ASX Announcement

15 June 2023

Navigator Global Investments to settle the 2026 redemption payment and acquire the remaining distributions from a portfolio of strategic investments

Navigator Global Investments Limited (‘**Navigator**’ or the ‘**Company**’) today announces that it has signed a binding term sheet with Dyal Capital, a division of Blue Owl (‘**Dyal**’), to accelerate and restructure the outstanding 2026 redemption payment to Dyal and acquire the remaining profit distributions from the six minority ownership interests in leading established alternative asset managers (the ‘**Portfolio**’) from 1 July 2023.

Since the initial acquisition of the Portfolio from Dyal in 2021, the Portfolio has been performing strongly and above expectations, delivering Navigator with a high quality and diversified earnings stream with embedded growth. Navigator’s financial performance also remains strong with FY23 Adjusted EBITDA now expected to be $47.0-48.0 million which is above previous guidance.

The Portfolio includes minority ownership interests in Bardin Hill Investment Partners, Capstone Investment Advisors, CFM, MKP Capital Management, Pinnacle Asset Management and Waterfall Asset Management. The Portfolio represents a well-diversified group of established firms with strong leadership and long track records of delivering results to their clients through multiple market cycles. Collectively, these firms manage approximately $48 billion of AUM across 32 diversified investment strategies.

Under the term sheet, Dyal will receive total consideration of $200 million payable at Closing, in exchange for early settlement of the redemption payment liability brought forward from April 2026 and the incremental FY24 and FY25 cash distributions that Dyal would have been entitled to prior to April 2026.

The total consideration will be funded through a $120 million placement to Dyal at A$1.40[1] (**‘Placement’**) and an $80 million entitlement offer to all Navigator shareholders and noteholders (**‘Entitlement Offer’**)[2] to be executed following receipt of requisite shareholder approvals for the transaction. Following Closing of the transaction, Dyal is expected to own up to 46.5% of Navigator ordinary shares and have pro forma economic ownership (including Navigator ordinary shares and convertible notes) of approximately 51% of Navigator.[3]

Under the term sheet, an independent board structure will be maintained, with Dyal retaining its existing Board nominee right at Closing, as well as being granted one additional Board observer. Dyal has also agreed to voluntarily enter into a 180 day escrow period for all of its current shares[4] and enter into an escrow period on customary terms for the shares and convertible notes it receives under the Placement and Entitlement Offer until the release of Navigator’s FY26 results announcement. These arrangements reflect Dyal’s long term conviction and continued partnership in the Navigator business, providing a platform for further growth and collaboration.

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[1] A portion of the Placement may be issued via mandatory convertible notes instead of ordinary shares to ensure Dyal maintains an interest in Navigator’s ordinary shares of no more than 46.5%.

[2] The offer will be structured to enable shareholders and noteholders to participate based on their underlying economic interest on a fully diluted share basis at the record date. Any shortfall under the Entitlement Offer will be funded by existing cash and/or debt, up to $40 million ($15 million of which may be drawn from Navigator’s existing revolver) or as otherwise agreed between the Company and Dyal.

[3] Pro forma ownership assumes 251 million new shares issued in the Transaction based on the $120 million Placement occurring at A$1.40, the $80 million Entitlement Offer being fully subscribed at an illustrative issue price of A$1.00 and an indicative AUD:USD rate of 0.66.

[4] Approximately 40.5 million shares will be released from escrow after 180 days from Closing of the transaction.

The transaction has a compelling rationale and accelerates Navigator's delivery on its strategic priorities while repositioning to unlock substantial shareholder value. The transaction is expected to deliver a material increase in scale, cash flows and earnings with a strengthened balance sheet through the full extinguishment of the redemption payment liability. In addition, the transaction is expected to deliver strong, longer-term shareholder returns and increase Navigator's ability to undertake new investments and growth initiatives in the alternative asset management sector.

The transaction is expected to result in a material uplift in Navigator's Adjusted EBITDA on a pro forma FY23 basis to approximately $82 million through the increased exposure to the Portfolio. Navigator's Adjusted EBITDA margin on a pro forma FY23 basis is also expected to increase to approximately 53%, representing an improvement of over 14%. Navigator is expected to have a net debt[5] to Adjusted EBITDA ratio of 1.1x at Closing of the transaction, providing balance sheet capacity to fund future growth initiatives.

Navigator Chairman, Michael Shepherd said, "We believe this is a compelling strategic initiative that is expected to deliver strong shareholder value. This proactive initiative positions the Company for future growth. We are excited to have a committed partner with ongoing alignment with other shareholders to continue to execute on Navigator's proven strategy in place to undertake further growth initiatives in the alternative asset management sector in the near term."

The transaction is subject to shareholder approvals under ASX Listing Rule 7.1 and item 7, section 611 of the Corporations Act and the negotiation and execution of definitive transaction documents. If the parties enter into definitive transaction documents, the Navigator Board intends to unanimously recommend that Navigator shareholders vote in favour of the transaction in the absence of a superior proposal and subject to an independent expert's report concluding that the transaction is fair and reasonable, or not fair but reasonable, to Navigator shareholders.

Subject to these same qualifications, all directors intend to vote all the Navigator shares controlled by them in favour of the transaction and fully take-up their entitlements in the Entitlement Offer. Dyal has also committed to take-up all of its entitlements on a fully diluted basis in the Entitlement Offer (expected to represent approximately 36%).

The Board has agreed to customary no shop and no talk restrictions and a notification obligation in favour of Dyal, subject to the directors' fiduciary obligations, to enable preparation of the definitive transaction documents. The Board has also agreed to pay Dyal a $1 million fee in the event a competing proposal is consummated with Navigator prior to execution of the definitive transaction documents. The terms of the exclusivity and break fee are attached at Appendix A. A customary break fee will apply in limited circumstances on signing of definitive documents.

The term sheet assumes that Navigator has no material accrued expenses, management fees or any other material liabilities or material contingent liabilities outside of what is reported in Navigator's financial statements or other public filings (excluding fees or liabilities accrued in the ordinary course since the financial statements or public disclosure, none of which individually or in the aggregate, are material to the financial position of Navigator and its subsidiaries, taken as a whole), and no dividends, buy-backs or capital returns will be declared by Navigator, other than cash dividends consistent with Navigator's dividend policy.

The transaction also remains subject to FIRB approval, the independent expert's report concluding that the transaction is fair and reasonable, or not fair but reasonable, to Navigator shareholders, other regulatory approvals and the satisfaction of other customary closing conditions, including that the Navigator CEO continues an active management role with Navigator. Completion is expected in late third quarter or early fourth quarter of 2023, subject to the timing of approvals.

[5] Net debt reflects Bank Debt and Deferred Consideration liabilities for the Marble and Invictus transactions less cash.

The Company will hold a conference call to discuss the transaction **this morning**. Interested parties can join the call online or by phone using the following details:

Date: **Thursday, 15 June 2023**

Time: **10.30am (AEST)**

Webcast: https://webcast.openbriefing.com/ngi-investorupdate-2023/

The presentation will be webcast LIVE on and will be available in archive form on the Company website a few hours after the completion of the presentation.

Pre-registration

We have arranged for participants to be able to pre-register for the call. Pre-registering gives you immediate access with no need to wait for an operator. To pre-register please go to the following link:

https://s1.c-conf.com/diamondpass/10031498-fh86y7.html

To ask a question, participants will need to dial *1 (star, 1) on their telephone keypad.

Further updates on the transaction progress will be provided at Navigator's FY23 results in August 2023.

For further information please contact:
Amber Stoney
Chief Financial Officer & Company Secretary
07 3218 6200

Authorised by: Board of Directors, 15 June 2023

All amounts are in US Dollars unless otherwise indicated

Appendix A

No shop, no talk, notification right

(a) Navigator must, and must procure that the Navigator Representatives (as defined below) to, immediately cease and cause to be terminated any activities, discussions or negotiations conducted before the date of this Term Sheet with any person other than Dyal with respect to any Competing Proposal.

(b) Unless this Term Sheet has been terminated in accordance with its terms, Navigator must not and must procure that each of its respective officers, directors, agents, advisors or representatives (collectively, "Navigator Representatives"), do not directly or indirectly: (i) solicit or initiate any negotiations or discussions which could reasonably be expected to lead to a Competing Proposal or (ii) encourage or facilitate inquiries or proposals, or participate in any negotiations or discussions or enter any agreement with any person which could reasonably be expected to lead to a Competing Proposal, (in the case of each (i) and (ii) other than in respect of the transactions contemplated hereby), or (iii) furnish any non-public information to any person contacting them or making an inquiry with respect to a potential Competing Proposal.

(c) Unless this Term Sheet has been terminated in accordance with its terms, Navigator shall not, and shall cause each of the Navigator Representatives not to on its behalf, enter into any letter of intent, memorandum of understanding, agreement in principle, acquisition agreement, merger agreement, or other agreement relating to any Competing Proposal.

(d) Navigator must as soon as reasonably practical (and in any event, within 24 hours) notify Dyal in writing if it is approached, or if it becomes aware that any of its Navigator Representatives has been approached, by any person in relation to any activity referred to in Sections(1)(b) or (1)(c), and such notice must include (i) a general description of the nature of the approach and the material terms of the Competing Proposal and (ii) details of the identity of the relevant person, except, in the case of this clause (ii), to the extent that the directors of Navigator determine in good faith, after consultation with its external legal adviser and financial adviser, that the relevant Competing Proposal is or could reasonably be expected to become a Superior Proposal and disclosure of the identity of the relevant person could reasonably be expected to constitute a breach of what the Navigator directors consider to be their fiduciary or statutory duties or otherwise be unlawful.

(e) Sections(1)(b)(ii), (1)(b)(iii) and (1)(c) do not apply to the extent that they restrict any person from taking or not taking any action with respect to a bona fide Competing Proposal which did not arise from a breach of Sections (1)(a) or (1)(b)(i) where the board of directors of Navigator, acting in good faith, determines: (i) after consultation with its financial adviser, that the Competing Proposal is, or could reasonably be expected to become, a Superior Proposal; and (ii) after receiving advice from its external legal adviser, that failing to respond to the Competing Proposal could reasonably be expected to constitute a breach of the Navigator directors' fiduciary or statutory duties.

"**Competing Proposal**" means a proposed transaction or arrangement pursuant to which a person other than Dyal or any of their affiliates would, if the proposed transaction or arrangement is entered into or completed substantially in accordance with its terms:

(a) directly or indirectly acquire, have a right to acquire or otherwise acquire an economic interest in all or a substantial part of the business of Navigator and its Subsidiaries, taken as a whole;

(b) acquire a relevant interest (as that term is defined in sections 608 and 609 of the Corporations Act) in more than 20% of the Navigator Ordinary Shares or otherwise acquire control of Navigator within the meaning of section 50AA of the Corporations Act; or

(c) otherwise acquire or merge with Navigator whether by way of takeover offer, scheme of arrangement, shareholder approved acquisition, capital reduction, share buy-back, sale or purchase of assets, joint venture, reverse takeover, dual-listed company structure or other synthetic merger or any other transaction of arrangement.

"Superior Proposal" means a Competing Proposal which was not solicited, invited or initiated by Navigator or any Navigator Representatives which in the determination of the board of directors of Navigator acting in good faith, after receiving advice from Navigator's legal and financial advisers, could reasonably be expected to (a) if completed substantially in accordance with its terms, lead to a transaction more favourable to the Navigator shareholders than the transactions contemplated under this Term Sheet, and (b) be inconsistent with the fiduciary or statutory duties of the Navigator directors if the Navigator directors were to continue to recommend the transactions contemplated by this Term Sheet instead of the Competing Proposal.

Break fee

A break fee of US$1,000,000 is payable by Navigator to Dyal if between the date hereof and entry into definitive transaction documents: if a Competing Proposal is announced before the shareholder meeting and this Term Sheet is terminated and within 12 months of such termination, Navigator enters into a definitive agreement in respect of a competing proposal which subsequently closes at any time.