

31 January 2022

ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

VGI enters exclusivity and signs a merger term sheet with Regal Funds Management

VGI Partners Limited (VGI:ASX, “VGI”) announces that it has entered exclusivity and signed a non-binding term sheet with specialist alternative investment manager Regal Funds Management Pty Limited (“Regal”) in relation to the proposed merger of VGI and Regal (the “Proposed Merger”). The Proposed Merger would combine two of Australia’s most recognised and successful hedge fund managers and create a market-leading provider of alternative investment strategies with total funds under management of over A\$6 billion.¹

The Proposed Merger, which would be subject to VGI shareholder approval, would involve VGI acquiring 100% of Regal in consideration for the issue of new ordinary shares in VGI to existing Regal shareholders. The anticipated shareholding of the merged entity at completion of the Proposed Merger, after adjusting for cash, liquid assets and other investments being respectively contributed, being approximately 60% current Regal shareholders and 40% current VGI shareholders. It is anticipated that VGI would be renamed and its ticker changed to reflect the combined businesses on or after completion of the Proposed Transaction.

Entering into a definitive agreement remains subject to each of VGI and Regal completing confirmatory due diligence, the negotiation of the terms of a binding merger implementation agreement, and final board approvals of each of VGI and Regal.

If a merger implementation agreement is entered into, it is currently anticipated that conditions to completion of the Proposed Merger contained in that agreement would include VGI shareholder approval by way of ordinary resolution for the purposes of section 611 item 7 of the Corporations Act 2001 (Cth) and any applicable ASX Listing Rules, an independent expert concluding that the Proposed Merger is reasonable for VGI shareholders, and no material adverse change occurring in relation to either party.

Potential benefits

If the Proposed Merger proceeds, it has the potential to deliver several attractive benefits for VGI shareholders, including the following:

- The creation of a market-leading alternative investment manager with over A\$6 billion in funds under management, with exposure to a diversified and growing platform of hedge fund, private market and real asset investment strategies for institutional, high net worth and retail investors in Australia and offshore
- Combining the deep industry experience, networks, and the long investment track records of two industry leaders - Robert Luciano and Philip King - and their respective investment teams, coupled with the management teams of VGI and Regal and their history in creating innovative and well-regarded alternative investment products

¹ Includes institutional investors, family offices, charities, private investors and employees.

VGI PARTNERS

- Leveraging complementary client profiles and relationships across the combined group, including existing long-term relationships with high net worth individuals and family offices within VGI and Regal, alongside a combined retail investor base of over 20,000 investors across VGI Partners Global Investments (ASX:VG1), VGI Partners Asian Investments (ASX:VG8) and the Regal Investment Fund (ASX:RF1)
- Accessing Regal's highly developed corporate platform and business support network, including a well-established marketing and distribution capability, to provide a refreshed approach to sales, marketing and communication activities across the merged entity and reduce non-investment related activities undertaken by Robert Luciano and the VGI team
- Provide an opportunity for Robert Luciano and the VGI investment team to leverage additional resources from the merged group, including Regal's extensive investment capability and track record investing in Asian equity markets and private unlisted investments

Governance

The non-binding term sheet entered into by VGI and Regal contemplates that following completion of the Proposed Merger, the merged entity will have a Board consisting of six Directors, with two nominated by each of VGI and Regal in addition to the appointment of two external independent directors. Neither Robert Luciano nor Philip King will be on the Board of the merged entity given their investment focussed roles. An executive committee for the merged entity will be drawn from both VGI and Regal.

Exclusivity

VGI has granted Regal a period of six weeks of exclusivity on customary binding terms which include no shop, no talk, and no due diligence restrictions (subject to required customary fiduciary exceptions), and an obligation for VGI to notify Regal if it receives a competing proposal. Details of the exclusivity arrangements are set out in Annexure A to this announcement.

VGI shareholders are not currently required to take any action in relation to the Proposed Merger. The VGI board will continue to keep shareholders and the market informed of material developments.

VGI has appointed Jefferies Australia as financial advisor and Allens as legal advisor.

Authorised for release by:

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VGI PARTNERS

About VGI Partners: VGI Partners Limited is a high conviction global equity manager that was founded in 2008 to invest capital for high net worth individuals and family offices. Today, VGI is also the Manager for two Listed Investment Companies: VGI Partners Global Investments Limited (ASX:VG1) and VGI Partners Asian Investments Limited (ASX:VG8). Listed on the Australian Securities Exchange since 2019, VGI has offices in Sydney, New York and Tokyo.

About Regal: Regal Funds Management is a specialist alternatives investment manager, with a heritage built on long / short fundamental investing. Founded in 2004, the business has grown to become one of Australia's most recognised alternative investment managers, offering investors access to multi-award winning hedge fund, private market and real asset investment strategies. With offices located in Sydney and Singapore, Regal manages in excess of A\$3 billion in capital on behalf of institutional investors, family offices, charities and private investors across Australia, Asia, Europe and the Americas.

ANNEXURE A

The following obligations will apply to VGI for a period of 6 weeks from 31 January 2022, unless extended by mutual agreement (the "Exclusivity Period"):

- a) **(No shop)** during the Exclusivity Period, VGI must ensure that neither it nor any of its employees or advisors directly or indirectly solicits, invites, encourages or initiates any enquiries, expressions of interest, offers, proposals, negotiations or discussions, with a view to, or that may be reasonably expected to encourage or lead to a Competing Proposal.
- b) **(No talk)** Subject to paragraph (e) below, during the Exclusivity Period, VGI must ensure that neither it nor any of its employees or advisors negotiates or enters into, or participates in negotiations or discussions with any other person regarding, a Competing Proposal.
- c) **(No due diligence)** Subject to paragraph (e) below, during the Exclusivity Period, VGI must ensure that neither it nor any of its employees or advisors enables any other person other than Regal and any other person nominated by Regal to undertake due diligence investigations on VGI.
- d) **(Notification obligation)** During the Exclusivity Period, VGI must promptly, and in any event within 2 business days, inform Regal in writing if it or any of its employees or advisors receives any approach with respect to any Competing Proposal and must disclose to Regal all material details of the Competing Proposal, including details of the person making the approach and material terms of the Competing Proposal.
- e) **(Fiduciary carve out)** paragraphs (b) and (c) above do not apply to the extent that they restrict VGI or the VGI board from taking or refusing to take any action with respect to a genuine Competing Proposal, provided that the VGI board has determined, in good faith and acting reasonably that:
 - i. such a genuine Competing Proposal is, or could reasonably be considered to become, a Superior Proposal; and
 - ii. after receiving written legal advice from its external legal advisers, failing to respond to such a genuine Competing Proposal would be reasonably likely to constitute a breach of the VGI board's fiduciary or statutory obligations.

VGI PARTNERS

For the purposes of these exclusivity commitments:

"Competing Proposal" means any offer, proposal, agreement, arrangement or transaction, which, if entered into or completed, could mean that a person other than Regal or any shareholder of Regal would:

- i. directly or indirectly acquire voting power in, or have a right to acquire a legal, beneficial or economic interest in, or control of, 20% or more of the securities in VGI or any VGI managed fund;
- ii. acquire control of VGI or any VGI managed fund;
- iii. directly or indirectly acquire or become the holder of, or otherwise acquire or have a right to acquire a legal, beneficial or economic interest in, or control of, all or substantially all or a material part of the business or assets of VGI or any VGI managed fund;
- iv. otherwise directly or indirectly acquire or merge with VGI; or
- v. require Regal to abandon, or otherwise fail to proceed with, the Proposed Merger, whether by way of a takeover bid, scheme of arrangement, shareholder approved acquisition, capital reduction, buy back, sale, lease or purchase of shares, other securities or assets, assignment of assets or liabilities, joint venture, dual listed company (or other synthetic merger), deed of company arrangements, any debt for equity arrangement or other transaction or arrangement;

"Superior Proposal" means a bona fide Competing Proposal which the VGI board, acting in good faith, and after taking advice from its legal and financial advisers, determines:

- i. is reasonably capable of being completed taking into account all aspects of the Competing Proposal, including its conditions, the identity, reputation and financial condition of the person making such proposal, and all relevant legal, regulatory and financial matters; and
- ii. would be more favourable to VGI shareholders than the latest proposal provided by Regal to VGI, taking into account all aspects of the Competing Proposal and the latest proposal provided by Regal to VGI.