fund. VGI FUM has been apportioned evenly between 30 June and 31 December for the purposes of the above analysis.

As shown by Figure 23 and 24 above, performance fees form a significant component of the Company's total fee revenue and the realisation of performance fees is weighted to the first half of each calendar year.

4.9.2 Unrealised Performance Fees as at 30 April 2019

While the Company calculates monthly Unrealised Performance Fees, being performance fees each month based on the performance of each VGI Fund for the month, performance fees are recognised as revenue in the Company's accounts on a crystallised basis; that is, as and when they become due and payable. Performance fees for each VGI Fund are crystallised at the end of its Performance Calculation Period, which is typically a six or twelve-month period. As shown in Figure 24, the majority of the Company's performance fees are crystallised at 30 June, with a smaller proportion crystallised at 31 December. As a consequence, the crystallisation of performance fees will have a significant impact on the Company's 30 June 2019 half year results.

The Unrealised Performance Fees estimated as at 30 April 2019 are \$22.0 million (\$11.5 million as at 31 March 2019). Of this \$20.0 million (\$10.3 million as at 31 March 2019) relates to VGI Funds which have a Performance Calculation Period ending on 30 June. While unlikely, if there were no further change in FUM through performance from 1 May 2019 until 30 June 2019, the Company would record \$20.0 million in performance fee revenue for its half year to 30 June 2019. Such a result would be significantly lower than the \$39.5 million of performance fees recorded in the first half of CY18.

While the Unrealised Performance Fees amount is useful information in assessing the short-term performance of the Company, performance fees are subject to volatility on a month-to-month basis, and the actual performance fees recorded at 30 June 2019 may be materially different to the Unrealised Performance Fees as at 30 April 2019.

4) Financial Information

4.9.3 Management Fee Base

Figure 25 provides a bridge between the management fee revenue recorded in CY18 and the Management Fee Base.

Figure 25: CY18 to Management Fee Base bridge

\$m	Revenue	FUM ¹
Management fee revenue recorded in CY18	19.2	2.0
Add impact of:		
Increase in FUM through CY18 and the three months to 31 March 2019	2.3	0.2
Impact of VG1 Fee Waiver in CY18	8.3	–
Increase in management fees due to VG1 Equity Raising	4.5	0.3
Management Fee Base	34.3	2.4

1 Average monthly FUM over CY18.

4.10 Indebtedness, liquidity and capital sources

The Company has no borrowings.

Following Completion, the Company's principal source of funds will be cash flow from its operations.

The Company expects that it will have sufficient cash flow from operations to meet its ongoing operations and business needs, and will have sufficient working capital to carry out its stated objectives.

The Company expects that its operating cash flow and cash on hand will position it to pursue business growth opportunities, including co-investing with its clients in existing or new investment strategies.

4.11 Dividends

4.11.1 Dividend policy

The Company will target a dividend pay-out ratio of between 50% and 75% of profit after tax. In a period of outsized performance fee revenue or when the Company is investing capital to improve Shareholder returns in the future, the Company may determine to pay a dividend below the target range. In a period of below average performance fee revenue, the Company may determine to pay a dividend above the target range (where there is sufficient brought forward retained earnings). In addition, the actual payout ratio may vary between periods depending upon on a number of factors including the general business environment, future funding requirements, capital management initiatives, taxation considerations (including the level of franking credits and imputation credits available), any contractual, legal or regulatory restrictions on the payment of dividends by the Company and any other factors the Directors consider relevant.

The Company's intention is to pay a dividend twice a year around the time the Company announces its annual and half year results. It may decide to separate the returns to Shareholders into a special dividend and ordinary dividend, with the special dividend reflecting the contribution of performance fee revenue.

The first dividend to be paid post Completion is expected to be paid in August 2019 in respect of the half year ending 30 June 2019 and is expected to be fully franked. Shares issued under the Offer will be entitled to any such dividend, with the quantum of this dividend depending on the Company's actual performance fee result for the period ending 30 June 2019.

The dividend policy is subject to change and is at the absolute discretion of the Board. No assurances can be given by any person, including the Directors, about the payment of any dividend and the level of franking on any such dividend. There may be periods in which dividends are not paid.

4.11.2 Reinvestment of dividends received by Existing Shareholders into VG1

The Company, VG1 and the Existing Shareholders have entered into an agreement (**Reinvestment Agreement**) pursuant to which they have agreed, to the maximum extent permitted by law, to reinvest, from the dividends which they receive from the Company, their 'look through' after tax share (based on their percentage shareholding in the Company and their own personal effective tax rate) of any performance fees received by the Company from managing the VG1 portfolio (**Performance Fee Reinvestment Amount**) into fully paid ordinary shares in VG1 (**VG1 Shares**), and to have such VG1 Shares voluntarily escrowed on a long term basis.

The Reinvestment Agreement replaces (but is substantially similar to) the share purchase mechanism for the performance fee reinvestment in the Investment Management Agreement entered into between the Company and VG1 on 19 July 2017 and which was disclosed in the prospectus for the VG1 IPO, dated 27 July 2017 (as supplemented from time to time) (**Prior Mechanism**). The need for the Reinvestment Agreement arises as a result of the Prior Mechanism no longer being feasible given the Company's proposed initial public offering.

The mechanism under the Reinvestment Agreement is substantially similar to the Prior Mechanism in that it is designed to take account of the relationship between the market price of the VG1 Shares and VG1's net tangible asset value per VG1 Share, in each case, at the conclusion of the performance calculation period to which the performance fees relate (the **NTA Price**) as follows:

- (a) if the prevailing market price for the VG1 Shares is higher than or equal to the NTA Price, the Existing Shareholders will be issued new VG1 Shares at the NTA Price (or, if required by applicable laws, at the prevailing market price), such that the value of the total new issuance of VG1 Shares equates to the Performance Fee Reinvestment Amount (rounded down to the nearest whole number of VG1 Shares); and
- (b) if the prevailing market price for the VG1 Shares is less than the NTA Price (or if required by applicable laws), VG1 will procure the purchase of VG1 Shares on-market (at or below the NTA Price) to satisfy its obligations under the Reinvestment Agreement. In these circumstances, VG1 will engage a broker who will have 20 trading days to purchase VG1 Shares with an aggregate purchase price (including all brokerage, stamp duties and any other transfer fees) equating to the Performance Fee Reinvestment Amount (rounded down to the nearest whole number of VG1 Shares). If VG1 is not able to acquire sufficient VG1 Shares on-market within the fixed period, the outstanding balance of the Performance Fee Reinvestment Amount will be used to subscribe for new VG1 Shares, which VG1 will issue at the NTA Price.

If a dividend paid by the Company in respect of a period is insufficient to fully fund an Existing Shareholder's Performance Fee Reinvestment Amount for that period, the Existing Shareholder must reinvest future dividends until the full relevant Performance Fee Reinvestment Amount has been reinvested.

In order to facilitate the transactions contemplated by the Reinvestment Agreement, the Company and VG1 have agreed to a minor amendment to the Investment Management Agreement which confirms that performance fees are payable promptly after finalisation of VG1's accounts for each half year.

Risks

05

5) Risks

The future performance of the Company and the future investment performance of Shares may be influenced by a range of factors, many of which are outside the control of the Company, the Directors and its Senior Management team. This Section 5 describes what the Company believes to be the key risks associated with the Company's business, the industry in which it operates and the general risks associated with an investment in the Company. It does not purport to list every risk that may be associated with the Company's business or the industry in which it operates or an investment in the Company now or in the future. The occurrence or consequence of some of the risks described in this Section 5 are partially or completely outside the control of the Company, its Directors and its Senior Management team.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring, the ability to mitigate the risk and the impact of the risk if it did occur. The assessment is based on the knowledge of the Directors and Senior Management as at the Prospectus Date, but there is no guarantee or assurance that the importance of different risks will not change or other risks will not emerge. Any of these risks, and any other risks that may emerge, may in isolation or in combination, if they eventuate, have a material adverse effect on the Company's business, future financial position and future financial performance and cash flows. There can be no guarantee that the Company will achieve its stated objectives or that the potential future revenue of the Company or any forward-looking statements contained in this Prospectus will be achieved or realised. Investors should note that past performance is not a reliable indicator of future performance.

Before applying for Shares, you should satisfy yourself that you have a sufficient understanding of the risks described in this Section 5 and all of the other information set out in this Prospectus, and consider whether the Shares are a suitable investment for you, having regard to your own investment objectives, financial circumstances and particular needs (including financial and taxation issues). If you do not understand any part of this Prospectus or have any questions about whether to invest in the Company, you should consult your accountant, financial adviser, stockbroker, lawyer or other professional adviser prior to deciding whether to invest in the Company.

5.1 Risks specific to an investment in the Company

5.1.1 Investment performance risks

The success or otherwise of the Company is highly dependent on its skill in carrying out its investment management services and, in combination with market forces outside the Company's control, the performance of the VGI Funds as a whole and individually. Astute investment decisions combined with favourable market conditions may produce outsized performance fees, enhance the ability to retain existing clients and to attract new clients, and to provide the opportunity to create new investment products. Poor investment decisions and/or unfavourable market movements may result in reduced or no performance fees, client redemptions, loss of investment mandates, the inability to attract new FUM and curtail any potential for new investment products. In addition, in certain circumstances the Investment Management Agreements which have been entered into by the Company may be terminated (see Section 9.10 for further information).

The performance of the Company in providing its investment management services is dependent on its expertise, the level of research it undertakes and ultimately its investment decisions. The Company's opinion about the intrinsic worth of an investment may be incorrect, the investment objective may not be achieved, and the market may continue to value the securities within the portfolio materially differently to the Investment Team from time to time, all resulting in the poor performance of the VGI Funds.

Even with astute investment decisions, market circumstances may be such that the VGI Funds deliver poor returns.

The Company's past performance is not necessarily a guide to future performance of the VGI Funds.

5.1.2 Performance fee risk

The revenue and earnings of the Company have a significant level of dependence on performance fees which are unpredictable in nature. Past good performance of the VGI Funds and consequently the Company's ability to earn performance fees are not necessarily a guide to future performance fee generation. The ability of the Company to earn performance fees is contingent on numerous factors, some of which cannot be controlled by the Company.

5) Risks

A sustained period of poor performance may cause the value of units or Shares in the VGI Funds to fall below their respective high-water mark. If this occurs not only would the Company not generate performance fees during that period, but in future periods the relevant VGI Fund or Funds would need to recoup past underperformance against the high-water mark before recording a performance fee. A worked example of how performance fees are calculated is contained in Section 9.7.2.

The Company's revenue and earnings are, all else being equal, more weighted towards performance fees as compared to some of its larger competitors which may have higher FUM and management fee bases and different performance fee structures.

5.1.3 Reduced ability to retain and attract investors

With the exception of VG1, the VGI Funds provide investors with the ability to redeem their investment at their discretion upon serving certain notice periods. Redemptions reduce the Company's FUM balance and therefore its fee earning base; from both management and performance fees.

Similarly, a reduced ability, or inability, of the Company to attract new clients for its existing Investment Strategy or for new strategies which it may seek to establish in the future, will reduce its ability to grow fee revenue, and/or offset redemptions.

As described above the key risk which may cause a reduction in FUM, or reduce growth, is poor VGI Portfolio performance. Other risks which may also impact on FUM and/or the level of fees the Company can charge include:

- a deterioration in the Company's reputation due to, for example, the actions of its key executives, notwithstanding good investment performance;
- an increased level of competition in the market for professional funds management services;
- a decrease in the overall demand in the market for professional funds management services;
- market forces, in particular a reduction in liquidity, leading to investor redemptions;
- specific financial circumstances of individual investors, resulting in redemptions;
- a decrease in investors' support of the Investment Strategy or other changes in investors' asset allocation decisions; and
- changes in research analyst ratings (including holds or downgrades).

A material reduction in the VGI Funds' FUM is likely to have a material adverse effect on revenue and hence the financial performance of the Company and the Company's Share Price.

While VGI Partners typically invests in highly liquid securities, if there were to be major dislocation in global financial markets, it is possible that the Company's ability to meet redemption requests could be impaired. This may have a material adverse effect, including on the Company's reputation.

In relation to VG1, the Company could be removed as manager of VG1's portfolio after the initial 10 year term of the Investment Management Agreement through a VG1 shareholder vote. See Section 9.10 for further details.

5.1.4 Competitive environment

The funds management industry is highly competitive, with a significant number of existing investment firms and new entrants regularly developing new products. Actions of current or future competitors may result in loss of FUM, fee reductions, reduced margins or lower market share, and may have a material adverse effect on the Group's financial performance and growth prospects. The actions of competitors, and other factors, may lead to increased commercial pressure to reduce fees, which could have an adverse effect on the Group's financial performance.

5.1.5 Investment Strategy risk

(a) Single investment strategy risk

VGI Partners currently employs the same Investment Strategy across each of the VGI Funds. Therefore the VGI Funds provide similar underlying asset exposures, notwithstanding some funds aim to maximise AUD returns, while some funds are fully hedged to the USD in order to achieve a pure USD return. If the Company's Investment Strategy results in underperformance it is likely that all the VGI Funds underperform. Similarly, if the Investment Strategy outperforms then all portfolios are likely to outperform. Hence, until the Company implements new investment strategies, the Company's performance fee revenue is likely, all else being equal, to be more volatile than investment managers which run multiple diverse strategies.

(b) Concentration risk

The Company's typical portfolio holds shares in approximately 10 to 25 core Long Investments, which represents a level of investment concentration. The lower the number of investments, the higher the concentration and, in turn, the higher the potential volatility of returns on the VGI Funds. Notwithstanding the Company's focus on capital preservation, the concentration in its VGI Funds

may result in more volatile returns than a portfolio with a larger number of investments.

(c) Short selling risk

There are inherent risks associated with short selling. Short selling involves borrowing securities which are then sold. If the price of the securities falls, then the Company, through the portfolios it manages, can buy those securities at a lower price to transfer back to the lender of the securities. Short selling can be seen as a form of leverage and may magnify the gains and losses achieved in the portfolios. While short selling may be used to manage certain risk exposures in the portfolios and increase returns, it may also have a significantly increased adverse impact on its returns. Short selling exposes the portfolios to the risk that investment flexibility could be restrained by the need to provide collateral to the securities lender and that positions may have to be liquidated at a loss and not at a time of the Company's choosing.

(d) Derivatives

The Company, through the portfolios it manages, can invest in exchange traded and over-the-counter derivatives including options, futures, swaps, credit default exposures, currency forwards/contracts and related instruments. The Company may use derivative instruments (both exchange traded and over-the-counter) for risk management purposes and to take opportunities to increase returns. Investments in derivatives may cause losses associated with the value of the derivative failing to move in line with the underlying security or as expected. Derivative transactions may be highly volatile and can create investment leverage, which could cause the VGI Funds to lose more than the amount of assets initially contributed to the investment.

Typically the Company only employs relatively simple derivatives and the notional exposures of any open derivative positions are included in overall exposure limits.

The only derivatives that VGI Partners has employed since inception are exchange traded options, and the Company expects that the future use of derivatives would be limited to exchange trade derivatives and currency forwards/contracts.

(e) Leverage

While the Company does not typically use debt to increase the scale of the portfolios it manages, the use of derivatives and short selling may have a similar effect to leverage that can magnify the gains and losses achieved in the portfolios. This magnification of gains and losses through the use of derivatives and short selling is similar to the use of debt in a leveraged portfolio. These risks give

rise to the possibility that positions within the portfolios may have to be liquidated at a loss and not at a time of the Company's choosing.

(f) Under-investment

The Company may be unable to identify suitable assets to invest in and consequently be unable to deliver wholly on its Investment Strategy.

5.1.6 Loss of key personnel

VGI Partners' success is dependent on the efforts of a number of key investment professionals. VGI Partners relies on its ability to attract, train and retain high quality employees and investment professionals to generate future earnings and returns. Loss of these key personnel may affect the Company's ability to execute its Investment Strategy, result in a withdrawal of a material amount of FUM (including loss of investment mandates) or give rise to an inability to attract new FUM, which may have a material adverse effect on the Company.

5.1.7 Concentration of shareholding

Upon completion of the Offer and listing on the ASX, the Existing Shareholders will own approximately 80% of Shares on issue.

Accordingly, these parties will continue to be in a position to exert significant influence over the outcome of matters relating to VGI Partners, including the election of Directors. Although the interests of VGI Partners, the Existing Shareholders and other Shareholders are likely to be aligned in most situations, there may be instances where their respective interests diverge.

The sale of Shares in the future by the Existing Shareholders, and/or certain employees, or the perception that such sales might occur, could adversely affect the market price of the Shares. Also, the concentration of ownership may affect the liquidity of the market for Shares on the ASX, limiting the likelihood of VGI Partners' entry into relevant indices in due course (such as the S&P ASX 200).

5.1.8 Brand and reputation

The success of VGI Partners is dependent on its reputation. While its reputation is heavily dependent on its investment performance track record, there are other risks of damage to its reputation.

Satisfactory performance

The Company relies on generating sufficient returns for its investors. If it fails to deliver satisfactory performance, the business' reputation may be damaged leading to investor redemptions or challenges for the business in relation to

5) Risks

securing new investor funds. Both scenarios could result in a reduction in FUM which would reduce fee revenue and adversely impact financial performance.

Conflicts of interest

Failure to deal appropriately with actual, potential or perceived conflicts of interest could damage the Company's reputation and materially adversely affect its business.

It is possible that actual, potential or perceived conflicts could give rise to client dissatisfaction, complaints, litigation or regulatory enforcement actions. Appropriately identifying and managing actual or perceived conflicts of interest is complex and difficult, and the Company's reputation could be damaged if it fails, or appears to fail, to deal appropriately with one or more potential or actual conflicts of interest. Regulatory scrutiny of, or litigation in connection with, conflicts of interest could have a material adverse effect on reputation which could materially adversely affect VGI Partners' business in a number of ways, including a reluctance of some clients and counterparties to do business with the Company.

Employee misconduct

Employee misconduct, which can be difficult to detect and deter, could harm the Company by impairing its ability to attract and retain clients and by potentially subjecting it to legal liability and reputational harm. There is a risk that employees could engage in misconduct that would adversely affect the Group's business. It is not always possible to deter employee misconduct, and the precautions taken to detect and prevent misconduct may not be effective in all cases. If employees engage in misconduct, the Group's business could be materially adversely affected.

5.1.9 Information technology systems and internal processes

The Company relies on third party products and services for its management of its information technology systems and has a range of critical internal processes. Any damage or interruptions from system failures, computer viruses, cyber-attacks or other events could impair the ability of the Company to deliver its services to its clients and could lead to third party disruptions, liability to clients, reputational damage, and regulatory and compliance problems, which may have a material adverse effect on the Group's financial performance and growth prospects. There is also a risk that inadequate or failed internal processes, people or systems (including failure of staff to follow defined processes, inadequate training or failure to implement appropriate controls) or external events may give rise to failures or

disruptions in operational systems and controls (e.g. fraud, security failures, manual processing errors), which may result in losses to clients that the Company is liable to compensate.

Through its ordinary course of business, the Company will collect information about its clients (which would usually include personal and confidential information). A cyber attack or other cyber incident may compromise the systems used by the Company to protect that information. VGI Partners has put in place industry standard measures intended to prevent misuse or loss of, unauthorised access to, or unauthorised modification or disclosure of, the information that it holds. However, there is a risk that the measures taken may not be sufficient to detect, mitigate or prevent such an incident.

Any loss, damage or interruption to the Company's networks, systems, data or services, or a data breach affecting VGI Partners, whether arising from hardware, software or systems failures, computer viruses or other harmful code, third party service failures, or cyber attacks or other cyber incidents, could impair the ability of the Company to deliver services to its clients; expose the Company to reputation damage; result in a loss of confidence in the services it provides; result in claims by clients or a loss of clients or FUM; and give rise to regulatory scrutiny and legal action. Any of these events could adversely impact VGI Partner's reputation, business, financial condition and financial performance.

5.1.10 VG1 Equity Raising

The Management Fee Base information provided in Section 4, includes the assumption that the VG1 Equity Raising proceeds and is fully subscribed. The VG1 Equity Raising is not underwritten and, therefore, there is no assurance that the full amount will be raised. As a consequence, the FUM used in calculating the Management Fee Base could be lower, and therefore the Management Fee Base could also be lower.

5.1.11 Changing market conditions, currency exchange rates and interest rates

(a) Market conditions risk

The Group's revenue is directly linked to its FUM which is driven by market performance. As such, the Company's performance is significantly linked to market performance and funds managed by the Company will be exposed to market risk. The market risk of assets in the Company's portfolio can fluctuate as a result of market conditions. The value of the Company's portfolio may be impacted by factors such as economic conditions, interest rates, regulations, sentiment and geopolitical

events, as well as environmental, social and technological changes. Unfavourable global market movements, or a decline related to an asset class in which the Company manages assets, may reduce the Company's existing FUM, negatively impact net flows, result in reduced or no performance fees, client redemptions and curtail any potential for new investment products. This would likely have a material adverse effect on revenue and hence the financial performance of the Group. The Company will seek to reduce market and economic risks to the extent possible. In addition, as the Company will be listed on the ASX, the Shares will be exposed to market risks and may trade below the intrinsic value of the Company and/or the Offer Price (see Section 5.2.1 for further information).

(b) Currency exchange risk

Foreign exchange contracts, derivatives, natural hedging or other methods may be used in the Portfolios to hedge against the movements of foreign currencies relative to the AUD (for funds denominated in AUD) and USD (for funds denominated in USD) as part of the Investment Strategy.

The AUD denominated funds managed by the Company may not be fully hedged to the AUD, and therefore have a currency exposure as a result of investments in global securities and foreign denominated assets (including cash).

Investing in assets denominated in a foreign currency creates an exposure to foreign currency fluctuations, which can change the value of the portfolio's investments managed by the Company that are measured in AUD or USD. For example, if an equity investment is denominated in a foreign currency and that currency depreciates in value against the AUD, the value of that investment may depreciate when translated into AUD, and the fund which holds the investment may suffer a loss as a result, notwithstanding that the underlying equity has appreciated in value in its currency of denomination.

VGI Partners' Investment Strategy seeks to assess the potential returns and risks created by currency exposures and to position the investment with the aim of capturing those returns while minimising those risks. The Company will seek to actively manage or mitigate the Portfolio's currency exposure using derivatives and cash foreign exchange trades.

Separate to currency exchange risk within the VGI Funds, the Company receives fees from the Offshore Fund and certain IMAs in USD. VGI Partners has also historically held cash in USD and therefore the Company is exposed to relative movements between the AUD and the USD.

(c) Interest rate risk

Interest rate movements may adversely affect the value of the funds managed by the Company through their effect on the price of securities. Any adverse movements will subsequently impact the performance of the VGI Portfolio and the Company's fee earnings.

5.1.12 Investing and trade execution

(a) Foreign issuer and market risk

The Company's investment objective and strategies are focused on global listed securities. Investments in foreign companies may be exposed to a higher degree of sovereign, political, economic, market and corporate governance risks than domestic investments.

(b) Counterparty and collateral risk

The Company uses the services of prime brokers to facilitate the borrowing of securities to short sell. Until the Company returns a borrowed security, it will typically be required to maintain assets with the prime broker as collateral. As a result, the Company may be exposed to certain risks in respect of that collateral. In the event of the insolvency of a prime broker and/or a custodian, the VGI Funds might not be able to recover equivalent assets in full as they will rank among the prime broker and custodian's unsecured creditors in relation to assets which the prime broker or custodian borrows, lends or otherwise uses. In addition, the VGI Funds' cash held with a prime broker or custodian will not be segregated from the prime broker's or custodian's own cash, and the funds will therefore rank as unsecured creditors in relation to that cash.

There is also a risk of loss resulting from the insolvency or bankruptcy of a counterparty used by the Company to execute trades.

(c) Default risk

Investment in Shares and financial instruments generally involves third parties as custodial and counterparties to contracts. Use of third parties carries risk of default and failure to secure custody, which could adversely affect the value of the portfolios managed by the Company and subsequently the value of VGI Partners.

(d) Portfolio liquidity risk

The Company is exposed to liquidity risk in relation to the investments within its Portfolios. If a security cannot be bought or sold quickly enough to minimise potential loss, the Company may have difficulty satisfying commitments associated with financial instruments held within the Portfolios, by the Group or both within the Portfolios and by the Group.

5) Risks

The Company's Shares are also exposed to liquidity risk. The ability of an investor in the Company to sell their Shares on the ASX will depend on the turnover or liquidity of the Shares at the time of sale. Therefore, investors may not be able to sell their Shares at the time, in the volumes or at the price they desire (see Section 5.2.2 for further information).

(e) Portfolio regulatory risk

All investments carry the risk that their value may be affected by changes in laws and regulations, especially taxation laws. Regulatory risk includes risk associated with variations in the taxation laws of Australia or other jurisdictions in which the Company holds investments.

(f) Service provider risk

The Company uses the services of prime brokers and outsources key operational functions including custody, execution, administration and valuation to a number of third party service providers. There is a risk that third party service providers may intentionally or unintentionally breach their obligations to the Company or provide services below standards which are expected by the Company, causing loss to the portfolio managed by the Company, or error in the reporting of its value.

There is also a risk that the service providers terminate arrangements with the Company or alter the terms on which the services are provided to the detriment of the Company.

5.1.13 New investment strategies or funds

The Company may establish new investment strategies or funds in the future, which may result in additional risks and uncertainties in the business and may impact the focus and performance on its existing Investment Strategy. While the Company's new strategies are likely to include ones with clear adjacencies to VGI Partners' existing area of expertise, such as ones which focus on a particular geographic region, the new strategies may extend to other areas. The Company's experience and expertise in other areas is presently limited. If the Company executes these new strategies poorly, the resulting underperformance may have a material adverse effect on the Group's financial performance or position.

5.1.14 Litigation

VGI Partners' Investment Strategy includes taking Short Positions in a company where it holds the view that the share price of that company will fall for reasons which may include perceived accounting irregularities, poor management and other factors. In some instances, VGI

Partners will make its view on the company known to its clients which may result in those views becoming public. This may expose VGI Partners to the risk of litigation from the relevant company and possibly regulatory scrutiny.

A recent example of this is press reports that an Australian company operating in the corporate travel sector, and whose shares VGI Partners had short sold, had sought legal advice to investigate the potential for a claim against VGI Partners. To date, the Directors are not aware of any proceedings that have been commenced in relation to this matter against VGI Partners.

The Group may be exposed to litigation from time to time with third parties (including clients, regulators and investment professionals) in relation to allegations of professional negligence or investment loss. To the extent that the costs of such litigation are not covered by insurance policies, these may have a material adverse impact on the Company's financial performance or financial position.

5.2 General risks of an investment in the Company

5.2.1 Uncertainty may affect the price and value of Shares

Once the Company becomes a publicly listed company on the ASX, it will become subject to general market risk that is inherent in all securities listed on a stock exchange. This may result in fluctuations in the Share price that are not explained by the fundamental operations and activities of the Company.

The price of Shares as quoted on ASX may fluctuate due to a range of factors, some of which are beyond the control of the Company and the Directors. These include but are not limited to:

- the number of potential buyers or sellers of Shares on the ASX at any given time;
- fluctuations in the domestic and international markets for listed stocks (and for funds management stocks in particular);
- general economic conditions including interest rates, inflation rates, exchange rates, commodity and oil prices, changes in investor sentiment and general market movements, changes to government fiscal, monetary policies, legislation or regulatory policies (including superannuation and compulsory contribution levels, taxation laws and policies, accounting laws, policies, standards and practices and employment laws and regulations);

- changes to the nature of competition in the industry in which the Company operates;
- recommendations by brokers or analysts;
- the inclusion in or removal of the Company from major market indices;
- changes in market valuations of other financial services institutions;
- announcements of acquisitions, strategic partnerships, joint ventures or capital commitments by the Company or its competitors;
- the nature of the markets in which the Company operates;
- future issues of Company debt or equity securities; and
- general operational and business risks.

These factors may cause the Shares to trade at prices below the price at which the Shares are being offered under this Prospectus. There is no assurance that the price of the Shares will increase following the quotation on ASX, even if the Company's earnings increase.

Deterioration of general economic conditions may also affect the Company's business operations, and the consequent returns from an investment in Shares.

5.2.2 Liquidity of Shares

There is currently no public market through which existing Shares may be sold. On Completion, there can be no guarantee that an active market will develop or that the price of the Shares will increase. There may be relatively few or many potential buyers or sellers of the Shares on ASX at any time. This may increase the volatility of the market price of the Shares and may prevent investors from acquiring more Shares, or disposing of Shares they acquire under the Offer.

The Escrowed Shareholders will hold approximately 80% of the Shares following Completion, which may impact liquidity. A summary of the escrow arrangements applying to two-thirds of those Shares, and of the Existing Shareholders' holding intentions with respect to the balance of them, is set out in Section 6.6. The absence of any sale of Shares by the Escrowed Shareholders during the period of the escrow and holding intentions may cause, or at least contribute to, limited liquidity in the market for the Shares. This could affect the prevailing market price at which Shareholders are able to sell their Shares.

5.2.3 Force majeure events

Events may occur within or outside Australia that could impact upon the global and Australian economies, the operations of the Company and the price of the Shares. These events include but are not limited to terrorism, an outbreak of international hostilities, fires, floods, earthquakes, labour strikes, civil wars, natural disasters, outbreaks of disease or other man-made or natural events or occurrences that can have an adverse effect on the demand for the Company's services.

5.2.4 Regulation

The Company conducts its business in a highly regulated industry and must comply with the requirements of its Australian Financial Services Licences, the Corporations Act, ASIC, ASX, the United States Securities and Exchange Commission and other regulators. The Company's performance would be adversely impacted if licences issued by these bodies were terminated, suspended or subjected to significant limitations (for example, as a result of misconduct by the Company).

Non-compliance with applicable regulation in any relevant jurisdiction may result in financial penalties, additional expense or reputation damage.

Over recent years the level and complexity of the regulatory environment for financial services in Australia, the US and Japan has continued to increase, bringing increased costs and burdens of compliance, and it is anticipated that the regulatory environment will continue to change and become more complex. Changes to regulation may result in increased costs to the Company in order to comply with regulatory requirements, and an increased risk of non-compliance with the new regulation. There is a risk that future changes to legislation, regulation, standards or policies may require VGI Partners to modify its offerings, secure additional licences, authorisations or permits, restrict the margins it can make on its funds or incur additional costs to ensure compliance, which may increase the costs of operations, affect profitability of its offering or adversely affect the Group's ability to conduct its operations.

5) Risks

5.2.5 Potential changes to tax rates or laws

Changes in tax law (including transfer pricing, GST and stamp duties), or changes in the way tax laws are interpreted, may adversely impact the tax liabilities of the Company, Shareholder returns, the level of dividend imputation or franking, or the tax treatment of a Shareholder's investment. In particular, both the level and basis of taxation may change. The tax information provided in this Prospectus is based on current taxation law as at the Prospectus Date. Tax law is frequently being changed, both prospectively and retrospectively. Furthermore, the status of some key tax changes remains unclear at this stage.

In addition, tax authorities may review the tax treatment of transactions entered into by the Company in any jurisdictions in which the Company operates or has activities. Any actual or alleged failure to comply with, or any change in the application or interpretation of, tax rules applied in respect of such transactions, could increase its tax liabilities or expose it to legal, regulatory or other actions.

In addition, an investment in the Shares involves tax considerations which may differ for each Shareholder. Each prospective shareholder is encouraged to seek professional tax advice in connection with any investment in the Company.

5.2.6 Shareholder dilution

In the future, the Company may elect to issue Shares or other securities. While the Company will be subject to the constraints of the ASX Listing Rules regarding the issue of Shares or other securities, Shareholders may be diluted as a result of such issues of Shares or other securities including staff Options.

5.2.7 Insurance

The Company has taken out professional indemnity insurance. The insurance policy is designed to cover against claims from its clients for losses they may incur due to the fault of the Company. As the Company manages over \$2 billion, an amount considerably higher than the policy limit, there is a risk that a claim or series of claims, may be in excess of the policy limit and therefore not covered. In addition, the Company faces risks associated with the financial strength of its insurers to meet indemnity obligations when called upon.

No assurance can be given that any insurance that the Group currently maintains will:

- be available in the future on a commercially reasonable basis; or
- provide adequate cover against claims made against or by the Company or the Group.

5.2.8 Inability to pay dividends or make other distributions or to frank dividends

The payment of dividends by the Company is determined by the Board from time to time at its discretion, depending on the profitability and cash flow of the Company's business and its financial position at the time. Circumstances may arise where the Company is required to reduce or cease paying dividends for a period of time.

To the extent that the Company pays dividends, the Company may not have sufficient franking credits in the future to frank dividends, or the franking system may be subject to review or reform. In addition, if the proportion of the Company's earnings from offshore operations increases, it may not be possible to frank dividends. The value and availability of franking credits to a Shareholder will differ depending on the Shareholder's particular tax circumstances. Shareholders should also be aware that the ability to use franking credits, either as a tax offset or to claim a refund after the end of the income year, will depend on the individual tax position of each Shareholder.

5.2.9 Unforeseen risk

There may be other risks of which the Directors are unaware at the time of issuing this Prospectus which may impact the Company, its operations and/or the valuation and performance of Shares. The above list of key risks ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above risks and others not specifically referred to above may in the future materially affect the Company, its financial performance or the value of Shares. Accordingly, no assurances or guarantees of future performance, profitability, distributions, or returns of capital are given by the Company or any other person in respect of the future financial performance and financial position of the Company, or the price of the Shares.

Board and Management

06

6) Board and Management

6.1 Key people

6.1.1 Board of Directors

The Directors bring to the Board relevant experience and skills, including industry and business knowledge, financial management and corporate governance experience.

Each Director below has confirmed to the Company that he or she anticipates being available to perform his or her duties as a Director without constraint from other commitments.

Profiles of each member of the Board are set out below.

Robert M. P. Luciano Executive Chairman

B.Com (Acc/Fin) (UNSW), M.Com (Fin) (UNSW), F.Fin, CFA

Mr Luciano has over twenty years' experience gained as a portfolio manager, equities analyst and accountant.

Prior to founding VGI Partners in 2008, Mr Luciano spent five years as an executive director and investment manager with Caledonia Investments in Sydney. Prior to Caledonia, Mr Luciano held positions as a portfolio manager and an equities analyst at Allianz Equity Management and BNP Paribas (formerly Prudential-Bache Securities Australia). Mr Luciano commenced his career as an accountant with BDO Nelson Parkhill in 1993. Mr Luciano graduated from the University of New South Wales, with a Bachelor of Commerce, majoring in Accounting and Finance, where he later completed a Master of Commerce, majoring in Advanced Finance. He is a Fellow of the Financial Services Institute of Australasia. Mr Luciano has completed the Chartered Financial Analyst (CFA) Program and has been awarded the CFA Charter. Mr Luciano is a Director of VG1.

Douglas H. Tynan Executive Director

B.Com (Acc) (UQLD), B.Econ (Fin) (UQLD), F.Fin, CFA

Mr Tynan has over fifteen years' experience as an equities analyst and accountant. Prior to joining the Company in 2008, Mr Tynan was a manager and analyst within the Corporate Finance and Assurance divisions of BDO Kendalls.

Mr Tynan graduated from the University of Queensland with a Bachelor of Commerce, majoring in Accounting and a Bachelor of Economics, majoring in Finance. He is a Fellow of the Financial Services Institute of Australasia.

Mr Tynan has completed the CFA Program and has been awarded the CFA Charter. Mr Tynan is a Director of VG1.

David F. Jones Executive Director

B.Eng. (1st Class Hons) (Melb), MBA (Harvard)

Mr Jones has over thirty years' experience in investment markets, the majority as a general partner in private equity firms, and prior to that in general management and management consulting. Mr Jones has been a board member of numerous private and public businesses, including a number in the wealth management sector. Mr Jones was a Managing Director at CHAMP Private Equity (2002-2011); Executive Director and Country Head of UBS Capital (1999-2002) and a Division Director at Macquarie Direct Investment (1994-1999). Mr Jones commenced his career as a Business Analyst at McKinsey & Co. in 1987. He holds a Mechanical Engineering degree from the University of Melbourne (First Class Honours) and a Master of Business Administration from Harvard Business School. Mr Jones is Chair of the National Museum of Australia and a non-executive member of the investment committee of EMR Capital. Mr Jones is Chairman of the VG1 Board.

Jaye L. Gardner Non-Executive Director

B.Com (UQLD), LLB (Hons) (UQLD), SF Fin, CA, GAICD

Ms Gardner has more than twenty five years' experience in corporate finance. She has been an Executive Director of Grant Samuel since 2001. In her role as an Executive Director, Ms Gardner is responsible for the preparation of many of Grant Samuel's valuations and independent expert's reports, primarily for top 200 ASX listed companies. She also advises on mergers, acquisitions and asset sales with a focus on the financial services, property, health and media industries.

Ms Gardner holds a Bachelor of Commerce and a Bachelor of Laws (First Class Honours) from the University of Queensland. She is a Senior Fellow of the Financial Services Institute of Australasia, an Associate of the Institute of Chartered Accountants in Australia and New Zealand and a Graduate of the Australian Institute of Company Directors. Ms Gardner was a Director of VG1 from 25 July 2017 to 8 May 2019.

Benjamin A. Pronk DSC
Non-Executive Director

B.Arts (UNSW), M.Arts (Kings College), MBA (UWA)

Mr Pronk completed a distinguished career in the Australian Army spanning 24 years, the majority of which was spent within Special Operations Command. In this capacity, Mr Pronk served on multiple combat deployments to Timor Leste, Iraq and Afghanistan, where he was awarded the Distinguished Service Cross for leadership in action. He concluded his service as Commanding Officer of the SAS. Mr Pronk is now the Managing Partner of Mettle Global Holdings, a premium consultancy specialising in crisis, emergency and business continuity management and leadership training. In addition to this role, Mr Pronk is also an Executive-in-Residence at the Australian Graduate School of Management and a patron of the Military Arts Program Australia. Mr Pronk holds a Bachelor of Arts, a Master in Defence Studies (with Distinction) from Kings College, London and a Master of Business Administration (with Distinction) from the University of Western Australia. He is a graduate of the AICD Company Directors Course.

Darren J. Steinberg
Non-Executive Director

B.Ec (UWA), FAICD, FRICS, FAPI

Mr Steinberg is CEO of Dexus Limited and an Executive Director of Dexus Funds Management Limited.

Mr Steinberg has over 25 years' experience in the property and funds management industry with an extensive background in office, industrial and retail property investment and development. He has a Bachelor of Economics from the University of Western Australia.

Mr Steinberg is a Fellow of the Australian Institute of Company Directors, the Royal Institution of Chartered Surveyors and the Australian Property Institute. He is a former National President of the Property Council of Australia, a founding member of Property Male Champions of Change and a Trustee of the Museum of Applied Arts & Sciences.

6.1.2 Senior Management team

VGI Partners Investment Team – key persons

Robert M. P. Luciano
Executive Chairman

See Section 6.1.1.

Douglas H. Tynan
Executive Director

See Section 6.1.1.

Robert J. Poiner
Head of US Research

B.Sc (Bio) (UQLD), M.Com (Fin) (UQLD), CFA

Mr Poiner has over ten years' experience as an analyst. Prior to joining VGI Partners in 2009, Mr Poiner was an analyst with J.P. Morgan in the Investment Banking Group. Mr Poiner studied at the University of Queensland and graduated with a Bachelor of Science majoring in Biomedical Science and a Master of Commerce (Dean's Honour Roll) with a major in Finance. Mr Poiner has completed the CFA Program and has been awarded the CFA Charter.

VGI Partners Operations Team – key persons

Ian J. Cameron
Chief Financial Officer and Company Secretary

B.Com (Acc) (UMACQ), CA, B.Laws (UOW), GDLP (UOW)

Mr Cameron has over 12 years of experience in investment management and professional services. Prior to joining VGI Partners in 2018, Mr Cameron worked at Pantheon Ventures and Aspect Capital in London after starting his career at KPMG in Sydney. Mr Cameron holds a Bachelor of Commerce in Accounting from Macquarie University and a Bachelor of Laws from Wollongong University. Mr Cameron is a member of the Institute of Chartered Accountants Australia and New Zealand and a Solicitor of the Supreme Court of NSW.

Mr Cameron is also the Company Secretary of VG1.

Adam M. Philippe
Chief Operating Officer

B.Com (Acc) (UMACQ), CA

Mr Philippe has over twenty years' experience in accounting and financial management. Prior to joining VGI Partners in 2009, Mr Philippe worked as an accountant with Australia and New Zealand Banking Group in its Specialised Leasing and Asset Finance area, was a fund finance manager within Macquarie Capital Funds in Sydney and held a corporate reporting role within Merrill Lynch in London. Mr Philippe commenced his career with KPMG Sydney.

Mr Philippe graduated from Macquarie University with a Bachelor of Commerce, majoring in Accounting. Mr Philippe is a Chartered Accountant.

6.2 Summary of arrangements promoting Senior Management and employees alignment with the Company

Summarised below are a number of important features which promote alignment of the interest of the Company's Senior Management team and its other employees with those of the Company.

- **Post Offer shareholding:** upon Completion of the Offer, the Senior Management Shareholders, being Mr Luciano, Mr Tynan and Mr Poiner (who are also the Existing Shareholders) will beneficially own 80% of the Company (refer Section 6.3.3 for more detail)
- **Escrow arrangements:** the Senior Management Shareholders have agreed not to dispose of their Escrowed Shares (being 66.67% of the Shares they hold on Completion) (except in limited circumstances) for a period of five years, and have separately confirmed to the Company that their intention in relation to the balance of their Shares is not to dispose of them for this period except to fund investments in the VGI Funds or new funds managed by the Company, or other initiatives which may assist the Company's growth or otherwise benefit it (refer Section 6.6 for more detail).
- **Options:** the majority of the Company's Board of Directors, Advisory Board, and employees, excluding the Senior Management Shareholders, have been offered and are expected to purchase Options to acquire Shares in the Company. The ability to exercise the Options is, in the case of employees, dependent on continued employment service (refer Section 6.5 for more detail).

- **Annual Bonus Scheme and the Employee Share Plan:** the Company's Annual Bonus Scheme is designed to reward strong performance of its employees. The Company has established an Employee Share Plan through which a component of the annual bonus award for some employees (particularly senior employees) may be delivered in some form of equity interest in the Company, with vesting dependent on continued employment (refer Section 6.4 for more detail).

6.3 Directors' interests and remuneration

6.3.1 Directors' remuneration

Executive Chairman

The Company has entered into an employment agreement with Robert Luciano to govern his employment with the Company as Executive Chairman of VGI Partners. Refer to Section 6.3.4 for further details.

Non-Executive Directors' remuneration

Under the Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services. The total amount provided to all Directors for their services (excluding, for this purpose, the salary of Executive Directors) must not exceed in aggregate in any financial year the amount fixed by the Company at its general meeting.

This amount has been fixed by the Company at \$850,000 per annum. Any change to that aggregate annual sum will need to be approved by Shareholders. The aggregate sum does not include any special and additional remuneration for special exertions and additional services performed by a Director.

The annual Directors' fees (excluding the salary of Executive Directors) currently agreed to be paid by the Company inclusive of superannuation will be \$90,000 per Non-Executive Director

The remuneration of Directors must not include a commission on, or a percentage of, the profits or income of the Company.

Other information about Directors' remuneration

Directors and the Chairman may also be reimbursed for expenses reasonably incurred in attending to the Company's affairs. Non-Executive Directors may be paid such additional or special remuneration as the Directors decide is appropriate where a Director performs extra work or services which are not in his or her capacity as a Director of the Company or a subsidiary. There are no retirement benefit schemes for Directors, other than statutory superannuation contributions. The interests of Directors are set out in this Section 6.3.

6.3.2 Directors' indemnity and insurance

Deeds of indemnity, insurance and access

VGI Partners has entered into deeds of indemnity, insurance and access with each Director. Each deed contains a right of access to certain books and records of the Company and its related bodies corporate for a period of seven years after the Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

Pursuant to the Constitution, the Company must indemnify Directors, alternate Directors and executive officers on a full indemnity basis and to the full extent permitted by law against all losses, liabilities, costs, charges and expenses incurred by those individuals as officers of the Company or a related body corporate. Under the deeds of indemnity, insurance and access, the Company indemnifies each Director on a full indemnity basis and to the full extent permitted by law, against all losses or liabilities (including all reasonable legal costs) incurred by the Director as an officer of the Company or of a related body corporate. Pursuant to the Constitution, the Company may purchase and maintain insurance for each Director, alternate Directors and executive officer of the Company to the full extent permitted by law against any liability incurred by those individuals in their capacity as officers of the Company or a related body corporate.

Under the deeds of indemnity, insurance and access, the Company must maintain such insurance for each Director until a period of seven years after a Director ceases to hold office. This seven year period is extended where certain proceedings or investigations commence during the seven year period but are not resolved until later.

6.3.3 Directors' Shareholdings in the Company

Figure 26: Directors Shareholdings

Securityholder	Current number of Shares held	Number of Shares to be acquired under the Offer ⁶	Number of Shares to be held on Completion	% of Shares on issue on Completion	Number of Options held
Robert M P Luciano ¹	40,905,913	112,946	41,018,859	61.2%	–
Douglas H Tynan ²	10,686,691	23,395	10,716,086	16.0%	–
David F Jones ³	–	6,159	6,159	0.0%	81,168
Jaye L Gardner ⁴	–	17,107	17,107	0.0%	32,467
Benjamin A Pronk	–	–	–	–	32,467
Darren J Steinberg ⁵	–	15,682	15,682	0.0%	81,168

1 Robert M P Luciano's interest in VGI Partners is held through an entity controlled by Robert M P Luciano.

2 Douglas H Tynan's interest in VGI Partners is held through an entity controlled by Douglas H Tynan.

3 Shares acquired by David F Jones under the Offer will be held by an entity controlled by David F Jones.

4 Shares acquired by Jaye L Gardner under the Offer will be held by an entity controlled by Jaye L Gardner.

5 Shares acquired by Darren J Steinberg under the Offer will be held by an entity controlled by Darren J Steinberg.

6 Mr Luciano, Mr Tynan, Mr Jones and Ms Gardner have confirmed that they will take up in full their entitlement in the VG1 Equity Raising and corresponding entitlement in the Offer. Mr Steinberg has confirmed that he intends to partially take up his entitlement in the VG1 Equity Raising and corresponding entitlement in the Offer. Ms Gardner and Mr Steinberg have confirmed that they will apply in the Chairman's List Offer and their final holding will depend on whether Shares are available for allocation under the Chairman's List Offer.

The Options to be held by each Director are on the same terms described in section 6.5.1, except that in the case of Non-Executive Directors the ability to exercise the Option is not dependent on continuation of service.

6) Board and Management

6.3.4 Employment arrangements

Executive Chairman's employment contract

The table below summarises the key terms of the employment agreements for Robert Luciano, Executive Chairman:

Figure 27: Robert Luciano employment agreement

Key Term	Description
Total salary	Base salary inclusive of superannuation of \$450,000 per annum. In addition, Mr Luciano is entitled to receive other benefits currently valued at approximately \$34,000 per annum.
Annual Bonus Scheme	Mr Luciano is not currently entitled to participate in the Company's Annual Bonus Scheme.
Termination	The Company may terminate Mr Luciano's employment without notice for serious misconduct. Mr Luciano may terminate his employment on six months' written notice.
Restraints	Mr Luciano is subject to a six month non-compete (subject to the Company continuing to pay Mr Luciano's salary during that period) and six months non-solicitation obligation on termination of his employment.

Other employees

VGI Partners has entered into standard employment contracts with all other employees, pursuant to which:

- remuneration is expressed as a total package, including the minimum superannuation guarantee charge;
- each employee (except Mr Luciano and Mr Tynan) has the right to participate in the Annual Bonus Scheme which may include receiving part of their bonus in equity issued under the Equity Plan; and
- each employee has a notice period for resignation and terminations ranging from between one month to six months; and
- a non-compete and non-solicitation period, typically for 3 months post ceasing employment (in some cases, less any time spent on gardening leave), with the restraints preventing solicitation of the Company's clients and employees and engagement in any business or activity that is in competition with the business conducted by the Group).

6.4 VGI Partners employee incentive plans

The Board believes that the adoption of employee incentive arrangements as part of the Company's overall remuneration framework is important to the ongoing development of a high-performance culture within the Company. Accordingly, to assist in the attraction, motivation and retention of employees, the Board has established an annual employee bonus incentive scheme (**Annual Bonus Scheme**) and an employee share plan (**Employee Share Plan**) that will apply on Listing.

(a) Annual Bonus Scheme

All employees, excluding Executive Directors Mr Luciano and Mr Tynan, are eligible to participate in the Annual Bonus Scheme. Under the Annual Bonus Scheme employees may receive an annual bonus. The employee must be employed at the time bonuses are paid in order to receive a bonus.

The payment of bonuses to individual employees is determined by the Board. In determining the aggregate bonus amount and the amounts to be paid to individual employees, the Board takes in to account a range of factors including the performance of the Company, market remuneration levels, key metrics such as total compensation as a percentage of revenue, as well as the performance of each individual staff member. The Board may determine that a component of the annual bonus for an employee be delivered in equity under the Employee Share Plan.

(b) Employee Share Plan

The Board has adopted an Employee Share Plan under which the employee can be awarded equity rights.

The equity rights may take the form of Shares, rights to receive Shares in the future or options to acquire Shares (collectively referred to as **Equity Rights**). The Employee Share Plan is used to deliver Equity Rights determined annually as part of the Annual Bonus Scheme and may also be used to deliver Equity Rights to new employees upon commencement of employment.

The Employee Share Plan is a new initiative made possible by the listing of the Company; in prior years bonuses were paid solely in cash. All employees that are eligible to participate in the Annual Bonus Scheme, will also be eligible to participate in the Employee Share Plan, however the determination as to whether an employee receives Equity Rights is at the sole discretion of the Board. Unless the Board determines otherwise, an employee is not required to pay for a grant of Equity Rights.

Equity Rights will be subject to vesting conditions as determined by the Board including continuation of employment with the Company. Generally, employees who leave before the relevant vesting dates will retain their Equity Rights unless the Board exercises its discretion to force the forfeiture of Equity Rights upon ceasing employment and may do so depending on the particular circumstances of an employee's departure.

The Company may choose to settle vested Equity Rights in cash or by delivering Shares. Prior to vesting, employees are not permitted to transfer, hedge or otherwise deal with their Equity Rights. The Board also has broad clawback powers if, for example, an employee has acted fraudulently or dishonestly or there is a material financial misstatement.

The terms of each annual award of Equity Rights (if any), or ad hoc grants to incoming employees (if any), will be determined by the Board, and may vary from year to year and may vary between employees in any given year.

The Company intends to establish a separate trust to fund the acquisition of Shares to meet the obligations of the Equity Rights granted to employees.

The Employee Share Plan includes specific provisions dealing with adjustments in the event of capital reorganisations. These are intended to ensure that there is no material advantage or disadvantage to employees participating in the scheme as a result of corporate actions including bonus issues and rights issues.

In the event of a takeover or any proposed transaction that the Board in its discretion determines should be treated as a change of control, unvested awards will vest on completion of the transaction to the extent any applicable performance hurdles have been achieved. The Board will have discretion to determine, taking into account the circumstances of the transaction, whether any additional unvested awards held by participants (if any) should also vest.

6.5 Options

Prior to the issue of the Prospectus and as an initiative to create alignment between the Company and its employees, the majority of employees, Directors and members of the VGI Partners advisory board have been invited to purchase Options in the Company. The Existing Shareholders were not offered any Options.

6.5.1 Key terms of the Options

The key terms of the Options are as follows:

- each Option entitles the holder to acquire one Share in the Company;
- total number of Options expected to be on issue is 4.8 million; and
- each Option will expire if it is not exercised on or before the last date shown in the Figures 28 and 29 below.

Those Options expected to be purchased by Directors and members of the VGI Partners Advisory Board have a single tranche, and exercise prices and exercise dates as set out in the table below:

Figure 28: Directors and Advisory Board Options – key terms

	Number of Options (millions)	Exercise price payable (\$ per Option)	Earliest date on which the Options can be exercised (First Exercise Date)	Last date on which the Options can be exercised (Last Exercise Date)
Tranche One	0.4	\$6.16	22 December 2021	21 June 2022

Those Options expected to be purchased by employees comprise four tranches with exercise prices and exercise dates as set out in the table below. Employee Options are expected to be held in the same proportions across each tranche.

6) Board and Management

Figure 29: Employee Options – key terms

	% of holding in each Tranche	Number of Options (millions)	Exercise price payable (\$ per Option)	Earliest date on which the Options can be exercised (First Exercise date)	Last date on which the Options can be exercised (Last Exercise Date)
Tranche One	20%	0.9	\$6.16	20 May 2021	19 June 2021
Tranche Two	20%	0.9	\$6.16	20 May 2022	19 June 2022
Tranche Three	20%	0.9	\$6.16	20 May 2023	19 June 2023
Tranche Four	40%	1.7	\$6.16	20 May 2024	19 June 2024
Total	100%	4.4	\$6.16		

6.5.2 Rights and liabilities attaching to the Options

The rights and liabilities attaching to the Options are summarised as follows:

- **Register:** The Company will maintain a register of holders of Options in accordance with section 168(1) of the Corporations Act.
- **Transfer/transmission:** Options will only be transferable, at the discretion of the Board.
- **Exercise:** On exercise, the Company will issue one Share for each Option exercised, provided that all Options in a tranche must be exercised at the same time. An Option may be exercised by delivery to the Company of a duly completed notice of exercise of Options, signed by the registered holder of the Option, together with payment to the Company of the applicable exercise price.
- **Restrictions on exercise:** Unless otherwise determined by the Board, an Option holder must continue to be employed by the Company in order to exercise the Option. Where the employee resigns (other than in connection with retirement at age 65 or older) or is terminated for cause before the First Exercise Date, then the Options will be automatically lapsed (unless otherwise determined by the Board). Where the employee ceases to be employed for other reasons before the First Exercise Date, then a pro rata portion (based on time served versus time left until the First Exercise Date) of the Options with the closest First Exercise Date will be retained by the holder and the balance of the Options will be automatically lapsed (unless otherwise determined by the Board).

In the case of Non-Executive Directors and advisors, there is no restriction on exercise by reference to service to the Company.

The ability to exercise Options is subject to the trading restrictions imposed by the Company's securities dealing policy. This policy is described in Section 6.7.5.

- **Restrictions on trading:** Unless the Company issues a notice under section 708(5) of the Corporations Act, the Shares issued on exercise of the Options will be subject to voluntary escrow in favour of the Company for 12 months.
- **Cash settlement:** The Company retains the right to cash settle the Options.
- **Dividend entitlement:** Options do not carry any dividend entitlement. Shares issued on exercise of Options will rank equally with other issued Shares of the Company on and from issue.
- **Participating rights:** There are no inherent participating rights or entitlements inherent in the Options and Option holders will not be entitled to participate in new issues of capital offered to Shareholders during currency of the Options. An Option holder may only participate in new issues of securities to holders of applicable Shares in the Company if the Option has been exercised and Shares issued in respect of the Option before the relevant record date.
- **Reconstructions and alteration of capital:** Any adjustment to the number of outstanding Options and the exercise price under a reorganisation of the Company's share capital must be made in accordance with the Listing Rules.
- **ASX Listing Rules:** The Company will make an application for quotation of Shares issued on exercise of the Options on ASX in accordance with the ASX Listing Rules. To the extent that any terms and conditions of the Options Offer are inconsistent with the ASX Listing Rules, the ASX Listing Rules will prevail to the extent of an inconsistency.

6.6 Escrow arrangements

On Completion, the Existing Shareholders, each of whom are members of the Company's Senior Management team, will hold a beneficial interest in an aggregate 53.6 million Shares, representing approximately 80% of the Company's issued Shares, as detailed below:

Figure 30: Escrow arrangements

Securityholder	As at Prospectus Date (million)	Issued under the Offer (million)	Immediately after Completion of Offer (million)	% of Shares on Completion
Robert M P Luciano ¹	40.9	0.1	41.0	61.2%
Douglas H Tynan ²	10.7	0.0	10.7	16.0%
Robert J Poiner ³	1.8	0.0	1.8	2.8%
Existing Shareholders	53.4	0.1	53.6	79.9%

1 Robert M P Luciano's interest in VGI Partners is held through an entity controlled by Robert M P Luciano.

2 Douglas H Tynan's interest in VGI Partners is held through an entity controlled by Douglas H Tynan.

3 Robert J Poiner's interest in VGI Partners is held through an entity controlled by Robert J Poiner.

Each Escrowed Shareholder (who are also the Existing Shareholders) has:

- as to two thirds of their Shareholding on Completion of the Offer (Escrowed Shares), entered into a voluntary escrow deed which prohibits their disposal, subject to the limited exceptions describe below, for five years; and
- as to one third of their Shareholding on Completion of the Offer, confirmed to the Company that they do not intend to dispose of the Shares for five years, except where proceeds of the sale of Shares are to be used to participate in capital raisings for new funds or products that the Company may choose to establish in the future, or other initiatives which may assist the Company's growth or otherwise benefit it.

The restriction on 'disposing' is broadly defined and includes, among other things, selling, assigning, transferring or otherwise disposing of any legal, beneficial or economic interest in the Escrowed Shares, encumbering or granting a security interest over the Escrowed Shares (except to the extent permitted by the deed as outlined in this Section 6.6), doing, or omitting to do, any act if the act or omission would have the effect of transferring effective ownership or control of any of the Escrowed Shares or agreeing to do any of those things.

All of the Escrowed Shareholders may be released early from these escrow obligations to enable:

- sale of the Escrowed Shares in circumstances where the proceeds of such a sale of Escrowed Shares are used to participate in capital raisings for new funds that the Company has established;
- the Escrowed Shareholder to accept an offer under a takeover bid in relation to its Escrowed Shares if holders of at least half of the Shares the subject of the bid that are not held by the Escrowed Shareholders have accepted the takeover bid;
- Escrowed Shares held by the Escrowed Shareholders to be transferred or cancelled as part of a merger by scheme of arrangement under Part 5.1 of the Corporations Act; or
- Escrowed Shareholders to participate in an equal access buy-back or equal return of capital or other similar pro rata re-organisation.

During the escrow period, the Escrowed Shareholders whose Escrowed Shares are subject to escrow may also:

- transfer their Escrowed Shares in the event of death, serious disability or incapacity;
- dispose of their Escrowed Shares to immediate family members and certain other related entities; and
- deal in any of their Escrowed Shares to the extent the dealing is required by applicable law (including an order of a court of competent jurisdiction).

6) Board and Management

While the voluntary escrow arrangements are in place, the Company will be deemed to hold a relevant interest in the Escrowed Shares pursuant to section 608(1) of the Corporations Act. As at Completion, the Company will have a relevant interest in approximately 35.7 million Shares, which represents approximately 53.3% of the Company's issued capital. Unless an exception applies, the Company will be restricted under Chapter 6 of the Corporations Act from increasing its voting power in Shares. In particular, while the voluntary escrow arrangements are in place and unless an exception applies, the Company will be restricted from undertaking any buy-back of its Shares or from imposing dealing restrictions on any Shares issued by it under Chapter 6 of the Corporations Act as such restrictions may result in the Company acquiring a further relevant interest in its own Shares. Further, a person who acquires more than 20% of the Shares in the Company may be deemed to hold the relevant interest that the Company holds in the Escrowed Shares pursuant to the operation of section 608(3) of the Corporations Act.

6.7 Corporate governance

This section explains how the Board will oversee the management of the Group's business. The Board is responsible for the overall corporate governance of the Group. The Board monitors the operational and financial position and performance of the Group and oversees its business strategy, including approving the strategic goals of the Group and considering and approving a business plan and an annual budget. The Board is committed to maximising performance, generating appropriate levels of Shareholder value and financial return, and sustaining the growth and success of the Group. In conducting business with these objectives in mind, the Board seeks to ensure that the Group is properly managed to protect and enhance Shareholder interests, and that the Group and its Directors, officers and personnel operate in an appropriate environment of corporate governance. Accordingly, the Board has created a framework for managing the Group, and has adopted or is developing relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Group's business and which are designed to promote the responsible management and conduct of the Group.

The main policies adopted by the Group, which will take effect from Listing, are summarised below. In addition, many governance elements are contained in the Constitution. The Group's code of conduct outlines the standards of conduct expected of the Group's business and personnel in a range of circumstances. In particular, the code articulates the high standards of honesty,

integrity, ethical and law abiding behaviour expected of Directors, management and employees. Details of the Group's key policies and the charters for the Board and each of its committees will be available from Listing at www.vgipartners.com.

6.7.1 Corporate governance principles

The ASX Corporate Governance Council has developed and released the fourth edition of its ASX Corporate Governance Principles and Recommendations (**ASX Recommendations**) for ASX listed entities in order to promote investor confidence and to assist companies to meet stakeholder expectations. The ASX Recommendations are not prescriptions, but guidelines. However, under the Listing Rules, the Company will be required to provide a statement in its annual report disclosing the extent to which it has followed the ASX Recommendations in the reporting period. Where the Company does not follow a recommendation, it must identify the recommendation that has not been followed and give reasons for not following it. Except as set out below, the Company intends to comply with all of the ASX Recommendations with effect from Listing.

6.7.2 Board of Directors

The Board comprises three Non-Executive Directors and three Executive Directors. Detailed biographies of the Directors are provided in Section 6.1.1.

The Board considers an independent Director to be a Non-Executive Director who is not a member of Management and who is free of any business or other relationship that could materially interfere with or reasonably be perceived to interfere with the independent and unfettered exercise of their judgement. The Board will consider the materiality of any given relationship on a case-by-case basis.

The Board regularly reviews the independence of each Director in light of information disclosed by each Director to the Board. The Board considers that each of Benjamin Pronk, Jaye Gardner and Darren Steinberg are each independent Directors, free from any business or any other relationship that could materially interfere with, or reasonably be perceived to interfere with the independent exercise of their judgement and each is able to fulfil the role of an independent Director for the purposes of ASX Recommendations. None of these Directors are acting as nominees or representatives of any current or former Shareholder of any entity within the Group, nor as nominees or representatives of the Joint Lead Managers or suppliers to the Group.

Robert Luciano, Douglas Tynan and David Jones are considered by the Board not to be independent for the purposes of ASX Recommendations as they are Executive Directors of the Company.

The Board acknowledges the ASX Recommendations that the Chair should be an independent Director and that a majority of the Directors should be independent. The Board believes that non-compliance in respect of these recommendations is in the best interests of the Company. In relation to the Chair role, the Board is confident that Mr Luciano, as a founder of VGI Partners, brings a deep understanding of the Group and the funds management industry and will make invaluable contributions to VGI Partners by virtue of this and his alignment. In relation to the majority requirement, the Board considers that having 50% independent Directors provides significant protection to unaffiliated shareholders.

6.7.3 Board charter

The Board has adopted a written charter to provide a framework for the effective operation of the Board, which sets out:

- the Board's composition;
- the Board's role and responsibilities;
- the relationship and interaction between the Board and Management; and
- the authority delegated by the Board to Management and Board committees.

The Board's role is to, among other things:

- represent and serve the interests of Shareholders by overseeing and appraising the Group's strategies, policies and performance;
- oversee the Group, including providing leadership and setting its objectives;
- approve and monitor systems of risk management, internal compliance, accountability and control, codes of conduct and legal compliance to ensure appropriate compliance frameworks and controls are in place;
- set the risk appetite within which the Board expects Management to operate;
- monitor Senior Management's performance and approve remuneration policies and practices;
- monitor implementation of strategy and ensure appropriate resources are available;
- approve and monitor the progress of major capital expenditure, capital management and acquisitions and divestitures;

- approve budgets;
- approve and monitor the corporate, financial and other reporting systems of the Group, including external audit, and oversee their integrity;
- adopt appropriate procedures to ensure compliance with all laws, governmental regulations and accounting standards, including establishing procedures to ensure information that a reasonable person would expect to have a material effect on the price or value of the Shares is appropriately and accurately disclosed on a timely basis in accordance with all legal and regulatory requirements; and
- monitor the effectiveness of the Group's governance practices.

Matters which are specifically reserved for the Board or its committees include:

- appointment of the Chairman;
- appointment and removal of the CEO (if any) and CFO;
- appointment of Directors to fill a vacancy or as an additional Director;
- establishment of Board committees, their membership and delegated authorities;
- approval of dividends;
- review of corporate codes of conduct;
- approval of major capital expenditure, acquisitions and divestitures in excess of authority levels delegated to Management;
- calling of meetings of Directors or Shareholders; and
- any other specific matters nominated by the Board from time to time.

The management function is conducted by, or under the supervision of, the Executive Chairman as directed by the Board (and by officers to whom the management function is properly delegated by the Executive Chairman). Management must supply the Board with information in a form, timeframe and quality that will enable the Board to discharge its duties effectively. Directors are entitled to request additional information at any time they consider it appropriate. The Board collectively, and each Director individually, has the right to seek independent professional advice at the Group's expense, subject to the reasonable approval of the Executive Chairman of the Board and provided that the advice received is made available to the Board as a whole.

A copy of the Board Charter will be available on the Company's website at www.vgipartners.com.

6) Board and Management

6.7.4 Board committees

The Board may, from time-to-time, establish appropriate committees to assist in the discharge of its responsibilities. The Board has established the Audit and Risk Committee and the Remuneration and Nomination Committee. Other committees may be established by the Board as and when required. Membership of Board committees will be based on the needs of the Group, relevant legislative and other requirements and the skills and experience of individual Directors.

(a) Audit and Risk Committee

Under its charter, this committee must have at least three members, a majority of whom must be independent Directors and all of whom must be Non-Executive Directors. The committee must also have an independent chairman who is not the Chairman of the Board. In addition, all members of this committee must be financially literate and have familiarity with financial and accounting matters and at least one member must be a qualified accountant or other financial professional with appropriate expertise of financial and accounting matters.

The Committee currently comprises Ms Gardner (Chair), Mr Steinberg and Mr Pronk (whose relevant qualifications and experience is set out in Section 6.1.1). They are all financially literate.

The primary role of the Audit and Risk Committee is to assist the Board in carrying out its accounting, auditing and financial reporting responsibilities including:

- engaging in the oversight of, and assessing the adequacy of, the Group's financial reporting and disclosure processes and overseeing and reviewing the outputs of that process;
- assessing the appropriateness and application of the Group's accounting policies and principles and any changes to them, so that they accord with the applicable financial reporting framework;
- assessing the appropriateness of any significant accounting estimates, judgements or choices contained in the Group's financial reports;
- reviewing all half yearly and annual reports with management, advisers, and the external auditors (as appropriate) and recommending the applicable accounts' adoption by the Board if those reports reflect the understanding of the members of the committee, and otherwise provide a true and fair view of the financial position of the Group;

- overseeing the establishment and implementation of risk management and internal compliance and control systems and ensuring that there is a mechanism for assessing the ongoing efficacy of those systems;
- approving the terms of engagement with the external auditor at the beginning of each financial year;
- approving policies and procedures for appointing or removing an external auditor and for external audit engagement partner rotation; and
- meeting periodically with the external auditor and inviting them to attend committee meetings to assist the committee to discharge its obligations.

Under the charter, it is the policy of the Group that its external auditing firm must be independent of it. The committee will review and assess the independence of the external auditor on an annual basis.

The Company will comply with the ASX Recommendations in relation to composition and operation of the Audit and Risk Committee.

(b) Remuneration and Nomination Committee

Under its charter, this committee must have at least three members, a majority of whom (including the chairman) must be independent Directors and must be chaired by an independent Director.

The Committee comprises Mr Pronk (Chair), Ms Gardner and Mr Tynan.

The responsibilities of the Remuneration and Nomination Committee include:

- reviewing and recommending to the Board the size and composition of the Board, including reviewing Board succession plans and the succession of the Chairman and CEO (should one be appointed), having regard to the objective that the Board comprise directors with a broad range of skills, expertise and experience from a broad range of backgrounds, including gender;
- reviewing and recommending to the Board the criteria for Board membership;
- reviewing and recommending to the Board the composition and membership of the Board;
- assisting the Board as required in relation to the performance evaluation of the Board, its committees and individual Directors, and in developing and implementing plans for identifying, assessing and enhancing director competencies;

- on an annual basis, reviewing the effectiveness of the Company's diversity policy and the strategies or the way in which they are implemented;
- in accordance with the Company's diversity policy, on an annual basis, reviewing the relative proportion of women and men on the Board, in Senior Management positions and in the workforce at all levels of the Group, and submitting a report to the Board, which outlines the committee's findings;
- reviewing and recommending arrangements for the Executive Chairman and the CEO (should one be appointed) and any other Executive Directors, and the executives reporting to the Executive Chairman, including contract terms, annual remuneration and participation in the Group's short and long-term incentive plans;
- reviewing major changes and developments in the Group's remuneration, recruitment, retention and termination policies and procedures for senior Management;
- reviewing major changes and developments in the remuneration policies, superannuation arrangements, personnel practices and industrial relations strategies for the Group;
- reviewing the Management performance assessment processes and results as they reflect the capability of Management to realise the business strategy;
- reviewing and approving short-term incentive strategy, performance targets and bonus payments;
- reviewing and recommending to the Board major changes and developments to the Group's employee equity incentive plans;
- recommending whether offers are to be made under any or all of the Group's employee equity incentive plans in respect of a financial year;
- in respect of the Group's employee equity incentive plans, reviewing and approving the proposed terms of, and authorise the making of, offers to eligible employees of the Group, including determining the eligibility criteria applying in respect of an offer, in respect of a financial year;
- reviewing and recommending to the Board the remuneration arrangements for the Executive Chairman and the Non-Executive Directors of the Board, including fees, travel and other benefits;
- approving the appointment of remuneration consultants for the purposes of the Corporations Act;
- ensuring coherent remuneration policies and practices are in place which enable the Group to attract and retain executives and Directors who will create value for Shareholders; and
- evaluating the performance of the Board, individual Directors and executives on (at least) an annual basis.

6.7.5 Corporate governance policies

The Board has adopted the following corporate governance policies, each having been prepared having regard to ASX Recommendations and which are available on the Company's website at www.vgipartners.com.

(a) Risk management policy

The identification and proper management of the Group's risks are an important priority of the Board. The Group has adopted a risk management policy appropriate for its business. This policy highlights the risks relevant to the Group's operations and the Group's commitment to designing and implementing systems and methods appropriate to minimise and control its risks.

The Board is responsible for overseeing and approving risk management strategy and policies. The Board has responsibility for identifying major risk areas and implementing risk management systems. The Board is responsible for monitoring risk management and establishing procedures which seek to provide assurance that major business risks are identified, consistently assessed and appropriately addressed. The Board may delegate these functions to the Audit and Risk Committee.

The Group will regularly undertake reviews of its risk management procedures to ensure that it complies with its legal obligations, including assisting the CFO and Company Secretary to provide declarations required under section 295A of the Corporations Act.

The Group will implement a system whereby management may be required to report as to its adherence to policies and guidelines approved by the Board for the management of risks.

A copy of this risk management policy will be available on the Company's website at www.vgipartners.com.

6) Board and Management

(b) Diversity policy

The Group values a strong and diverse workforce and is committed to developing measurable objectives of diversity and inclusion in its workplace. The Group has implemented a diversity policy, with meritocracy the guiding principle, which is overseen by the Board and which aligns the Group's management systems with the commitment to develop a culture that values and achieves diversity in its workforce and on its Board. In its annual report, the Company will also disclose the proportion of women in the whole organisation, women in senior executive positions and women on the Board. The diversity policy also includes a Board 'skills matrix' requiring the Board as a whole to feature diversity, business acquisition and integration experience, financial literacy and legal and regulatory knowledge, among other things.

A copy of this diversity policy will be available on the Company's website at www.vgipartners.com.

(c) Continuous disclosure policy

Once listed on the ASX, the Company will be required to comply with the continuous disclosure requirements of the Listing Rules and the Corporations Act. Subject to the exceptions contained in the Listing Rules, the Company will be required to disclose to the ASX any information concerning the Company which is not generally available and which a reasonable person would expect to have a material effect on the price or value of the Shares. The Company is committed to observing its disclosure obligations under the ASX Listing Rules and the Corporations Act.

The Company has adopted a policy to take effect from Listing which establishes procedures that are aimed at ensuring that Directors and Management are aware of, and fulfil, their obligations in relation to the timely disclosure of material price-sensitive information. Under the continuous disclosure policy, the Board will be responsible for managing the Company's compliance with its continuous disclosure obligations. Continuous disclosure announcements will also be made available on the Company's website at www.vgipartners.com.

(d) Securities trading policy

The Group has adopted a securities trading policy which will apply to the Company and its Directors, officers, employees and Management, including those persons having authority and responsibility for planning, directing and controlling the activities of the Group, whether directly or indirectly.

The policy is intended to explain the types of conduct in relation to dealings in Shares that are prohibited under the Corporations Act and establish procedures in relation to Directors, Management or employees dealing in Shares.

Subject to certain exceptions, including severe financial hardship, the securities trading policy defines certain 'trading windows' during which trading in Shares by Directors, officers and certain other employees is permitted. These trading windows are currently defined as any of the following periods:

- A) provided that a 'blackout period' does not apply (as to which see paragraph E below), the period commencing on the date that VG1 releases its monthly NTA to ASX and ending 5 business days after such release;
- B) provided that a 'blackout period' does not apply (as to which see paragraph E below), the period commencing 24 hours after the release of the Company's half year results to ASX and ending 5 business days after such release;
- C) provided that a 'blackout period' does not apply (as to which see paragraph E below), the period commencing 24 hours after the release of the Company's full year results to ASX and ending 5 business days after such release;
- D) provided that a 'blackout period' does not apply (as to which see paragraph E below), the period commencing 24 hours after each of the Company's annual general meetings and ending 5 business days after the relevant annual general meeting, and any additional periods determined by the Board from time to time;
- E) Notwithstanding paragraphs A – D (inclusive) above, trading in Shares by Directors, officers and all other employees and staff of the Company is not permitted in the following periods (each a 'blackout period'):
 - the period following the end of the Company's half-year until the period commencing 24 hours after the release of the Company's half year results to ASX; and
 - the period following the end of the Company's full financial year until the period commencing 24 hours after the release of the Company's full year results to ASX.

In all instances, buying or selling of Shares is not permitted at any time by any person who possesses price-sensitive information.

A copy of this securities trading policy will be available on the Company's website at www.vgipartners.com.

(e) Code of conduct

The Board recognises the need to observe the highest standards of corporate practice and business conduct. Accordingly, the Board has adopted a formal code of conduct, to take effect from Listing, to be followed by all employees and officers. The key aspects of the code are to:

- act with honesty, integrity, fairness and responsibility and ethically and in the best interests of the Group
- act in accordance with all applicable laws, regulations, policies and procedures
- have responsibility and accountability for individuals for reporting and investigating reports of unethical practices; and
- use the Group's resources and property properly.

The code of conduct sets out the Group's policies on various matters including ethical conduct, business conduct, compliance, privacy, security of information, integrity and conflicts of interest.

A copy of this code of conduct will be available on the Company's website at www.vgipartners.com.

(f) Communications with Shareholders

The Board's aim is to ensure that Shareholders are provided with sufficient information to assess the performance of the Group and that Shareholders are kept informed of all major developments affecting the state of affairs of the Group in accordance with all applicable laws. In addition to the Company's continuous disclosure obligations, the Company has a policy of seeking to keep Shareholders informed. All ASX announcements made to the market, including annual and half-year financial results, are posted on the Company's website at www.vgipartners.com as soon as they have been released by ASX. The full text of all notices of meetings and explanatory material, the Company's Annual Report, key policies, the charters of its Board committees and copies of all investor presentations made to analysts and media briefings will be posted on the Company's website. The website also contains a facility for the Shareholders to direct queries to the Company.

6.7.6 Privacy policy

The Company is committed to protecting the safety and security of its registered users of its sites and is sensitive to their concerns about the safety of their personal information provided to the Group. The privacy policy details how any personal information collected by the Group is used and is available on the Company's website at www.vgipartners.com.

6.7.7 Related party transactions

Other than as disclosed in this Prospectus, the Group is not party to any material related party arrangements.

Details of the Offer

07

7) Details of the Offer

7.1 The Offer

This Prospectus relates to an initial public offering by way of invitations to apply for Shares to be issued by the Company at the Offer Price of \$5.50 per Share¹. The Offer is expected to raise total proceeds of \$75.0 million.

Under the Offer, the Company proposes to issue 13.6 million Shares. The total number of Shares on issue at Completion of the Offer is expected to be 67.1 million and all Shares will rank equally with each other. The Shares being offered under this Prospectus will represent approximately 20% of the Shares on issue on Completion of the Offer.

On Completion, 53.6 million Shares will be held by Existing Shareholders (following their subscription for Shares under the Offer) representing an approximate 80% ownership interest in the Company.

The Offer is made on the terms, and is subject to the conditions, set out in this Prospectus.

7.1.1 VG1 Equity Raising

The Offer is being undertaken concurrently with a capital raising being undertaken by VG1, details of which were announced on ASX on 13 May 2019. Under the VG1 Equity Raising, VG1 is seeking to raise up to approximately \$300 million via a ~\$98 million placement and ~\$202 million renounceable entitlement offer. The placement component of the VG1 Equity Raising was completed on 12 May 2019 (and raised ~\$98 million) and the entitlement offer component of the VG1 Equity Raising is expected to close on 6 June 2019.

Invitations to apply for Shares under the Offer are being made exclusively to persons participating in the VG1 Equity Raising through the Priority Offer and the Chairman's List Offer.

Please see ASX disclosures (www.asx.com.au) of VG1 for further details on the VG1 Equity Raising.

7.1.2 Structure of the Offer

The Offer comprises:

- the **Priority Offer**, which is exclusively open to persons who participate in the VG1 Equity Raising (excluding certain investors to whom entitlement offer shortfall (if any) is placed); and
- the **Chairman's List Offer**, which is exclusively open to persons who participate in the VG1 Equity Raising (including certain investors to whom entitlement offer shortfall (if any) is placed) and who have received an invitation to participate in the Chairman's List Offer from VGI Partners.

All Applicants under the Priority Offer are entitled to apply for up to a maximum of \$1 worth of Shares for every \$4 applied for in the VG1 Equity Raising (including, in respect of the entitlement offer of the VG1 Equity Raising, additional VG1 shares applied for in excess of a participant's entitlement).

Priority Applicants will be guaranteed an allocation of up to their Priority Offer Entitlement, being the amount of Shares applied for up to a maximum of \$1 worth of Shares for every \$4 worth of VG1 shares actually allocated to them in the VG1 Equity Raising (after, in respect of the entitlement offer component of the VG1 Equity Raising, any scale back of VG1 shares applied for in excess of a participant's entitlement).

The allocation of Shares between the Priority Offer and the Chairman's List Offer will be:

- first to the Priority Offer up to each applicant's Priority Offer Entitlement; and
- second between the Priority Offer and the Chairman's List Offer at the full discretion of the Company.

No general public offer, broker firm offer or institutional offer of Shares will be made under the Offer.

For further details of the:

- Priority Offer and the allocation policy under it, see Section 7.3; and
- Chairman's List Offer and the allocation policy under it, see Section 7.4.

The Offer is being managed by the Joint Lead Managers. A summary of the Offer Management Agreement, including the events which would entitle the Joint Lead Managers to terminate the Offer Management Agreement, are set out in Section 9.8.

7.1.3 Purpose of the Offer

The purpose of the Offer is to:

- recognise and reward investors in the VGI Funds by providing them with an opportunity to apply for Shares under the Offer;
- increase alignment between VGI Partners and investors in the VGI Funds;
- provide VGI Partners with an increased capital base, financial flexibility and ability to execute growth strategies and co-invest in funds through improved access to capital markets;
- broaden VGI Partners' shareholder base and provide a liquid market for the Shares;

¹ Investors in the Offer who also participated in the placement component of the VG1 Equity Raising will be paid, by the Company, a participation fee of 1.5% of the amount subscribed for and allocated.

7) Details of the Offer

- provide potential for non-cash compensation for employees (existing and new) of the Company; and
- provide an improved capacity to attract and retain quality staff through short and long term employee incentives.

7.1.4 Use of proceeds

The Offer is expected to raise gross proceeds of approximately \$75 million. The funds received under the Offer are expected to be applied as described below.

Figure 31: Application of new money raised

Uses	\$ millions
Growth and co-investment capital	66.0
Payment of Offer costs	3.7
Payment of VG1 Equity Raising costs	5.3
Total uses	75.0

The table above is a statement of current intentions as at the date of this Prospectus.

The Offer costs in the table above include offer costs associated with the VG1 Equity Raising based on the target \$300 million raising size. VGI Partners has agreed to pay all of the offer costs incurred by VG1 in relation to the VG1 Equity Raising. If the VG1 Equity Raising raises a lower amount, the VG1 Equity Raising costs in the above table will be lower.

Growth and co-investment capital may be applied to strategic growth initiatives, seeding new funds and strategies and to co-invest in VG1 Funds, including through buying shares in VG1 during any times of share price weakness.

7.1.5 Shareholding structure

The details of the ownership of the Shares at the Prospectus Date, and on Completion of the Offer are set out below.

Figure 32: Share ownership structure on Completion

Securityholder	As at Prospectus Date (million)	Issued under the Offer (million)	Immediately after Completion of the Offer (million)	% of Shares on Completion
Robert M P Luciano ¹	40.9	0.1	41.0	61.2%
Douglas H Tynan ²	10.7	0.0	10.7	16.0%
Robert J Poiner ³	1.8	0.0	1.8	2.8%
Sub-total: Existing Shareholders	53.4	0.1	53.6	79.9%
New investors	–	13.5	13.5	20.1%
Total	53.4	13.6	67.1	100.0%

1 Robert M P Luciano's interest in VGI Partners is held through an entity controlled by Robert M P Luciano.

2 Douglas H Tynan's interest in VGI Partners is held through an entity controlled by Douglas H Tynan.

3 Robert J Poiner's interest in VGI Partners is held through an entity controlled by Robert J Poiner.

At Completion approximately 80% of the Shares will be held by the Existing Shareholders. The Existing Shareholders have entered into voluntary escrow deeds in respect of 66.67% of the Shares they hold on Completion, for a period of five years, and have confirmed their intention in relation to the balance of the Shares they own is not to dispose of them for this period except to fund investments in the VG1 Funds or new funds managed by the Company or other initiatives which may assist the Company's growth or otherwise benefit the Company's business activities. See Section 6.6 for further information.

In addition to Shares, the Company expects to issue, immediately prior to Completion of the Offer, 4.8 million Options to certain VGI Partners employees, Directors and advisors. No Options are on issue as at the Prospectus Date. No Existing Shareholders will hold any of these Options and no additional Options are being issued under this Prospectus.

Figure 33: Option ownership structure

Securityholder	Expected as at Completion of the Offer (million)
Directors	0.2
VGI Partners Advisory Board and certain employees	4.6
Total	4.8

See Section 6.5 for further detail on Options, and Section 6.3.3 of details of Options held by individual Directors.

The Directors expect that Robert Luciano will control (as defined by section 50AA of the Corporations Act) the Company on Completion as Robert Luciano (through his controlled entities) will hold 61.2% of the Shares on issue. In addition, on Completion, it is expected that approximately 53.3% of Shares will be subject to the voluntary escrow arrangements described in Section 6.6 and the Company will be treated as having a relevant interest in those Shares following listing on ASX.

7.1.6 Other information about the Offer

The Company's pro forma balance sheet following Completion of the Offer, including details of pro forma adjustments, is set out in Section 4.7.6.

Existing Shareholders will receive a fully franked pre-Offer dividend estimated at \$8.5 million representing profits and cash balances for periods prior to Completion.

The Company's pro forma indebtedness as at 31 December 2018 and following Completion of the Offer is nil as set out in Section 4.7.6.

Except as described in this Prospectus, VGI Partners has not granted, or proposed to grant any rights to any person, or to any class of person, to participate in an issue of VGI Partners securities.

7.2 Terms and conditions of the Offer

What is the type of security being offered?	Shares (being fully paid ordinary shares in the Company).
What are the rights and liabilities attached to the securities?	A description of the Shares, including the rights and liabilities attaching to them, is set out in Section 7.12.
What is the consideration payable for each security being offered?	The Offer Price is \$5.50 per Share ¹ . Except as required by law, Applicants cannot withdraw or vary their Applications.
What is the Offer Period?	The Offer opens at 9am on 23 May 2019. The Priority Offer closes at 5pm on 6 June 2019. The Chairman's List Offer closes at 5pm on 17 June 2019. The key dates, including details of the Offer Period relating to each component of the Offer, are set out on page 5. This timetable is indicative only and may change. Unless otherwise indicated, all times are stated in Sydney, Australia time. The Company reserves the right to vary any and all of the times and dates without notice (including, subject to the ASX Listing Rules and the Corporations Act, to close the Offer early, to extend the Closing Date, or to accept late Applications or bids, either generally or in particular cases, or to cancel or withdraw the Offer before Settlement, in each case without notifying any recipient of this Prospectus or any Applicants). If the Offer is cancelled or withdrawn before the allocation of Shares, then all Application Monies will be refunded in full (without interest) as soon as possible in accordance with the requirements of the Corporations Act. Investors are encouraged to submit their Applications as soon as possible after the Offer opens. No securities will be issued on the basis of this Prospectus later than the expiry date of 13 months after the date of the Prospectus.
What are the cash proceeds to be raised?	Approximately \$75 million will be raised if the Offer proceeds.
Is the Offer underwritten?	No, the Offer is not underwritten.
What are the minimum and maximum Application sizes under the Priority Offer?	Priority Offer Applicants will be able to apply for up to a maximum of \$1 worth of Shares for every \$4 applied for in the VG1 Equity Raising (including, in respect of the entitlement offer component of the VG1 Equity Raising, additional VG1 shares applied for in excess of a participant's entitlement). For Applicants with a maximum application size above \$2,000 (based on the above ratio), the minimum Application size is \$2,000. For Applicants with a maximum application size below \$2,000 (based on the above ratio), the minimum application size is equal to the maximum application size.

¹ Investors in the Offer who also participated in the placement component of the VG1 Equity Raising will be paid, by the Company, a participation fee of 1.5% of the amount subscribed for and allocated.

<p>What are the minimum and maximum Application sizes under the Chairman's List Offer?</p>	<p>The minimum Application size under the Chairman's List Offer is \$2,000 worth of Shares.</p> <p>There is no maximum Application size under the Chairman's List Offer.</p> <p>The Company reserves the right to allocate fewer securities than applied for under the Chairman's List Offer.</p>
<p>What is the allocation policy?</p>	<p>The allocation of Shares between the Priority Offer and the Chairman's List Offer will be:</p> <ul style="list-style-type: none"> • first to the Priority Offer up to each Applicant's Priority Offer Entitlement; and • second between the Priority Offer and the Chairman's List Offer at the full discretion of the Company. <p>Each Priority Offer Applicant will receive a guaranteed allocation of Shares equal to their Priority Offer Entitlement.</p> <p>The allocation of Shares among Applicants in the Chairman's List Offer will be determined by the Company in its discretion.</p> <p>For further information on the Priority Offer and the Chairman's List Offer, see Sections 7.3 and 7.4 respectively.</p>
<p>When will I receive confirmation that my Application has been successful?</p>	<p>It is expected that initial holding statements will be dispatched by standard post on or about 25 June 2019.</p>
<p>Will the Shares be quoted on ASX?</p>	<p>The Company has applied to ASX within seven days of the date of the Original Prospectus for admission to the Official List of, and quotation of its Shares by, the ASX (under the code 'VGI'). It is anticipated that quotation will initially be on a deferred settlement basis.</p> <p>Completion is conditional on ASX approving this application. If approval is not given within three months after such application is made (or any longer period permitted by law), the Offer will be withdrawn and all Application Monies received will be refunded (without interest), as soon as practicable in accordance with the requirements of the Corporations Act.</p> <p>The Company will be required to comply with the ASX Listing Rules, subject to any waivers obtained by the Company from time to time.</p> <p>ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of the Company or the Shares offered for subscription.</p>
<p>When are the Shares expected to commence trading?</p>	<p>It is expected that trading of the Shares on ASX will commence on or about 21 June 2019, initially on a deferred settlement basis.</p> <p>Normal settlement trading is expected to commence on or about 26 June 2019.</p> <p>It is the responsibility of each Applicant to confirm their holding before trading in Shares. Applicants who sell Shares before they receive an initial statement of holding do so at their own risk.</p> <p>The Company, the Financial Adviser and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving a holding statement, even if such person received confirmation of allocation from the Company's Offer Information Line or confirmed their firm allocation through a Broker.</p>

7) Details of the Offer

Are there any escrow arrangements?

Yes. Details are provided in Section 6.6.

Has any ASIC relief or ASX waivers or confirmations been sought, obtained or relied on?

Yes. Details are provided in Section 7.9 and 7.10.

Are there any tax considerations?

Yes. Refer to Section 9.13.

Are there any brokerage, commission or stamp duty considerations?

No brokerage, commission or stamp duty is payable by Applicants on acquisition of Shares under the Offer.

See Section 9.19 for details of various fees payable by the Company to the Financial Adviser and Joint Lead Managers.

What should you do with any enquiries?

All enquiries in relation to this Prospectus should be directed to the Company's Offer Information Line on 1300 046 609 (within Australia) or +61 2 9290 9611 (outside Australia) from 8.30am to 5.30pm (Sydney, Australia time), Monday to Friday (Business Days only).

If you have any questions about whether to invest in the Company, you should seek professional advice from your accountant, financial adviser, stockbroker, lawyer or other professional adviser before deciding whether to invest in the Company.

7.3 Priority Offer

7.3.1 Who can apply?

The Priority Offer is exclusively open to investors in Australia and New Zealand who participate in the VG1 Equity Raising (excluding certain investors to whom entitlement offer shortfall (if any) is placed).

The Priority Offer is not open to persons in the United States or a US Person.

7.3.2 How many shares can be applied for?

Applicants under the Priority Offer are invited to apply for up to a maximum of \$1 worth of Shares for every \$4 applied for in the VG1 Equity Raising (including, in respect of the entitlement offer component of the VG1 Equity Raising, additional VG1 shares applied for in excess of a participant's entitlement).

For Applicants under the Priority Offer with a maximum application size above \$2,000 (based on the above ratio), the minimum Application size is \$2,000.

For Applicants under the Priority Offer with a maximum application size below \$2,000 (based on the above ratio), the minimum application size is equal to the maximum application size.

In determining the number of Shares based on the ratios above, any fraction of a Share will be rounded to the nearest Share.

7.3.3 How to apply?

Applicants are encouraged to apply online at www.vgioffer.com and complete the online Application Form. During the online application process, you will be required to provide your unique entitlement code from your personalised entitlement and acceptance form that accompanies your VG1 entitlement offer document.

Alternatively, you can apply by completing the paper Application Form included in or accompanying this Prospectus.

If you have any questions regarding the application process, please contact the Company's Offer Information Line on 1300 046 609 (toll free within Australia) or +61 2 9290 9611 (outside Australia) between 8.30am and 5.30pm (Sydney, Australia time), Monday to Friday (Business Days only).

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. **The Corporations Act prohibits any person from passing an Application Form to another person unless it is included in, or accompanied by, a hard copy of this**

Prospectus or the complete and unaltered electronic version of this Prospectus.

7.3.4 How to pay?

For online Applications, Application Monies can be paid by BPAY or electronic funds transfer. If completing your payment by BPAY, please make sure to use the specific biller code and unique Customer Reference Number (CRN) generated by the online Application Form.

For Applications made using paper Application Forms, Application Monies can be paid by cheque or bank draft and in accordance with instructions set out on the Application Form.

For more details, Priority Offer Applicants should refer to www.vgioffer.com or contact the Company's Offer Information Line on 1300 046 609 (toll free within Australia) or +61 2 9290 9611 (outside Australia) between 8.30am and 5.30pm (Sydney, Australia time), Monday to Friday (Business Days only). Application Monies under the Priority Offer must be received by the Share Registry by no later than 5.00pm on 6 June 2019 and it is your responsibility to ensure that this occurs. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment. Neither the Company, the Financial Adviser nor the Joint Lead Managers take any responsibility for any failure to receive Application Monies before the Priority Offer closes arising as a result of, among other things, delays in processing of payments by financial institutions.

7.3.5 Application Monies

Subject to a guaranteed allocation up to each Applicants' Priority Offer Entitlement (as described in Section 7.3.7 below), the Company reserves the right to decline any Application in whole or in part, without giving any reason.

Applicants under the Priority Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be rounded down. Any excess funds due solely to rounding will not be refunded.

If the amount of your Application Monies that you pay are less than the amount specified on your Application Form,

7) Details of the Offer

you may be taken to have applied for such lower AUD amount of Shares as for which your cleared Application Monies will pay (and to have specified that amount on your online Application Form) or your Application may be rejected.

7.3.6 Acceptance of Applications

An Application in the Priority Offer is an offer by an Applicant to the Company to apply for Shares in the amount specified on the Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Application Form (including the conditions regarding quotation on ASX in Section 7.11 and the acknowledgements in Section 7.5). To the extent permitted by law, an Application by an Applicant under the Offer is irrevocable.

7.3.7 Priority Offer allocation policy

Priority Offer Applicants will be guaranteed an allocation equal to their Priority Offer Entitlement, being the amount of Shares applied for up to a maximum of \$1 worth of Shares for every \$4 worth of VG1 shares actually allocated to them in the VG1 Equity Raising (after, in respect of the entitlement offer component of the VG1 Equity Raising, any scale back of VG1 shares applied for in excess of a participant's entitlement).

7.4 Chairman's List Offer

7.4.1 Who can apply?

The Chairman's List Offer is open to persons who participate in the VG1 Equity Raising (including certain investors to whom entitlement offer shortfall (if any) is placed) and who received an invitation to participate in the Chairman's List Offer from VGI Partners. If you have been invited by VGI Partners to participate in the Chairman's List Offer, you will be treated as an applicant under the Chairman's List Offer in respect of those Shares that are allocated to you.

7.4.2 How to apply?

If you have received an invitation to participate in the Chairman's List Offer from VGI Partners, you will be separately advised of the application procedures under the Chairman's List Offer.

By making an Application, you declare that you were given access to the Prospectus, together with an Application Form. **The Corporations Act prohibits any person from passing an Application Form to another person unless it is attached to, or accompanied by, a hard copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.**

7.4.3 How to pay?

Applicants under the Chairman's List Offer must pay their Application Monies in accordance with instructions received from VGI Partners.

7.4.4 Application Monies

The Company reserves the right to decline any Application in whole or in part, without giving any reason. Applicants under the Chairman's List Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants under the Chairman's List Offer whose Applications are not accepted, or who are allocated a lesser number of Shares than the amount applied for, will receive a refund of all or part of their Application Monies, as applicable. Interest will not be paid on any monies refunded.

Applicants whose Applications are accepted in full will receive the whole number of Shares calculated by dividing the Application Monies provided by the Offer Price. Where the Offer Price does not divide evenly into the Application Monies, the number of Shares to be allocated will be determined by the Company.

7.4.5 Acceptance of Applications

An Application in the Chairman's List Offer is an offer by an applicant to the Company to apply for Shares in the amount specified on the Chairman's List Offer Application Form at the Offer Price on the terms and conditions set out in this Prospectus (including any supplementary or replacement prospectus) and the Chairman's List Offer Application Form (including the conditions regarding quotation on ASX in Section 7.11 and the acknowledgements in Section 7.5). To the extent permitted by law, an application is irrevocable.

7.4.6 Chairman's list offer allocation policy

The Company will determine the allocation of Shares to Applicants under the Chairman's List Offer and may reject an application or allocate fewer Shares than applied for.

7.5 Acknowledgements

Each Applicant under the Offer will be deemed to have:

- agreed to become a member of the Company and to be bound by the terms of the Constitution and the terms and conditions of the Offer;
- acknowledged having personally received a printed or electronic copy of the Prospectus (and any supplementary or replacement prospectus) including or accompanied by the Application Form and having read them all in full;
- declared that all details and statements in their Application Form are complete and accurate;
- declared that the Applicant(s), if a natural person, is/are over 18 years of age;
- acknowledged that, once the Company receives an Application Form, it may not be withdrawn;
- applied for the number of Shares at the AUD amount shown on the front of the Application Form;
- agreed to being allocated and issued the number of Shares applied for (or a lower number allocated in a way described in this Prospectus), or no Shares at all;
- authorised the Company, and their respective officers or agents, to do anything on behalf of the Applicant(s) necessary for Shares to be allocated to the Applicant(s), including to act on instructions received by the Share Registry upon using the contact details in the Application Form;
- acknowledged that, in some circumstances, the Company may not pay dividends, or that any dividends paid may not be franked;
- acknowledged that the information contained in this Prospectus (or any supplementary or replacement prospectus) is not financial product advice or a recommendation that Shares are suitable for the Applicant(s), given the investment objectives, financial situation and particular needs (including financial and taxation issues) of the Applicant(s);
- declared that the Applicant(s) is/are a resident of Australia or New Zealand;
- acknowledged and agreed that the Offer may be withdrawn by the Company or may otherwise not proceed in the circumstances described in this Prospectus; and
- acknowledged and agreed that if Listing does not occur for any reason, the Offer will not proceed.

Each Applicant in the Priority Offer and the Chairman's List Offer will be taken to have represented, warranted and agreed as follows:

- it understands that the Shares have not been, and will not be, registered under the US Securities Act or the securities laws of any state of the United States and may not be offered or sold in the United States, except in accordance with US Securities Act regulation requirements or in a transaction exempt from, or not subject to, registration under the US Securities Act and any other applicable state securities laws;
- it is not in the United States or a US Person;
- it has not sent and will not send the Prospectus or any other material relating to the Offer to any person in the United States;
- it is purchasing the Shares in an offshore transaction meeting the requirements of Regulation S; and
- it will not offer or sell the Shares in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration requirements of the US Securities Act and in compliance with all applicable laws in the jurisdiction in which Shares are offered and sold.

7.6 Offer management arrangements

The Offer is not underwritten. Pursuant to an Offer Management Agreement, the Joint Lead Managers have been appointed to manage and act as Joint Lead Managers of the Offer. The Joint Lead Managers agree, subject to certain conditions and termination events, to procure Applications. The Offer Management Agreement is subject to a number of conditions precedent and sets out a number of circumstances under which the Joint Lead Managers may terminate the Offer Management Agreement. A summary of certain terms of the agreement, including the conditions precedent and termination provisions, is provided in Section 9.8.

7.7 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, the Shares or the Offer or otherwise to permit a public offering of the Shares in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to apply for Shares in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

7) Details of the Offer

This Prospectus may not be released or distributed in the United States or elsewhere outside Australia, unless it has attached to it the selling restrictions applicable in the jurisdictions outside Australia and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. The Shares have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state of the United States and may not be offered, sold or resold, pledged or transferred in the United States except in accordance with U.S. Securities Act registration requirements or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable state securities laws.

7.8 Discretion regarding the Offer

The Offer is not underwritten and the Company may withdraw the Offer at any time before the issue of Shares to Successful Applicants under the Offer. For example, in the event that the amount raised under the Offer falls short of \$75 million the Company reserves the right to withdraw the Offer at any time before the issue of Shares to Successful Applicants. If the Offer, or any part of it, does not proceed, all relevant Application Monies will be refunded (without interest). The Company also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications either generally or in particular cases, reject any Application, or allocate to any Applicant fewer Shares than those applied for.

7.9 ASX waivers and confirmations

The Company has applied to ASX for the customary Listing Rule confirmation that its Constitution is consistent with the ASX Listing Rules.

7.10 ASIC exemptions, modifications and relief

The Company has applied to ASIC for modification of section 707 of the Corporations Act to the extent necessary to permit the Shares to be issued to any Institutional Investors acquiring Shares otherwise than under this Prospectus, to be able to be sold on ASX within 12 months of their issue without the requirement for a future disclosure document being prepared in connection with that sale.

7.11 ASX listing, registers and holding statements and conditional and deferred settlement trading

7.11.1 Application to ASX for listing and quotation of Shares

The Company intends to apply for admission to the Official List of ASX and quotation of shares on ASX within seven days of the date of this Prospectus. The Company's expected ASX code will be 'VGI'.

If VGI Partners does not make such an application within seven days after the date of this Prospectus, or permission is not granted for the official quotation of the Shares on ASX within three months after the date of this Prospectus (or any later date permitted by law), all Application Monies received by the Company will be refunded without interest as soon as practicable in accordance with the requirements of the Corporations Act.

The Company will be required to comply with the Listing Rules, subject to any waivers obtained by the Company from time to time.

ASX takes no responsibility for this Prospectus or the investment to which it relates. The fact that ASX may admit the Company to the Official List is not to be taken as an indication of the merits of VGI Partners or the Shares offered for subscription.

7.11.2 CHESS and issuer sponsored holdings

The Company will apply to participate in ASX's Clearing House Electronic Subregister System (**CHESS**) and will comply with the Listing Rules and ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When the Shares become approved financial products (as defined in ASX Settlement Operating Rules), holdings will be registered in one of two subregisters, being an electronic CHESS subregister or an issuer sponsored subregister.

For all successful Applicants, the Shares of a Shareholder who is a participant in CHESS or a Shareholder sponsored by a participant in CHESS will be registered on the CHESS subregister. All other Shares will be registered on the issuer sponsored subregister.

Following Completion, Shareholders will be sent a holding statement that sets out the number of Shares that have been allocated to them. This statement will also provide

details of a Shareholder's HIN for CHES holders or, where applicable, the SRN of issuer sponsored holders. Shareholders will subsequently receive statements showing any changes to their Shareholding. Certificates will not be issued.

Shareholders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Shareholder's sponsoring broker in the case of a holding on the CHES subregister or through the Share Registry in the case of a holding on the issuer sponsored subregister. The Company and the Share Registry may charge a fee for these additional issuer sponsored statements.

7.11.3 Deferred settlement trading and selling of Shares on the market

It is expected that trading of the Shares on ASX, on a deferred settlement basis, will commence on or about 21 June 2019.

The contracts formed on acceptance of Applications will be conditional on ASX agreeing to quote the Shares on ASX, the issue of Shares to successful Applicants under the Offer and on Settlement occurring.

It is the responsibility of each person who trades in Shares to confirm their holding before trading in Shares. If you sell Shares before receiving an initial holding statement, you do so at your own risk. The Company, the Financial Adviser, the Share Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, to persons who sell Shares before receiving their initial holding statement, even if you obtained details of your holding from the Company's Offer Information Line.

Shares are expected to commence trading on ASX on a normal settlement basis on or about 26 June 2019.

7.12 Description of Shares

7.12.1 Introduction

The rights and liabilities attaching to ownership of Shares are:

- detailed in the Constitution which may be inspected during normal business hours at the registered office of the Company; and
- in certain circumstances, regulated by the Corporations Act, the Listing Rules, the ASX Settlement Operating Rules and the general law.

A summary of the significant rights, liabilities and obligations attaching to the Shares and a description of other a definitive statement of the rights and liabilities of Shareholders and is qualified by the fuller terms of the material provisions of the Constitution are set out below. This summary is not exhaustive, does not constitute Constitution. The summary assumes that the Company is admitted to the Official List.

All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally.

7.12.2 Voting at a general meeting

At a general meeting of the Company, every Shareholder present in person or by proxy, representative or attorney has one vote on a show of hands and on a poll, one vote for each Share held.

On a poll, every member (or his or her proxy, attorney or representative) is entitled to vote for each fully paid share held and in respect of each partly paid share, is entitled to a fraction of a vote equivalent to the proportion which the amount paid up (not credited) on that partly paid share bears to the total amounts paid and payable (excluding amounts credited) on that share. Amounts paid in advance of a call are ignored when calculating the proportion.

7.12.3 Meetings of members

Each Shareholder is entitled to receive notice of and, except in certain circumstances, to attend and vote at, general meetings of the Company and to receive all financial statements, notices and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules. The Company must give Shareholders at least 28 days' written notice of a general meeting.

7) Details of the Offer

7.12.4 Dividends

Subject to the Corporations Act, the Constitution and any special terms and conditions of issue, the Directors may, from time to time, pay, resolve to pay, or declare any interim, special or final dividend as, in their judgement, the financial position of the Company justifies. The Directors may fix the amount, time and method of payment of the dividends. The payment of a dividend does not require any confirmation by a general meeting.

Subject to any special rights or restrictions attached to any shares or class of shares, all dividends must be paid equally on all Shares and in proportion to the number of, and the amounts paid on, the Shares held.

7.12.5 Transfer of Shares

Subject to the Constitution and to any restrictions attached to a member's Share, Shares may be transferred in accordance with the ASX Settlement Operating Rules, the Corporations Act (and *Corporations Regulations 2001* (Cth)) and ASX Listing Rules or by a written transfer in any usual form or in any other form approved by the Board and permitted by the relevant laws and ASX requirements. The Board may decline to register a transfer of Shares or apply a holding lock to prevent a transfer in accordance with the Corporations Act or the ASX Listing Rules.

The Company must refuse to register a transfer of shares if required to do so by the Listing Rules. The Directors may suspend the registration of a transfer at such time and for such periods, not exceeding in total 30 days in any year, as they think fit as permitted by the Listing Rules and ASX Settlement Operating Rules.

7.12.6 Issue of further Shares

Subject to the Constitution, the Listing Rules, the ASX Settlement Operating Rules and the Corporations Act, the Directors may issue Shares or grant Options over unissued Shares to any person and they may do so at such times and on the conditions they think fit. The Shares may be issued with preferred, deferred or special rights, or special restrictions about dividends, voting, return of capital, participation in the property of the Company on a winding up or otherwise as the Directors see fit.

7.12.7 Preference shares

The Company may issue preference shares including preference shares which are liable to be redeemed or convertible to ordinary shares. The rights attaching to preference shares are those set out in the Constitution unless other rights have been approved by special resolution of the Company.

7.12.8 Winding up

If the Company is wound up, then subject to the Constitution and the rights or restrictions attached to any shares or class of shares, any surplus must be divided among the Company's members in the proportion to the number of shares held by them (irrespective of the amounts paid or credited as paid on the shares), less any amounts which remain unpaid on these shares at the time of distribution.

7.12.9 Sale of non-marketable parcels

Provided that the procedures set out in the Constitution are followed, the Company may sell the Shares of a Shareholder who holds less than a marketable parcel of those Shares. A marketable parcel of Shares is defined in the Listing Rules and is, generally, a holding of Shares with a market value of less than \$500.

7.12.10 Share buy-backs

The Company may buy back shares in itself in accordance with the provisions of the Corporations Act and, where applicable, the Listing Rules.

7.12.11 Proportional takeover provisions

The Constitution contains provisions requiring Shareholder approval before any proportional takeover bid can proceed. The provision will lapse three years from the date of adoption of the Constitution unless it is renewed by special resolution of Shareholders in a general meeting.

7.12.12 Variation of class rights

At present, the Company's only class of shares on issue is ordinary shares. Subject to the Corporations Act and the terms of issue of a class of shares, the rights attaching to any class of shares may be varied or cancelled:

- with the consent in writing of the holders of 75% of the shares of the class; or
- by a special resolution passed at a separate meeting of the holders of shares of the class.

7.12.13 Reduction of share capital

Subject to the Constitution, Corporations Act and Listing Rules, the Company may reduce its share capital in any way permissible by the Corporations Act.

7.12.14 Dividend reinvestment plans

The Constitution contains a provision allowing Directors to implement a dividend reinvestment plan. It is not currently intended that a dividend reinvestment plan will be implemented.

7.12.15 Employee share plans

The Directors may implement an employee share plan for officers or employees of the Company on such terms and conditions as they think fit. Further details about the Company's short-term incentive arrangements and New LTIP are contained in Section 6.4.

7.12.16 Directors – appointments and removals

Under the Constitution, the minimum number of Directors that may comprise the Board is three and the maximum is eight or such lower number as the Directors determine provided the proposed lower number has been authorised by general meeting of the Company's members if required under the Corporations Act. The Company may elect directors by resolution. The Directors may also appoint a Director to fill a casual vacancy on the Board or in addition to the existing Directors, who (other than the managing director) will then hold office until the next annual general meeting of the Company and is then eligible for election at that meeting. A Director (other than the managing director) may hold office without re-election after three years or beyond the third annual general meeting following the meeting at which the Director was last elected or re-elected (whichever is later).

7.12.17 Directors – voting

Questions arising at a meeting of the Board will be decided by a majority of votes of the Directors present at the meeting and entitled to vote on the matter. If the votes are equal on a proposed resolution, the chairperson of the meeting has a casting vote in addition to his or her deliberative vote.

7.12.18 Directors remuneration

Under the Constitution, the Board may decide the remuneration from the Company to which each Director is entitled for his or her services as a Director. However, the total amount provided to all Directors (other than Executive Directors) for their services as Directors must not exceed in aggregate in any financial year the amount fixed by the Company in the general meeting. This amount has been fixed at \$850,000 with the initial remuneration of the Non-Executive Directors set out in Section 6.3.1. The remuneration of a Director must not include a commission on, or a percentage of, profits or operating revenue.

The Constitution also makes provision for the Company to pay travel and other expenses of Directors incurred in attending to the Company's affairs, including attending and returning from general meetings of the Company or meetings of the Board or of committees of the Board. Any Director who devotes special attention to the business of the Company or who performs services which, in the

opinion of the Board, are outside the scope of the ordinary duties of a Director may be remunerated for the services (as determined by the Board) out of the funds of the Company.

7.12.19 Power and duties of Directors

The business and affairs of the Company are to be managed by or under the direction of the Board, which (in addition to the powers and authorities conferred on it by the Constitution) may exercise all powers and do all things that are within the power of the Company and are not required by law or by the Constitution to be exercised by the Company in the general meeting.

7.12.20 Indemnities

The Company, to the extent permitted by law, indemnifies each person who is a current or former Director, executive officer or officer of the Company and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine against all losses or liability incurred by that person as an officer of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company, to the extent permitted by law, may enter into and pay premiums on a contract insuring any person who is a current or former Director, executive officer or officer of the Company, and such other officers or former officers of the Company or its related bodies corporate as the Directors in each case determine, against any liability incurred by the person as an officer of the Company or of a related body corporate of the Company including, but not limited to, a liability for negligence or for legal costs.

The Company has entered into deeds of access, insurance and indemnity with each Director. These are summarised in Section 6.3.2.

7.12.21 Amendment

The Constitution may be amended only by special resolution passed by Shareholders.

Independent
Limited
Assurance
Report

08

The Directors
VGI Partners Limited
39 Phillip Street
Sydney NSW 2000

13 May 2019

Dear Directors,

INDEPENDENT LIMITED ASSURANCE REPORT ON THE STATUTORY HISTORICAL FINANCIAL INFORMATION AND PRO FORMA HISTORICAL FINANCIAL INFORMATION AND FINANCIAL SERVICES GUIDE

Introduction

This report has been prepared at the request of the Directors of VGI Partners Limited (VGIP or the Company) for inclusion in a Prospectus to be issued by the Company in respect of the offer of 13.6 million shares in the Company at \$5.50 each (the Offer).

Deloitte Corporate Finance Pty Limited is wholly owned by Deloitte Touche Tohmatsu and holds the appropriate Australian Financial Services licence under the Corporations Act 2001.

References to the Company and other terminology used in this report have the same meaning as defined in the Glossary of the Prospectus.

Scope

Statutory Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review the:

- Statutory Historical Income Statements for the years ended 30 June 2016, 30 June 2017, 30 June 2018 and the half-year ended 31 December 2018;
- Statutory Historical Cash Flow Statements for the years ended 30 June 2016, 30 June 2017, 30 June 2018 and the half-year ended 31 December 2018; and
- Statutory Historical Balance Sheet as at 31 December 2018

as set out in Figures 4.7.3, 4.7.5 and 4.7.6 respectively of the Prospectus (the Statutory Historical Financial Information).

The Statutory Historical Financial Information has been prepared in accordance with the stated basis of preparation, being the recognition and measurement principles contained in Australian Accounting Standards and the Company's adopted accounting policies.

The Statutory Historical Financial Information has been extracted from the consolidated financial reports of the Company for the years ended 30 June 2016, 30 June 2017, 30 June 2018 and the half-year ended 31 December 2018, which were audited by Deloitte Touche Tohmatsu in accordance with the Australian Auditing Standards. Deloitte Touche Tohmatsu issued an unmodified audit opinion on the financial reports.

The Statutory Historical Financial Information is presented in the Prospectus in an abbreviated form, insofar as it does not include all of the presentation and disclosures required by Australian Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Corporations Act 2001.

Pro Forma Historical Financial Information

Deloitte Corporate Finance Pty Limited has been engaged by the Directors of the Company to review the:

- Pro Forma Historical Income Statements for the years ended 31 December 2016, 31 December 2017 and 31 December 2018; and
- Pro Forma Historical Balance sheet as at 31 December 2018

as set out in Figures 4.7.1 and 4.7.6 of the prospectus (the Pro Forma Historical Financial Information).

The Pro Forma Historical Financial Information has been derived from the Statutory Historical Income Statements for the years ended 30 June 2016, 30 June 2017, 30 June 2018 and the half-year ended 31 December 2018 and the Statutory Historical Balance Sheet at 31 December 2018 (the Statutory Historical Financial Information) after adjusting for the effects of pro forma adjustments described in Section 4.4.2 of the Prospectus (the Pro Forma Adjustments).

The stated basis of preparation is the recognition and measurement principles contained in Australian Accounting Standards applied to the Statutory Historical Financial Information to effect of the change in financial year end to December and illustrate the effect of events and transactions related to the Offer on VGIP's Statutory Historical Income Statements with effect from 1 January 2016 to 31 December 2018 and on VGIP's Statutory Historical Balance Sheet as at 31 December 2018.

Directors' Responsibility

The Directors are responsible for:

- the preparation and presentation of the Statutory Historical Financial Information and the Pro Forma Historical Financial Information, including the selection and determination of pro forma adjustments made to the Statutory Historical Financial Information and included in the Pro Forma Historical Financial Information; and
- the information contained within the Prospectus.

This responsibility includes for the operation of such internal controls as the Directors determine are necessary to enable the preparation of Statutory Historical Financial Information and Pro Forma Historical Financial Information that are free from material misstatement, whether due to fraud or error.

Our Responsibility

Our responsibility is to express a limited assurance conclusion on the Statutory Historical Financial Information and the Pro Forma Historical Financial Information based on the procedures performed and the evidence we have obtained. We have conducted our engagement in accordance with Australian Standard on Assurance Engagement (ASAE) 3450 *Assurance Engagements involving Corporate Fundraisings and/or Prospective Financial Information*.

A review consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain reasonable assurance that we would become aware of all significant matters that might be identified in a reasonable assurance engagement. Accordingly we will not express an audit opinion.

Our engagement did not involve updating previously issued audit reports on financial information used as a source of the financial information.

We have performed the following procedures as we, in our professional judgement, considered reasonable in the circumstances:

Statutory Historical Financial Information

- a review of the extraction of Statutory Historical Financial Information from the audited consolidated financial reports of the Company for the years ended 30 June 2016, 30 June 2017, 30 June 2018 and the half-year ended 31 December 2018;
- analytical procedures on the Statutory Historical Income Statements and the Statutory Historical Cash Flow Statements of the Company for the years ended 30 June 2016, 30 June 2017, 30 June 2018 and the half-year ended 31 December 2018;
- a consistency check of the application of the stated basis of preparation, as described in the Prospectus, to the Statutory Historical Financial Information;
- a review of the Company's work papers, accounting records and other documents; and
- enquiry of Directors, management and others in relation to the Statutory Historical Financial Information.

Pro Forma Historical Financial Information

- consideration of work papers, accounting records and other documents, including those dealing with the extraction of Statutory Historical Financial Information of the Company from its audited consolidated financial reports for the years ended 30 June 2016, 30 June 2017, 30 June 2018 and the half-year ended 31 December 2018;
- consideration of the appropriateness of Pro Forma Adjustments described in Section 4.4.2 of the Prospectus;
- enquiry of Directors, management, personnel and advisors;
- the performance of analytical procedures applied to the Pro Forma Historical Financial Information;

- a review of work papers, accounting records and other documents of the Company and its auditors; and
- a review of the accounting policies adopted and used by the Company over the period for consistency of application.

Conclusions

Statutory Historical Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Statutory Historical Financial Information, as described in Section 4.1 of the Prospectus, and comprising:

- the Statutory Historical Income Statements for the years ended 30 June 2016, 30 June 2017, 30 June 2018 and the half-year ended 31 December 2018;
- the Statutory Historical Cash Flow Statements for the years ended 30 June 2016, 30 June 2017, 30 June 2018 and half-year ended 31 December 2018; and
- the Statutory Historical Balance Sheet as at 31 December 2018

is not presented fairly and prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.4 of the Prospectus.

Pro Forma Financial Information

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the Pro Forma Historical Financial Information, as described in Section 4.1 of the Prospectus, and comprising:

- the Pro Forma Historical Income Statements for the years ended 31 December 2016, 31 December 2017 and 31 December 2018; and
- the Pro Forma Historical Balance sheet as at 31 December 2018

is not presented fairly and prepared, in all material respects, in accordance with the stated basis of preparation, as described in Section 4.4 of the Prospectus.

Restrictions on Use

Without modifying our conclusions, we draw attention to Section 4.4. of the Prospectus, which describes the purpose of the Statutory Historical Financial Information and Pro Forma Historical Financial Information, being for inclusion in the Prospectus. As a result, the Independent Limited Assurance Report may not be suitable for use for another purpose.

Consent

Deloitte Corporate Finance Pty Limited has consented to the inclusion of this Independent Limited Assurance Report in the Prospectus in the form and context in which it is included.

Disclosure of Interest

Deloitte Corporate Finance Pty Limited does not have any interest in the outcome of this Offer other than the preparation of this report and participation in the due diligence procedures for which normal professional fees will be received.

Yours sincerely



Taralyn Elliott

Authorised Representative of Deloitte Corporate Finance Pty Limited

(AFSL Number 241457)

AR number 1009181



Financial Services Guide (FSG)

What is an FSG?

An FSG is designed to provide information about the supply of financial services to you.

Deloitte Corporate Finance Pty Limited (DCF) (AFSL 241457) provides this FSG to you, so you know how we are remunerated and who to contact if you have a complaint.

Who supplies the financial services?

We provide this FSG to you where you engage us to act on your behalf when providing financial services.

Alternatively, we may provide this FSG to you because our client has provided financial services to you that we delivered to them.

The person who provides the financial service to you is our Authorised Representative (AR) and DCF authorises the AR to distribute this FSG.

What financial services are we licensed to provide?

We are authorised to provide financial product advice and to arrange for another person to deal in financial products in relation to securities, interests in managed investment schemes, government debentures, stocks or bonds, to retail and wholesale clients. We are also authorised to provide personal and general financial product advice and deal by arranging in derivatives and regulated emissions units to wholesale clients, and general financial product advice relating to derivatives to retail clients.

General financial product advice

We provide general advice when we have not taken into account your personal objectives, financial situation or needs, and you would not expect us to have done so. In this situation, you should consider whether our general advice is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If we provide advice to you in connection with the acquisition of a financial product, you should read the relevant offer document carefully before making any decision about whether to acquire that product.

Personal financial product advice

When we give you advice that takes into account your objectives, financial situation and needs, we will give you a Statement of Advice to help you understand our advice, so you can decide whether to rely on it.

How are we remunerated?

Our fees are usually determined on a fixed fee or time cost basis plus reimbursement of any expenses incurred in providing the services. Our fees are agreed with, and paid by, those who engage us.

Clients may request particulars of our remuneration within a reasonable time after being given this FSG.

Apart from these fees, DCF, our directors and officers, and any related bodies corporate, affiliates or associates, and their directors and officers, do not receive any commissions or other benefits.

All employees receive a salary, and, while eligible for annual salary increases and bonuses based on overall performance, they do not receive any commissions or other benefits as a result of the services provided to you.

The remuneration paid to our directors reflects their individual contribution to the organisation and covers all aspects of performance.

We do not pay commissions or provide other benefits to anyone who refers prospective clients to us.

Associations and relationships

The Deloitte member firm in Australia (Deloitte Touche Tohmatsu) controls DCF. Please see www.deloitte.com/au/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu.

We, and other entities related to Deloitte Touche Tohmatsu, do not have any formal associations or relationships with any entities that are issuers of financial products. However, we may provide professional services to issuers of financial products in the ordinary course of business.

What should you do if you have a complaint?

Please contact us about a concern:

The Complaints Officer
PO Box N250
Grosvenor Place
Sydney NSW 1220
complaints@deloitte.com.au
Phone: +61 2 9322 7000

If an issue is not resolved to your satisfaction, you can lodge a dispute with the Australian Financial Complaints Authority (AFCA). AFCA provides fair and independent financial services dispute resolution free to consumers.

www.afca.org.au
1800 931 678 (free call)
Australian Financial Complaints Authority Limited
GPO Box 3 Melbourne VIC 3001

What compensation arrangements do we have?

Deloitte Australia holds professional indemnity insurance that covers the financial services we provide. This insurance satisfies the compensation requirements of the Corporations Act 2001 (Cth).

Deloitte Corporate Finance Pty Limited, ABN 19 003 833 127, AFSL number 241457 of Level 1 Grosvenor Place, 225 George Street, Sydney NSW 2000
Member of Deloitte Touche Tohmatsu Limited
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity.

Additional Information

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9) Additional Information

9.1 Registration

The Company was incorporated in New South Wales on 11 January 2008.

9.2 Company tax status

The Company will be taxed as an Australian tax resident public company for the purpose of Australian income tax law.

9.3 Corporate entities

The following diagram shows a high level corporate structure of the Group on Completion of the Offer.

Figure 34: Corporate structure



9.4 Director disclosure

The following is information about:

- any company of which a Director was an officer that entered into a form of external administration because of insolvency during the time the Director was an officer or within the 12 month period afterwards; and
- any legal or disciplinary action against a Director that is less than 10 years old.

9.5 Interests and benefits

Other than as set out in this Prospectus, no:

- director or proposed director of the Company
- person named in this Prospectus and who has performed a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus
- promoter of the Company; or

- underwriter to the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds as at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

- the formation or promotion of the Company
- property acquired or proposed to be acquired by the Company in connection with its formation or promotion or
- the Offer,

and no amount (whether in cash, Shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any such person for services in connection with the formation or promotion of the Company, or the Offer or to any Director or proposed Director of the Company to induce them to become, or qualify as, a Director.

9.6 Capital structure

The details of the ownership of the Shares and Options as at the Prospectus Date and the expected ownership of the Shares and Options on Completion of the Offer are set out in Section 7.1.5.

9.7 Fee revenue

9.7.1 Management fee

Set out below is an explanation of how VGI Partners currently calculates management and performance fees. Potential investors should be aware that fee rates and the methodology may vary in the future.

In return for the performance of its duties as manager of the VGI Funds, the Company is entitled to be paid a management fee typically equal to 1.50% (plus GST) per annum of the portfolio value of the fund (calculated on the last business day of each month and paid at the end of each month in arrears).

The management fee accrues regardless of the performance of the Company, noting that the management fee varies month-to-month in proportion to the portfolio value of the fund.

As a worked example, assuming an initial value of the portfolio value of \$2,000,000,000 at 1 July 2019, and nil post fee performance on the portfolio each month, the management fee payable on the portfolio for the 12 month period from 1 July 2019 to 30 June 2020 would be approximately \$30,000,000 (plus GST).

9.7.2 Performance fee

The Company is entitled to be paid performance fees equal to 15% (plus GST) of each portfolios' outperformance (if any) over each Performance Calculation Period, subject to a high-water mark mechanism.

In each of the VGI Funds the performance fee for each Performance Calculation Period is calculated in accordance with the following formula:

$$A = B - C$$

Where:

- A** is the base amount to be used in calculating the performance fee outlined above.
- B** is the portfolio value, after payment of management fees, calculated on the last business day of the relevant Performance Calculation Period.

- C** is the portfolio value, after payment of management fees and performance fees, calculated on the last business day of the last preceding Performance Calculation Period in which a performance fee was paid or if no prior performance fee has been paid to VGI Partners, the portfolio value after the payment of management fees, adjusted for the impact of any subscriptions or redemptions occurring in the period.

If the portfolio value (after payment of management fees) calculated on the last business day of a Performance Calculation Period is less than the highest portfolio value, after payment of management fees and performance fees, calculated on the last business day of any preceding Performance Calculation Period, no performance fee is payable in respect of that Performance Calculation Period.

Example 1: Performance above the high-water mark

Assuming a Performance Calculation Period ending 30 June 2020, an initial value of a portfolio of \$2,000,000,000 (which also represents the high-water mark for the first period) and a portfolio value at the end of the Performance Calculation Period of \$2,300,000,000 (representing a 15% higher value than at the beginning of the period):

- As the high-water mark is \$2,000,000,000 and the closing portfolio value is \$2,300,000,000, there would be an aggregate positive performance of \$300,000,000.
- In this instance, there would be a performance fee payable at 15% of this amount equating to \$45,000,000 (plus GST) for the Performance Calculation Period as the value of the portfolio is above the high-water mark.
- The high-water mark would become \$2,255,000,000 (being the value of the portfolio net of the performance fee paid at the Performance Calculation Date).

Example 2: Performance below the high-water mark

Assuming a Performance Calculation Period ending 30 June 2020, an initial value of the portfolio of \$2,000,000,000 (which also represents the high-water mark for the first period), and a portfolio value at the end of the Performance Calculation Period that is 5% less than at the beginning of the period (therefore \$1,900,000,000):

- As the high-water mark is \$2,000,000,000 and the closing portfolio value is \$1,900,000,000, there would be an aggregate negative performance of \$100,000,000.

9) Additional Information

- In this instance:
 - there would be no performance fee payable for the Performance Calculation Period as the value of the portfolio is less than the high-water mark;
 - the high-water mark would remain \$2,000,000,000.

Example 3: Recouping past underperformance against the high-water mark

Following on from Example 2 above, assuming a Performance Calculation Period ending 30 June 2021, the high-water mark of \$2,000,000,000, an initial value of the portfolio of \$1,900,000,000, and a value of the portfolio at the end of the Performance Calculation Period that is 15% higher than at the beginning of the period, of \$2,185,000,000:

- The aggregate positive performance above the high-water mark is only \$185,000,000 (as the high-water mark is \$2,000,000,000 and the closing value of the portfolio is \$2,185,000,000)
- In this instance:
 - there would be a performance fee payable at 15% of \$185,000,000 equating to \$27,750,000 (plus GST) for the Performance Calculation Period, as the portfolio is above the high-water mark;
 - the high-water mark would become \$2,157,250,000 (being the value of the portfolio net of the performance fee paid at the last Performance Calculation Date).

9.8 Offer Management Agreement

The Company and the Joint Lead Managers have entered into an Offer Management Agreement dated 13 May 2019 with respect to the management of the Offer. Under the Offer Management Agreement, the Joint Lead Managers have agreed to assist the Company in managing the Offer.

For the purpose of this section, 'Offer Documents' includes any of the following documents issued or published by, or on behalf of, and with the authorisation of, the Company in respect of the Offer:

- this Prospectus, the Application Forms and any supplementary or replacement prospectus;
- the pathfinder version of this Prospectus that was used by or on behalf of the Company to conduct the Offer; and
- the marketing materials, roadshow presentation and/or notices or reports used by, or on behalf of, the Company to conduct the Offer.

Fees and expenses

On the date settlement of the Offer, the Company must pay the Joint Lead Managers, in accordance with the Offer Management Agreement, the fees referred to in Sections 9.19.

The Company has agreed to reimburse the Joint Lead Managers for certain agreed costs and expenses incurred by the Joint Lead Managers in relation to the Offer.

Termination events

A Joint Lead Manager may terminate the Offer Management Agreement, at any time after the date of the Offer Management Agreement and on or before 10.00am on the date of settlement of the Offer by notice to the Company and the other Joint Lead Managers if any of the following events, among others, occur:

- **(Offer Documents)** the Joint Lead Manager forms the view (acting reasonably) that:
 - there is an omission from the Prospectus or any supplementary or replacement prospectus of material required by the Corporations Act to be included;
 - an Offer Document contains a statement which is misleading or deceptive (whether by inclusion or omission); or
 - an Offer Document does not contain all information required to comply with all applicable laws;
- **(supplementary or replacement prospectus)** the Company issues or is required to issue, a supplementary or replacement prospectus, in each case, to comply with section 719 of the Corporations Act in a form that has not been approved by the Joint Lead Managers or the Joint Lead Managers (acting reasonably) form the view that a supplementary or replacement prospectus is required to be issued;
- **(ASX approval)** ASX does not approve the admission of the Company to the official list of ASX and the granting of official quotation to the Shares (subject only to conditions acceptable to the Joint Lead Managers, acting reasonably) by 5.00pm on the closing date for the Priority Offer, or if granted, the approval is subsequently withdrawn, qualified (other than on conditions acceptable to the Joint Lead Managers, acting reasonably) or withheld (or ASX indicates to the Company or a Joint Lead Manager that the approval is likely to be withdrawn, qualified or withheld);
- **(ASIC action)** ASIC:
 - makes an order (including an interim order) under section 739 of the Corporations Act;

- applies for an order under Part 9.5 of the Corporations Act in relation to the Offer or any Offer Document;
 - holds, or gives notice of intention to hold, a hearing or investigation in relation to the Offer or any Offer Document under the Corporations Act or the *Australian Securities and Investments Commission Act 2001* (Cth);
 - either
 - prosecutes or gives notice of an intention to prosecute; or
 - commences proceedings against, or gives notice of an intention to commence proceedings against,
 - the Company or any of its officers, employees or agents in relation to the Offer or any Offer Document provided that where the immediately preceding events of this termination event arise prior to the date of settlement of the Offer and the relevant proceedings or threat of proceedings or inquiry or investigation or hearing or notice of intention to commence a hearing has been dealt with (so as to resolve the matter) within two business days (or where such event occurs within two business days before the date of settlement of the Offer, by 9.00am on the date of settlement of the Offer), then the event will not give rise to a right to terminate the Offer Management Agreement;
- **(mutual recognition)** the Company fails to comply with the requirements of the NZ Securities Laws to enable the Offer to proceed on the basis of the Prospectus, under the NZ Mutual Recognition Regulations;
 - **(NZ notifications)** any New Zealand regulatory body having jurisdiction in respect of the Offer issues an order or notification to the Company prohibiting the Company from making the Offer to investors in New Zealand under the NZ Mutual Recognition Regulations;
 - **(withdrawal of consent)** any person (other than the Joint Lead Managers) who has previously consented to the inclusion of its name in the Prospectus withdraws that consent;
 - **(notice of defect)** any person (other than the Joint Lead Managers) gives a notice under section 730 of the Corporations Act in relation to the Prospectus;
 - **(certificate not provided)** the Company does not provide a certificate as and when required by the Offer Management Agreement;
 - **(withdrawal of Offer)** the Company withdraws the Prospectus or the Offer or indicates that it does not intend to proceed with the Offer or any part of it;
 - **(withdrawal of VG1 Equity Raising)** the Company withdraws the VG1 Equity Raising or indicates that it does not intend to proceed with the VG1 Equity Raising or any part of it;
 - **(timetable)** any event specified in the timetable for the Offer is delayed for more than two business days (or for more than five business days where a delay is required as a result of ASIC extending the Exposure Period);
 - **(unauthorised alterations)** without the prior written consent of the Joint Lead Managers (such consent not to be unreasonably withheld), the Company alters its share capital in a manner not permitted by the Offer Management Agreement or its constitution;
 - **(escrow deeds)** any of the voluntary escrow deeds entered into with the Escrowed Shareholders are withdrawn, varied, terminated, rescinded, altered, amended or breached or there is a failure to comply with any of them;
 - **(Material contracts)** if any of the obligations of the relevant parties under any of the material contracts (being those disclosed in Section 9.9, 9.10 and 9.11 of the Prospectus) are not capable of being performed in accordance with their terms or if all or any part of any of such contracts is amended or varied (without the consent of the Joint Lead Managers), is terminated, is breached, ceases to have effect, otherwise than in accordance with its terms or is or becomes void, voidable, illegal, invalid or unenforceable (other than by reason only of a party waiving any of its rights) or capable of being terminated, rescinded or avoided or of limited force and effect, or its performance is or becomes illegal; (unable to issue) the Company is prevented from issuing the Shares under the Offer within the time required by the timetable for the Offer, the Offer Documents, the ASX Listing Rules or by any other applicable laws, an order of a court of competent jurisdiction or a governmental agency;
 - the Company: (i) other than as disclosed in the Prospectus or as permitted under the Offer Management Agreement, alters the issued capital of the Company or (ii) disposes or attempts to dispose of a substantial part of the business or property of the Company or its Subsidiaries, without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld);
 - **(index fall)** the MSCI World Net Total Return Index (in AUD) is at any time more than 10% below its level as at 5pm on the business day immediately prior to the date of the Offer Management Agreement;

9) Additional Information

- **(regulatory approvals)** a government agency withdraws, revokes or amends any authorisation required for the Company to perform its obligations under the Offer Management Agreement or to carry out the transactions contemplated by the Offer Documents;
 - **(force majeure)** there is an event or occurrence, including any statute, order, rule, regulation, directive or request (including one compliance with which is in accordance with the general practice of persons to whom the directive or request is addressed) of any government agency which makes it illegal for the Joint Lead Managers to satisfy an obligation under the Offer Management Agreement, or to market, promote or settle the Offer.
 - **(Directors and Senior Management):**
 - a Director or any member of the Senior Management is charged with a criminal offence relating to any financial or corporate matter;
 - a change in the Senior Management or the Directors occurs, or a Director or any member of the Senior Management dies or becomes permanently incapacitated;
 - any regulatory body commences any public action against any of the Directors or any member of the Senior Management, or announces that it intends to take any such action; or
 - any Director is disqualified under the Corporations Act from managing a corporation;
 - **(compliance with law)** any of the Offer Documents or any aspect of the Offer does not comply with the Corporations Act (and all regulations under that act), the ASX Listing Rules or any other applicable law or regulation; or
 - **(insolvency)** the Company or any of its Subsidiaries is or becomes insolvent or there is an act or omission which may result in the Company or any of its Subsidiaries becoming insolvent.
- success, settlement, marketing, promotion or outcome of the Offer, on the ability of the Joint Lead Manager to market, promote or settle the Offer or on the likely price at which the Shares will trade on ASX, or on the willingness of investors to apply for Shares or (ii) will, or is likely to, give rise to a liability of the Joint Lead Managers under, or a contravention by the Joint Lead Managers or their affiliate of, any applicable law:
- **(disclosures in due diligence materials)** the due diligence report, verification materials or any other information provided by or on behalf of the Company to the Joint Lead Managers concerning the Company and its Subsidiaries, or the Offer is (or is likely to be) misleading or deceptive, including by way of omission;
 - **(adverse change)** an event occurs which is, or is likely to give rise to any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group, including any adverse change in the assets, liabilities, financial position or performance, profits, losses or prospects of the Company or the Group (taken as a whole) from those respectively disclosed in any Offer Document or the Public Information (as that term is defined in the Offer Management Agreement);
 - **(legal proceedings)** any of the following occurs:
 - the commencement of legal proceedings against the Company, any other member of the Group or against any director of the Company or any other member of the Group in that capacity; or
 - any regulatory body commences any inquiry or public action against a member of the Group;
 - **(hostilities)** hostilities not presently existing commence (whether war has been declared or not) or an escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States, the United Kingdom, the People's Republic of China, Hong Kong, Singapore, South Korea or any member state of the European Union or any diplomatic, military, commercial or political establishment of any of those countries or a major terrorist act is perpetrated anywhere in the world;
 - **(change in law)** a new law is introduced, or there is a public announcement of a proposal to introduce a new law, into the Parliament of the Commonwealth of Australia, or any state or territory of Australia, or the Reserve Bank of Australia, or any Commonwealth or state authority, including ASIC, adopts or announces a proposal to adopt a new policy (other than a law or

Termination subject to materiality

A Joint Lead Managers may terminate the Offer Management Agreement, at any time after the date of the Offer Management Agreement and on or before 10.00am on the date of settlement of the Offer by notice to the Company and the other Joint Lead Managers, if any of the following events, among others, occur and the Joint Lead Manager has reasonable grounds to believe that the event (i) has or is likely to have a material adverse effect on the

policy that has been announced before the date of the Offer Management Agreement);

- **(breach)** the Company fails to comply with any of its obligations under the Offer Management Agreement, or any representation or warranty by Company in the Offer Management Agreement is or becomes incorrect;
- **(certificate)** a certificate that the Company provides under the Offer Management Agreement is false, misleading, inaccurate or untrue or incorrect; or
- **(disruption in financial markets)** any of the following occurs: (i) a general moratorium on commercial banking activities in Australia, New Zealand, the United States, the United Kingdom, Hong Kong or any Member State of the European Union is declared by the relevant central banking authority in those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any of those countries, (ii) any adverse effect on the financial markets in Australia, New Zealand, Hong Kong, the United States, the United Kingdom or any Member State of the European Union or in foreign exchange rates or any development involving a prospective change in political, financial or economic conditions in any of those countries; or (iii) trading in all securities quoted or listed on the ASX, New York Stock Exchange or London Stock Exchange or the Hong Kong Stock Exchange is suspended or limited in a material respect.

Conditions, warranties, undertakings and other terms

The Offer Management Agreement contains certain standard representations, warranties and undertakings by the Company to the Joint Lead Managers (as well as common conditions precedent, including the entry into a voluntary escrow deed by the Escrowed Shareholders).

The representations and warranties given by the Company relate to matters such as the conduct of the Company, power and authorisations, information provided by the Company, financial information, information in this Prospectus, the conduct of the Offer, and compliance with laws, the ASX Listing Rules and other legally binding requirements. The Company also provides additional representations and warranties in connection with matters including in relation to its assets, litigation, non-disposal of escrowed Shares, entitlements of third parties, tax, authorisations, eligibility for Listing and internal accounting controls. The Company's undertakings include that it will not, during the period following the date of the Offer Management Agreement until 120 days after Shares have been issued under the Offer, issue any equity securities or vary its capital structure (other than pursuant to the Offer or as disclosed in the Prospectus) or dispose (or permit

any other member of the Group to dispose) of all or any material part of its or their business, assets or property or acquire any material asset except in the ordinary course without the consent of the Joint Lead Managers subject to certain exceptions.

Indemnity

Subject to certain exclusions relating to, among other things, gross negligence, fraud or wilful misconduct of an indemnified party, the Company has agreed in the Offer Management Agreement to keep the Joint Lead Managers and certain affiliated parties indemnified from losses suffered in connection with the Offer.

9.9 VG1 Equity Raising Offer Management Agreement

Crestone, CommSec, Wilsons and Ord Minnett (**VG1 Equity Raising JLMs**), the Company and VG1 have entered into an Offer Management Agreement, 13 May 2019 (**VG1 Equity Raising OMA**), with respect to the management of the VG1 Equity Raising. Under the VG1 Equity Raising OMA, the VG1 Equity Raising JLMs have been appointed by the Company to assist VG1 in managing the entitlement offer component of the VG1 Equity Raising.

The Company is liable to pay the VG1 Equity Raising JLMs in accordance with the VG1 Equity Raising OMA on the date of settlement the fees referred to in Sections 9.19. The Company has agreed to reimburse the VG1 Equity Raising JLMs for certain agreed costs and expenses incurred by the VG1 Equity Raising JLMs in relation to the VG1 Equity Raising.

In all other respects, the terms of the VG1 Equity Raising OMA are substantially identical to the terms of the Offer Management Agreement, save for the following:

- such changes as are necessary because it applies to the VG1 Equity Raising rather than the Offer;
- VG1 providing material representations, warranties, undertakings and indemnities; and
- other immaterial changes.

9.10 Investment Management Agreements

The Company has entered into investment management agreements in respect of each IMA, VG1, and the Offshore Fund (**Investment Management Agreements**), pursuant to which VG1 Partners is appointed to manage:

- each of the nine IMAs. The IMAs are described in section 2.5.2;
- the portfolio of VG1 as its exclusive investment manager; and

9) Additional Information

- the portfolio of the Offshore Fund in addition to providing investment management services, VGI Partners also provides, if requested, reports on the services it provides to the Offshore Fund, and will assist with the winding down of the Offshore Fund's activities if required.

The Company also manages the portfolio of the Master Fund in its capacity as the trustee of the Master Fund, pursuant to its powers under the trust deed establishing the Master Fund. Any duties, obligations and liabilities in relation to the Master Fund incurred by the Company (as trustee of the Master Fund) will be satisfied out of the assets of the Master Fund, except to the extent of any fraud, gross negligence or wilful breach.

IMAs

The Investment Management Agreements in respect of the IMAs are generally on similar terms. Key terms of these Investment Management Agreements for the IMAs include:

- **initial commitment period** – the initial commitment period ranges from six months to three years, after which the relevant Investment Management Agreement continues until terminated in accordance with its terms.
- **termination for convenience** – following the initial commitment period, the relevant IMA counterparty can terminate the Investment Management Agreement for convenience on written notice. Half of the Investment Management Agreements in place for the IMAs have a minimum notice period of one month, and the other half have a minimum notice period of six months. The Company can terminate each Investment Management Agreement at any time on one month's written notice;
- **termination** – generally, each party to an Investment Management Agreement has customary termination rights in the event that the other party becomes insolvent or defaults on its payment obligations, among other things;
- **fees** – the Company is entitled to two categories of fees under the Investment Management Agreements which are in place in relation to each IMA, being a management and performance fee. Both fees are calculated on the basis of the relevant IMA portfolio value, other than the management fee for one IMA (which is a fixed figure); and
- **liability** – the Company is not responsible for any losses or liabilities incurred by the IMA counterparty other than in respect of the Company's negligence, default, fraud and dishonesty.

VG1

The key terms of the Investment Management Agreement in place between the Company include:

- **term** – the Investment Management Agreement commenced on the date of the initial public offering of VG1, being 28 September 2017 and continues for a period of up to 10 years from commencement;
- **fees** – the Company is entitled to a management and performance fee under the Investment Management Agreement, both of which are calculated on the basis of VG1's portfolio value;
- **termination by shareholders' resolution** – following the initial 10 year term, if the shareholders of VG1 resolve by ordinary resolution to remove the Company as manager of VG1's portfolio, the Investment Management Agreement can be terminated on three months' written notice to the Company. On such termination, VG1 must pay to the Company the value of all management and performance fees payable to the Company during the preceding 12-month period;
- **termination** – each party to the Investment Management Agreement has customary termination rights, including in the event that the other party becomes insolvent or defaults on its payment obligations; and
- **liability and indemnity** – the Company is not responsible for any loss or liability resulting from the exercise of, or failure to exercise, its powers under the Investment Management Agreement, other than as a result of the Company's gross negligence, default, fraud or dishonesty. VG1 also agrees to indemnify the Company in respect of any such losses or liabilities.

Offshore Fund and the Feeder Fund

The key terms of the Investment Management Agreements in place between the Company and the Offshore Fund and the Feeder Fund include:

- **term** – these Investment Management Agreements commenced on 20 April 2012, were amended on 14 October 2014 and initially expired on 30 April 2017, however, each Investment Management Agreement automatically renews for further one-year periods unless terminated in accordance with their terms;
- **fees** – under these Investment Management Agreements, the Company is entitled to a management and performance fee. The management fee is calculated on the basis of the net asset value of certain participating shares, and the performance fee is determined by reference to the fees levied on the

investors in the Offshore Fund and the Feeder Fund (as the case may be). The performance fee is adjusted (upwards or downwards, as appropriate) for a new incoming investor in the Offshore Fund and the Feeder Fund (as the case may be), if that investor subscribes for participating shares in the Offshore Fund or the Feeder Fund (as applicable) that is higher or lower than a specified threshold (based on the net asset value of the participating shares);

- **termination** – the Offshore Fund and the Feeder Fund can terminate their respective Investment Management Agreement at any time if either Mr Luciano or Mr Tynan ceases to be involved in the investment management of assets in the Offshore Fund or the Feeder Fund, or where the Company has acted with fraud, wilful misconduct, dishonesty or negligence in its performance of its obligations under the relevant Investment Management Agreement. The Company can terminate the relevant Investment Management Agreement on the last business day of any month during the term of the relevant agreement by not less than 120 days' written notice; and
- **liability and indemnity** – the Company is not liable for any error of judgment or mistake of law or for any loss of the Offshore Fund, the Feeder Fund or the administrator, prime broker and custodian or shareholders of the Offshore Fund or the Feeder Fund, other than as a result of the Company's negligence, fraud, wilful misconduct, dishonesty or a failure to comply with the agreement or applicable law. Under the terms of the relevant Investment Management Agreement, the Offshore Fund and the Feeder Fund each agree to indemnify the Company in respect of any loss arising in connection with the Company's performance of its obligations under the Investment Management Agreement in place with respect to the Offshore Fund and the Feeder Fund, subject to customary carve-outs for fraud, dishonesty, wilful misconduct and negligence.

9.11 Prime broker arrangements

IMA, VG1, Offshore Fund and Feeder Fund

Under each Investment Management Agreement in place in respect of the IMAs, VG1, the Offshore Fund and the Feeder Fund, the counterparty is either required, or can be required by the Company, to appoint a prime broker. The prime broker provides financing and settlement services to the counterparty and, on appointment as prime broker, will open and maintain one or more cash and securities accounts for the counterparty in connection with the provision of its services.

Each of the IMA parties, VG1, and the Offshore Fund (the **Counterparties**) have entered into a prime broker agreement (each, a **PBA**). Generally, the PBAs continue on-foot until validly terminated.

In connection with each PBA, the Counterparty and the prime broker entered into various ancillary documents, a summary of each is as follows:

- **master netting agreement** – umbrella agreement that contemplates the cross-default and cross-termination of all agreements entered into by the Counterparty and the prime broker in relation to the PBA. Amounts payable by the Counterparty to the prime broker (and vice versa) are netted off across all of the agreements;
- **securities lending** – industry standard form documents relating to securities lending, under which one party 'borrows' financial instruments from the other party. The loan is usually secured against the borrower's assets;
- **other securities** – the prime broker provides, or procures the provision of, execution and clearing services relating to futures contracts and options, and over-the-counter derivatives (which is under an industry standard form document); and
- **cash advance facilities** – the prime broker provides a multi-currency cash advance facility to four IMAs.

The Company, as the investment manager for each Counterparty acts as its agent under the relevant PBA, and the respective Counterparty indemnifies the prime broker for any loss suffered in accepting the Company's instructions (other than due to gross negligence, breach of contract, wilful default or fraud of the prime broker), among other things.

Master Fund

The Master Fund (through the Company as its trustee) has entered into a prime broker agreement with two separate prime brokers.

In connection with one of these agreements, the Company has granted an all present and after acquired property security interest to the prime broker.

As noted in Section 9.10 above, any duties, obligations and liabilities in relation to the Master Fund incurred by the Company (as trustee of this fund) will be satisfied out of the assets of the Master Fund, except to the extent of any fraud, gross negligence or wilful breach.

9.12 Foreign and other ownership restrictions

9.12.1 Foreign ownership restrictions

This document does not constitute an offer of Shares in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person and Shares may not be offered or sold, in any country outside Australia except as provided below.

9.13 Taxation considerations

The following comments provide a general summary of the Australian income tax, capital gains tax (CGT), goods and services tax (GST) and stamp duty issues for investors who acquire Shares under this Prospectus.

The categories of investors considered in this summary are limited to individuals, complying superannuation entities and certain companies, trusts or partnerships, each of whom holds their shares on capital account.

This summary does not consider the consequences for investors who are insurance companies, banks, investors that hold their shares on revenue account or carry on a business of trading in shares, investors who acquired Shares in connection with an employee share scheme, or investors who are exempt from Australian tax. This summary also does not cover the consequences for investors who are subject to the Taxation of Financial Arrangements (TOFA) regime contained in Division 230 of the Income Tax Assessment Act 1997.

This summary is based on the tax laws in Australia in force at the time of issue of this Prospectus (together with established interpretations of those laws), which may change. This summary does not take into account the tax law of countries other than Australia. This summary is general in nature and is not intended to be an authoritative or complete statement of the applicable law.

Given that the precise implications of ownership or disposal of Shares will depend upon each investor's specific circumstances, investors should obtain independent advice on the taxation implications of holding or disposing of Shares, taking into account their specific circumstances (including whether they are an Australian tax resident).

9.13.1 Acquisition of the Shares

Each Share in the Company should be a separate CGT asset. For CGT purposes, the cost base (and reduced cost base) of each Share held by an Australian tax resident or non-Australian tax resident investor should include the

amount the investor paid (or is required to pay) to acquire the Share, plus any incidental costs of acquisition.

9.13.2 Dividends by the Company to Australian tax resident investors

An Australian tax resident investor who receives dividends from the Company should be required to include the dividends and any attached franking credits in their assessable income.

A tax offset should generally be available for the value of any franking credits included in assessable income. However, an Australian tax resident investor should not be entitled to a tax offset for franking credits (and should not be required to include this amount in their assessable income) unless the investor is a 'qualified person' in respect of their Shares.

Broadly, the 'qualified person' rule requires an investor to hold Shares in the Company 'at risk' for at least 45 days (excluding the date of acquisition and disposal) subject to certain exceptions. An Australian tax resident investor may wish to seek professional tax advice regarding the application of the 'qualified person' rule to their particular circumstances.

Where an Australian tax resident investor satisfies the 'qualified person' rule and to the extent that the investor's entitlement to franking credits exceeds their tax liability for a relevant income year:

- If the investor is an Australian tax resident individual or complying superannuation fund, a cash refund of the excess franking credits should be available; or
- If the investor is an Australian tax resident company, excess franking credits may be converted into carried forward tax losses.

We note for completeness that the Labor Party, if elected, has announced that from 1 July 2019 individuals and superannuation funds will no longer be able to claim a cash refund for excess franking credits. There are limited exceptions where the individual or Self-managed superannuation fund includes a member who is a pensioner or allowance recipient from the Australian Government. Should there be a change in Government, investors may wish to seek professional tax advice to confirm the tax treatment of excess franking credits.

9.13.3 Dividends by the Company to non-Australian tax resident investors

A non-Australian tax resident investor who receives dividends from the Company should be subject to dividend withholding tax of 30% to the extent that the dividends are unfranked. The dividend withholding tax rate of 30% may be reduced where the non-Australian tax resident investor is a tax resident of a country that has an applicable double tax agreement with Australia, and the agreement specifies a reduced rate of dividend withholding tax. A non-Australian tax resident investor who receives fully franked dividends from the Company should not be subject to dividend withholding tax.

9.13.4 Disposal of the Shares held by Australian tax resident investors

The disposal of the Shares by an Australian tax resident investor should constitute a CGT event and may result in a capital gain or capital loss for the investor.

A capital gain should arise to the Australian tax resident investor where the capital proceeds received from the disposal of the Shares is greater than the cost base of the Shares for CGT purposes. Conversely, a capital loss should arise if the capital proceeds from the disposal of the Shares is less than the reduced cost base of the Shares for CGT purposes.

Any capital gain or capital loss realised by an Australian tax resident investor in respect of the Shares should be aggregated with any other capital gains or capital losses of the Australian tax resident investor in that income year to determine the investor's net capital gain or net capital loss for that income year. A net capital gain calculated after reduction of any applicable prior year net capital losses and/or CGT discount (discussed below), should be included in the investor's assessable income. Net capital losses may be carried forward and offset against future taxable capital gains (subject to satisfying any applicable loss recoupment rules).

An Australian tax resident investor may be eligible for the CGT discount to reduce net capital gains in respect of the Shares if those shares have been held for at least 12 months prior to disposal. The CGT discount is one half in the case of an Australian tax resident individual or trust, or one third in the case of a complying superannuation entity. Australian tax resident companies are not entitled to the CGT discount.

We note for completeness that the Labor Party, if elected, has announced that for assets acquired by individuals from 1 January 2020 the discount rate will be lowered from 50% to 25%.

An Australian tax resident investor who disposes of their Shares within 12 months of acquisition or enters into an agreement to dispose of the Shares within 12 months of acquisition, should not be eligible for the CGT discount.

9.13.5 Disposal of Shares held by non-Australian tax resident investors

The disposal of the Shares by a non-Australian tax resident investor should not generally give rise to Australian CGT consequences unless:

- The Shares are held by the non-Australian tax resident investor in the course of carrying on a business through an Australian permanent establishment; or
- The Shares are 'indirect Australian real property interests' at the time of disposal by the non-Australian tax resident investor. Broadly, the Shares should be indirect Australian real property interests if the non-Australian tax resident investor has an associate-inclusive interest of at least 10% in the Company, and the Company is 'land rich' for Australian income tax purposes (that is, more than 50% of the market value of the Company's assets comprise real property or rights to explore certain natural resources in Australia). We note that, VGI Partners and VG1, are not currently 'land rich' for Australian income tax purposes.

Where a non-Australian tax resident investor is subject to Australian CGT, the consequences should be similar to those outlined above in relation to an Australian tax resident investor. However, we note that the CGT discount should not generally be available to a non-Australian tax resident investor.

9.13.6 Withholding of tax from distributions

The Company is required to deduct Pay-As-You-Go withholding tax from an unfranked dividend paid to an Australian tax resident investor at the highest marginal tax rate plus applicable levies (currently 47%) if the investor has not quoted either their Tax File Number or Australian Business Number and none of the relevant exemptions apply. This rate applies to all investors, including companies. Investors should generally be entitled to an income tax offset for any such tax withheld.

A non-Australian tax resident investor is generally exempt from quoting their Tax File Number or Australian Business Number in respect of their investment in the Company.

9) Additional Information

9.13.7 GST

The acquisition or disposal of the Shares by investors should not be subject to GST. Similarly, dividends from the Company should not be subject to GST.

9.13.8 Stamp duty

There should be no stamp duty on acquisition of the Shares under the Offer.

9.14 Description of the syndicate

The Joint Lead Managers of the Offer are Crestone, CommSec, Wilsons and Ord Minnett.

The Co-Managers of the Offer are Shaw and Partners, Macquarie Equities and Patersons.

9.15 Consent to be named and inclusion of statement of disclaimers of responsibility

Chapter 6D of the Corporations Act imposes a liability regime on the Company (as the offeror of the Shares), the Directors of the Company, persons named in the Prospectus with their consent as proposed Directors of the Company, any underwriters, persons named in the Prospectus with their consent as having made a statement in the Prospectus and persons involved in a contravention in relation to the Prospectus, with regard to misleading or deceptive statements made in the Prospectus. Although the Company bears primary responsibility for the Prospectus, other parties involved in the preparation of the Prospectus can also be responsible for certain statements made in it.

In light of the above, each of the parties referred to below (each a **Consenting Party**), to the maximum extent permitted by law, expressly disclaims all liabilities in respect of, makes no representations regarding and takes no responsibility for any statements in or omissions from this Prospectus, other than the reference to its name in the form and context in which it is named and a statement or report included in this Prospectus with its consent as specified below.

Each of the Consenting Parties has given and has not, before the lodgement of the Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named. None of the Consenting Parties referred to below has made any statement that is included in this Prospectus or any statement on which a statement is made in this Prospectus is based, other than as specified below:

- Moelis Australia
- Crestone
- CommSec

- Wilsons
- Ord Minnett
- Shaw and Partners;
- Macquarie Equities;
- Patersons;
- MinterEllison
- Deloitte Corporate Finance Pty Limited
- Deloitte Touche Tohmatsu
- Deloitte Tax Services Pty Limited;
- Boardroom Pty Limited;
- Citco Fund Services (Australia) Pty Limited; and
- Citco Fund Administration (Cayman Islands) Limited.

Deloitte Corporate Finance Pty Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it, including its Independent Limited Assurance Report in Section 8 and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to that report and those statements) in this Prospectus.

Each of Citco Fund Services (Australia) Pty Limited and Citco Fund Administration (Cayman Islands) Limited has given, and has not withdrawn prior to the lodgement of this Prospectus with ASIC, its written consent to the inclusion in this Prospectus of statements by it and the statements specifically attributed to it in the text of, or by a footnote in, this Prospectus, in the form and context in which they are included (and all other references to those statements) in this Prospectus.

9.16 Litigation

The Company is from time to time party to various disputes and legal proceedings incidental to the conduct of its business. As at the Prospectus Date, there are no legal proceedings to which the Company is a party that it believes are likely to have a material adverse impact on its future financial results and the Company is not aware of any such legal proceedings that are pending or threatened (although, see Section 5.1.14 for details of press reports that an Australian company whose shares VGI Partners has short sold, has hired a lawyer to investigate the potential for a claim against VGI Partners).

9.17 Regulatory

The Company believes it is in compliance with known financial services related regulations in each jurisdiction in which the Company has operations.

9.18 Claims and insurance

The Company has a range of insurance policies in place to manage the risks of its day-to-day business and certain other activities.

These policies include professional indemnity insurance, which is held by all member companies of the Group, along with workers compensation insurance for all states and territories in which the Group has employees. There are additional, more specific policies in place to cover other relevant business risks, including property, corporate travel and public and products liability insurance.

9.19 Costs of the offer

The Company has engaged the following professional advisors in relation to the Offer:

- Moelis Australia Advisory Ltd has acted as Financial Adviser in relation to the Offer. The Company has paid, or agreed to pay, up to approximately \$3.0 million (excluding GST) for these services, and services in connection with the VG1 Equity Raising, up until the Prospectus Date;
- MinterEllison has acted as Australian legal adviser (other than in respect of taxation matters) to in relation to the Offer and the VG1 Equity Raising. The Company has paid, or agreed to pay, approximately \$650,000 (excluding GST) for these services up until the Prospectus Date. Further amounts may be paid to MinterEllison for other work in accordance with its normal time-based charges;
- The Joint Lead Managers have acted as joint lead managers of the Offer. The Company has agreed to pay the Joint Lead Managers the following fees:
 - 0.6% (excluding GST) of the amount raised under:
 - the Offer from participants in the entitlement offer component in the VG1 Equity Raising; and
 - the entitlement offer component of the VG1 Equity Raising.
 - 1.0% stamping fee for the amount raised under the Offer and under the VG1 Equity Raising in each case, referable to their clients.
- The Co-Managers have acted as co-managers of the Offer. The Company agreed to pay the Co-Managers the following fees:
 - 0.2% of the amount raised under the Offer and under the VG1 Equity Raising; and
 - 1.0% stamping fee for the amount raised under the Offer and under the VG1 Equity Raising, in each case, referable to their clients;

- Deloitte Corporate Finance Pty Limited has acted as the Investigating Accountant on, and performed work in relation to, the Historical Financial Information and has performed work in relation to its Independent Limited Assurance Report on Historical Financial Information included in its Independent Limited Assurance Report on Pro Forma Financial Information included in Section 8. The Company has paid, or agreed to pay, approximately \$120,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Corporate Finance Pty Limited for other work in accordance with its normal time-based charges; and
- Deloitte Tax Services Pty Limited has acted as Australian tax adviser to the Company in relation to the Offer. The Company has paid, or agreed to pay, fees of approximately \$148,000 (excluding disbursements and GST) for these services up until the Prospectus Date. Further amounts may be paid to Deloitte Tax Services Pty Limited in accordance with its normal time-based charges.

These amounts, and other expenses of the Offer and the VG1 Equity Raising, will be paid by the Company out of funds raised under the Offer or available cash. Further information on the use of proceeds of the Offer and payment of expenses of the Offer and the VG1 Equity Raising is set out in Section 7.1.4.

9.20 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications under this Prospectus are governed by the laws applicable in New South Wales, Australia and each Applicant under this Prospectus submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

9.21 Statement of Directors

This Prospectus has been authorised by each Director of the Company, who each consent to its lodgement with ASIC and its issue and has not withdrawn that consent.

Appendix A: Glossary

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Appendix A: Glossary

Term	Meaning
~	Approximately
\$	AUD, unless otherwise stated
\$m	Australian million dollars, unless currency otherwise stated
\$b	Australian billion dollars, unless currency otherwise stated
AAS	Australian Accounting Standards
Additional Financial Information	The financial information as detailed in Sections 4.3, 4.5 and 4.9
Adjusted FUM	the total FUM of VGI Funds as at 31 March 2019 is \$2.4 billion, adjusted for the expected increase in FUM from the VG1 Equity Raising (assuming full subscription).
AFSL	Australian Financial Services Licence
Annual Bonus Scheme	The arrangement for awarding annual bonuses to employees as described in Section 6.4
Applicant	A person who makes an Application for Shares under this Prospectus
Application	An application to subscribe for Shares under this Prospectus
Application Form	The relevant form attached to, or accompanying, this Prospectus, including the online application form available at www.vgioffer.com , pursuant to which applicants apply for Shares
Application Monies	The amount accompanying an Application Form submitted by an applicant
ASIC	Australian Securities and Investments Commission
ASX	Australian Securities Exchange, as operated by ASX Limited (ACN 008 624 691)
ASX Listing Rules	The listing rules of ASX, as amended, modified or waived from time to time
ASX Recommendations	The ASX Corporate Governance Council's Corporate Governance Principles and Recommendations with 2014 Amendments (third edition)
ASX Settlement	ASX Settlement Pty Limited (ACN 008 504 532)
ASX Settlement Operating Rules	The operating rules of ASX Settlement and, to the extent that they are applicable, the operating rules of each of ASX and ASX Clear Pty Limited (ACN 001 314 503)
ATO	Australian Taxation Office
AUD	Australian Dollar
Audit and Risk Committee	The audit and risk committee established by the Board as described in Section 6.7.4(a)
Australian Accounting Standards or AAS	The Australian Accounting Standards and other authoritative pronouncements issued by the Australian Accounting Standards Board
Board	The board of directors of the Company
Business Day	A day on which (a) ASX is open for trading in securities and (b) banks are open for general banking business in Sydney
CAGR	Compound annual growth rate
CGT	Capital gains tax

Appendix A: Glossary

Term	Meaning
Chairman	The chairman of the Board
Chairman's List Offer	The Offer of Shares to participants in the VGI Equity Raising (including certain investors to whom entitlement offer shortfall (if any) is placed) and who have received an invitation to participate in the Chairman's List Offer from VGI Partners, as described in Section 7.4
Charitable Foundation Class	A class of shares within the VGI Partners Master Fund where all management fees and performance fees are donated to the VGI Partners Foundation as described in Section 2.5.6
CHES	Clearing House Electronic Sub-register System operated in accordance with the Corporations Act
Closing Date	The date on which the Offer is expected to close being 6 June 2019 in respect of the Priority Offer and 17 June 2019 in respect of the Chairman's List Offer, unless varied
COGS	Cost of goods sold
Co-Manager	Shaw and Partners, Macquarie Equities and Patersons
CommSec	Commonwealth Securities Limited (ABN 60 067 254 399)
Company or VGI Partners	VGI Partners Ltd Limited (ACN 129 188 450)
Company Secretary	The company secretary of the Company from time to time
Completion or Completion of the Offer	The allotment of Shares under this Prospectus
Constitution	The Constitution of the Company as amended from time to time
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Corporations Regulations	<i>Corporations Regulations 2001</i> (Cth)
Crestone	Crestone Wealth Management Limited (ABN 50 005 311 937)
Cth	The Commonwealth of Australia
CY	Calendar year
CY18	Calendar year ended 31 December 2018
CY19	Calendar year ended 31 December 2019
CY20	Calendar year ended 31 December 2020
Director	Each of the directors of the Company from time to time
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation and amortisation
Employee Equity Plan	The Plan under which the employee can be awarded Equity Rights as described in Section 6.4
EPS	Earnings per share
Equity Rights	The rights in the form of shares, share rights, or options that may be awarded to employees under the Employee equity Plan
Escrow Period	The period is set out in Section 6.6

Term	Meaning
Escrowed Shares	Certain of the Shares held by the Escrowed Shareholders on Completion of the Offer
Escrowed Shareholders	RMPL Investments Pty Limited (an entity controlled by Robert Luciano), D&C Tynan Investments Pty Ltd (an entity controlled by Douglas Tynan) and RJ Poiner Investments Pty Ltd (an entity controlled by Robert Poiner)
Expiry Date	12 June 2020, being the date which is 13 months after the Original Prospectus date, after which no Shares will be issued under this Prospectus
Executive Director	A Director who performs executive functions in connection with the management and administration of the Company
Existing Shareholders	Robert Luciano, Douglas Tynan and Robert Poiner, who through their controlled entities are the holders of Shares in the Company as at the date of this Prospectus
Exposure Period	The period specified in section 727(3) of the Corporations Act, being a minimum of seven days from the Prospectus Date, during which an application must not be accepted. ASIC may extend this period by a further seven days after the end of this period
Financial Adviser	Moelis Australia Advisory Pty Ltd (ABN 72 142 008 446) (Moelis Australia)
Financial Information	Has the meaning given in Section 4.1
FY	Financial year
FY16	Financial year ended 30 June 2016
FY17	Financial year ended 30 June 2017
FY18	Financial year ended 30 June 2018
FY19	Financial year ended 30 June 2019
FY20	Financial year ended 30 June 2020
FUM	Funds under management, being the gross assets managed by the Company for the relevant funds
Group	The Company and its subsidiaries or, where the context requires, the business described in this Prospectus
GST	Goods and services or similar tax imposed in Australia
Historical Financial Information	Has the meaning given in Section 4.1
HY2019	The half year ended June 2019
IASB	International Accounting Standards Board
IFRS	International Financial Reporting Standards
IMA	Individually managed account
Independent Limited Assurance Report	The Independent Limited Assurance Report set out in Section 8

Term	Meaning
Institutional Investor	<p>An investor who is:</p> <ul style="list-style-type: none"> • a person in Australia who is a sophisticated investor or professional investor under section 708(8) or 708(11) of the Corporations Act; and • an institutional investor in certain other jurisdictions, as agreed between the Company and the Joint Lead Managers, to whom offers of Shares may lawfully be made without the need for a lodged or registered prospectus or other form of disclosure document or filing, registration or qualification with, or approval by, any governmental agency (except one with which the Company is willing, in its absolute discretion, to comply), <p>provided that in each such case such investor is not in the United States or acting for the account or benefit of a person in the United States</p>
Investigating Accountant	Deloitte Corporate Finance Pty Limited
Investment Strategy	VGI Partners strategy of investing as described in Section 2.6
Investment Team	Employees of the Company who are involved in implementing the Investment Strategy and monitoring the respective investment portfolios of the VGI Funds
LIC	Listed investment company
Joint Lead Managers	CommSec, Crestone, Ord Minnett and Wilsons
Listing	The date on which the Company is admitted to the Official List
Listing Rules	The official listing rules of ASX
LIT	Listed investment trust
Long Investment	Term used to describe purchasing and holding securities, where upward price movements in the securities result in a favourable movement in the value of long position. This is in contrast to short position, where securities are borrowed and sold, and where a downward price movement in the securities result in a favourable movement in the value in the short.
Macquarie Equities	Macquarie Equities Limited (ACN 002 574 923)
Management	The Group's management team, led by Robert Luciano (Executive Chairman)
Management Fee Base	Estimated annualised management fee revenue based on the Adjusted FUM
Master Fund	VGI partners Master Fund
MSCI World (AUD) or MSCI World (USD)	Morgan Stanley Composite Index, an index which tracks the performance of a basket of global shares. AUD and USD refer to the currency that the index is denominated in.
N/M	Not meaningful
New Shares	Shares to be issued by the Company pursuant to this Prospectus
NZFMCA	the Financial Markets Conduct Act 2013 (New Zealand)
NZ Mutual Recognition Regulations	the regulations made under section 576 of the NZFMCA for the purposes of implementing a recognition regime for Australia
NZ Securities Laws	the NZFMCA and the NZ Mutual Recognition Regulations, in each case as modified by any applicable exemption or designation notice
Non-Executive Director	A Director who is not an Executive Director

Term	Meaning
Non-IFRS financial information	Has the meaning given in Section 4.1
NPAT	Net profit after tax
Offer	The invitation by the Company to apply for New Shares under this Prospectus
Offer Document	The documents issued or published by or on behalf of the Company in respect of the Offer, including this Prospectus, any Application Forms, any investor presentation used in connection with the Institutional Offer and any supplementary or replacement prospectus
Offer Information Line	1300 046 609 (toll free within Australia) or +61 2 9290 9611 (outside Australia) from 8.30am to 5.30pm (Sydney, Australia time), Monday to Friday (Business Days only).
Offer Management Agreement	The offer management agreement entered into between the company and the Joint Lead Managers dated on or about the date of this Prospectus.
Offer Price	The price payable for a Share under the Offer, being \$5.50 per Share.
Offer Period	The period during which investors may subscribe for Shares under the Offer
Official List	Official list of entities that the ASX has admitted to, and not removed, from listing
Offshore Fund	VGI Partners Offshore Fund which includes the VGI Partners Offshore Feeder Fund
Options	Options over Shares described in Section 6.5.
Ord Minnett	Ord Minnett Pty Limited
Original Prospectus	The Prospectus dated 13 May 2019 and lodged with ASIC on that date, and which this Prospectus replaces
p.a	Per annum
Patersons	Patersons Securities Limited (ACN 008 896 311)
Performance Calculation Date	The end of the Performance Calculation Period being the day to which the performance is measured up to.
Performance Calculation Period	Period over which performance is measured and crystallised for the purposes of performance fee calculations in each VGI Fund, being: <ul style="list-style-type: none"> • For VG1, the six month period ending on 30 June or 31 December; • For the Offshore Fund, the twelve month period ending on 31 December; and • For the Master Fund and all other funds unless otherwise specified, the twelve month period ending on 30 June.
Performance Fee Reinvestment Amount	Has the meaning given in Section 4.11.2
Portfolio	The assets held by a VGI Fund
Priority Offer	The Offer of Shares to participants in the VG1 Equity Raising (excluding certain investors to whom entitlement offer shortfall (if any) is placed) as described in Section 7.3
Priority Offer Entitlement	Applicants under the Priority Offer will be guaranteed an allocation of the amount of Shares applied for up to a maximum of \$1 worth of Shares for every \$4 worth of VG1 shares actually allocated to them in the VG1 Equity Raising (after, in respect of the entitlement offer component of the VG1 Equity Raising, any scale back of VG1 shares applied for in excess of a participant's entitlement)

Term	Meaning
Pro Forma Historical Balance Sheet	Has the meaning given in Section 4.1
Pro Forma Historical Cash Flow Statements	Has the meaning given in Section 4.1
Pro Forma Historical Financial Information	Has the meaning given in Section 4.1
Prospectus	This document (including the electronic form of this document) and any supplementary or replacement prospectus in relation to this document
Prospectus Date	The date on which a copy of this Prospectus was lodged with ASIC, being 20 May 2019
Regulation S	Regulation S promulgated under the Securities Act
Reinvestment Agreement	Has the meaning given in Section 4.11.2
Related Body Corporate	Has the meaning given in the Corporations Act
Relevant Interest	Has the meaning given in the Corporations Act. In summary, a person has a relevant interest in a security if that person is the holder of the security or if that person has the power to control the voting or disposal of the security
Remuneration and Nomination Committee	The remuneration and nomination committee established by the Board as described in Section 6.7.4(b)
Retail Investor	An investor who is not an Institutional Investor
Royal Commission	The Royal Commission into the Banking, Superannuation and Financial Services Industry
Senior Management	Employees of the Company performing key management roles
Settlement	Settlement in respect of the Shares the subject of the Offer occurring as described in the Offer Management Agreement
Share	A fully paid ordinary share in the Company
Share Registry	Boardroom Pty Limited (ACN 003 209 836)
Shareholder	The registered holder of a Share from time to time
Shaw and Partners	Shaw and Partners Limited (ACN 003 221 583)
Short Position	Term used to describe where securities are borrowed and sold, and where downward price movements in the securities value result in a favourable movement in the value of the short position. This is in contrast to a long position where securities are purchase and held, and where upward price movements in the securities value result in a favourable movement in the value of the long position.
Statutory Historical Balance Sheet	Has the meaning given in Section 4.1
Statutory Historical Cash Flow Statements	Has the meaning given in Section 4.1
Statutory Historical Financial Information	Has the meaning given in Section 4.1
Subsidiary	Has the meaning given in the Corporations Act
Successful Applicants	An Applicant who is issued Shares under the Offer

Term	Meaning
Offer Management Agreement	The offer management agreement, dated on or about the Prospectus Date, between the Company and the Joint Lead Managers as described in Section 9.8
Unrealised Performance Fees	The performance fees that would be receivable if the Performance Calculation Period for all VGI Funds ended on 30 April 2019
US	The United States of America
USD	United States Dollar
US Person	Has the meaning given in Rule 902(k) of Regulation S.
US Securities Act or Securities Act	United States Securities Act of 1933, as amended
VG1	VGI Partners Global Investment Ltd (ACN 619 660 721), a listed investment company (ASX code: VG1)
VG1 Advisory Agreement	The agreement entered into a third-party to provide advisory services in connection with the VG1 IPO as described in Section 4.6.2
VG1 Equity Raising	The proposed \$300m raising in VG1 announced on the ASX on 13 May 2019
VG1 Fee Waiver	Has the meaning given in Section 4.6.3
VG1 IPO	The initial public offer of shares in VG1 Under a prospectus dated 27 July 2017.
VG1 Funds	The client monies managed by VGI Partners, comprising the VGI Managed Funds and Individually managed accounts as detailed in Section 2.5.2
VG1 Managed Funds	VGI Master Fund, VGI Offshore Fund, and VG1
VG1 Partners	VGI Partners Ltd (ACN 129 188 450), or the Company
VG1 Partners Foundation	A charitable foundation formed by VGI Partners as described in Section 2.5.6
Wilsons	Wilsons Corporate Finance Ltd



Appendix B:
Significant
Accounting
Policies

B

Appendix B: Significant Accounting Policies

Basis of Preparation

The Financial Information presented in this prospectus has been prepared on the basis of historical cost, except for certain financial instruments that are measured at fair value at the end of each reporting period. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Consolidated Financial Statements is determined on such a basis, except for measurements that have some similarities to fair value but are not fair value, such as value in use in Australian Accounting Standard Board ("AASB") 136: 'Impairment of Assets'.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

Basis of consolidation

The Financial Information incorporates the financial results of the Company and entities controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed to, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are

changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, adjustments are made to the Consolidated Financial Statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable and is recognised if it meets the criteria below. Amounts disclosed as revenue are net of rebates.

- Management fees: recognised as they are earned based on the applicable investment management agreements.
- Performance fees: recognised as income at the end of the relevant period to which the performance

Appendix B: Significant Accounting Policies

fee relates, when the Group's entitlement to the fee becomes certain.

- Interest income: recognised as it accrues, taking into account the effective yield of the financial asset.

Operating lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Foreign currency transactions

The Consolidated Financial Statements of the Group are presented in the currency of the primary economic environment in which the Group operates (its functional currency). For the purpose of the Consolidated Financial Statements, the results and financial position of the Group are expressed in Australian dollars ('\$'), which is the functional currency of the Group and the presentation currency for the Consolidated Financial Statements.

In preparing the Consolidated Financial Statements, transactions in currencies other than the Group's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. Foreign exchange differences arising on translation are recognised in the profit or loss. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages and salaries, bonus, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

Taxation

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments

and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted for each jurisdiction by the end of the reporting date and expected to apply when the temporary difference reverse.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred.

Property, plant and equipment is depreciated so as to write off the cost of each asset over its expected economic life. Additions during the year are depreciated on a pro-rata basis from the date of acquisition.

The depreciation rates used are in accordance with the Australian Taxation Office effective life tables. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST.
- The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Trade payables

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year, which are unpaid. The amounts are unsecured and are usually paid within 90 days of recognition.

Corporate Directory

Issuer

VGI Partners Limited
39 Philip Street
Sydney, NSW 2000, Australia

Financial Adviser

Moelis Australia Advisory Pty Ltd
Level 27, Governor Phillip Tower
1 Farrer Place
Sydney, NSW 2000, Australia

Joint Lead Manager

Commonwealth Securities Limited
Ground Floor, Tower 1,
201 Sussex Street
Sydney, NSW 2000, Australia

Crestone Wealth Management Limited
Level 32, Chifley Tower,
2 Chifley Square
Sydney, NSW 2000, Australia

Wilson Corporate Finance Limited
Level 30, Waterfront Place,
1 Eagle Street
Brisbane, QLD 4000, Australia

Ord Minnett Limited
Level 8, NAB House,
255 George Street
Sydney, NSW 2000, Australia

Co-Managers

Shaw and Partners Limited
Level 7, Chifley Tower
2 Chifley Square
Sydney, NSW 2000, Australia

Macquarie Equities Limited
1 Shelley Street
Sydney, NSW 2000, Australia

Patersons Securities Limited
'Exchange Tower'
Level 23, 2 The Esplanade
Perth, WA 6000, Australia

Legal Adviser

MinterEllison
Level 40, Governor Macquarie Tower
1 Farrer Place
Sydney, NSW 2000, Australia

Investigating Accountant

Deloitte Corporate Finance Pty Limited
Grosvenor Place, 225 George Street
Sydney, NSW 2000, Australia

Tax Adviser

Deloitte Tax Services Pty Ltd
Grosvenor Place, 225 George Street
Sydney, NSW 2000, Australia

Auditor

Deloitte Touche Tohmatsu
Grosvenor Place, 225 George Street
Sydney, NSW 2000, Australia

Share Registry

Boardroom Pty Limited
Level 12, 255 George Street
Sydney, NSW 2000, Australia

VGI Partners Offer Information Line

Within Australia 1300 046 609
Outside Australia +61 2 9290 9611
Between 8:30am and 5:30 pm
(Sydney, Australia time)
Monday to Friday (Business Days only)

VGI
PARTNERS