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

Improved non-binding indicative all-cash proposal to acquire Perpetual and request for one-week initial due diligence

Regal Partners ("Regal"), in a strategic consortium with BPEA Private Equity Fund VIII's indirect wholly owned subsidiary Morello Pte. Limited (together, the "Consortium"), confirms that on the evening of Tuesday, 8 November 2022, it submitted an improved non-binding and indicative all-cash proposal to Perpetual for the acquisition of 100% of the ordinary fully paid shares in Perpetual by way of a scheme of arrangement for a price of A\$33.00 per share ("Improved Proposal") and requested a period of one week initial due diligence focussed on discussions with and presentations from senior management, following which it would advise further regarding its proposal, including any increase.

The Company notes that the Improved Proposal has been rejected by the Board of Perpetual without discussion with the Consortium.

THE IMPROVED PROPOSAL

The Improved Proposal of A\$33.00 per share represented:

- a premium of 27.6% to the 1-day volume weighted average price of Perpetual shares on 2 November 2022¹ of A\$25.86;
- a premium of 35.7% to the 30-day volume weighted average price of Perpetual shares up to and including 2 November 2022 of A\$24.32; and
- an EV / FY23 EBITDA² multiple of 10.0x which is a premium of 38.9% to the long-term average of the corresponding one-year forward EV / EBITDA multiple for Perpetual over the last three years.

The Perpetual Board's rejection of the Improved Proposal is disappointing given the Consortium's belief that the Improved Proposal is compelling for Perpetual shareholders for the reasons set out in this announcement.

In light of the timing of Perpetual's proposed acquisition of Pental Group Limited ("Pental Transaction"), the Consortium had proposed to the Perpetual Board a highly expedited timetable for due diligence, with a view to executing binding transaction documentation with Perpetual prior to any meeting of Pental's shareholders to approve the Pental Transaction, including if such meeting is held in mid-December. This included the period of initial due diligence referred to above, after which the Consortium would have been in a position to confirm whether it could further improve the terms of the Improved Proposal.

¹ Being the last trading date prior to the announcement of the Consortium's initial offer price on 3 November 2022.

² Enterprise value A\$2,157m calculated as equity value of A\$1,923m (A\$33.00 offer price, 58.3m fully diluted share capital) plus net debt of A\$234m (A\$258m of corporate borrowings plus A\$72m lease liabilities less cash of A\$175m net of the A\$55m 2H22 dividend payment and estimated A\$23m liquidated damages). FY23 broker consensus EBITDA of A\$216m. The EV / EBITDA multiple over the last three years is up to and including 2 November 2022.



Regal's Chief Executive Officer and Managing Director, Brendan O'Connor, said:

"We are deeply disappointed by the decision of the Perpetual Board to reject the Improved Proposal. We note today's announcement from Pandal Group Limited, and reiterate that our revised proposal was structured to enable Perpetual to progress discussions with the Consortium in parallel with the Pandal Transaction.

"We firmly believe the Improved Proposal creates significantly more value for Perpetual's shareholders as compared to the Pandal Transaction, requiring only limited engagement to progress the Improved Proposal so as to maximise the chance of delivering a superior outcome for Perpetual shareholders, clients and employees at limited cost to the Perpetual Board and management's time.

"The Consortium is confident that there is no impediment to Perpetual engaging with the Consortium. We consider that doing so, as part of a short and expedited due diligence process, would have delivered a strongly preferred outcome for Perpetual shareholders."

Other than the increase in the price per share outlined above, all the other terms of the Initial Proposal were unchanged, including the opportunity for Perpetual shareholders to receive some or all of their consideration as Regal scrip³.

Regal will continue to keep the market informed of any material developments in accordance with our continuous disclosure obligations.

THIS ANNOUNCEMENT HAS BEEN AUTHORISED FOR RELEASE BY THE BOARD OF REGAL.

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³The issue of Regal shares as scrip consideration is subject to Regal shareholder approval, if required. Given the composition of the Regal shareholder base, it is anticipated that sufficient Regal shareholders would, on entry into binding agreements with Perpetual, indicate to the market their intention to vote in favour of any such required resolution subject to no superior proposal emerging. If elections are made for 100% or more of Regal shares on issue at the time of announcing the Scheme Implementation Deed, there would be a proportionate scale back.



ABOUT REGAL PARTNERS LIMITED

Regal Partners Limited is an ASX-listed, specialist alternatives investment manager with over A\$5.4 billion in assets under management. Formed on 3 June 2022 following the merger of VGI Partners and Regal Funds Management, the Group specialises in managing a diverse range of investment strategies covering hedge funds, private markets and real assets on behalf of institutions, family offices, charitable groups and private investors.

Regal currently houses four dedicated alternatives investment management businesses – Regal, VGI Partners, Kilter Rural and Attunga Capital – together employing approximately 100 employees, including 45 investment professionals, located in offices across Sydney, Melbourne, Singapore and New York.

More info: www.regalpartners.com

ABOUT BPEA EQT

BPEA EQT is part of EQT, a purpose-driven global investment organization in active ownership strategies. BPEA EQT combines the private equity teams from Baring Private Equity Asia (BPEA) and EQT Asia, creating a comprehensive Asian private equity presence with local teams in eight cities across the region, a 25-year heritage, and more than USD 25 billion of capital deployed since inception. In addition to BPEA EQT, EQT's strategies in the region include EQT Infrastructure and the real estate division EQT Exeter.

More info: www.eqtgroup.com/private-capital/bpea-eqt