

5 January 2020

Performance update

L1 Long Short Fund Limited (**the Company**) (**ASX: LSF**) is pleased to confirm that performance of the pre-tax net tangible assets value per share of the Company for the period ending 31 December 2020 is:

3 Months	+34.4%
6 Months	+46.2%
12 Months	+29.5%

LSF Performance Fee Reinvestment

Under the terms of the investment management agreement between LSF and L1 Capital (**IMA**), the manager of LSF, L1 Capital Pty Ltd (**L1 Capital**), is to be paid a performance fee semi-annually in arrears based on the LSF portfolio's performance (if any) over each prior semi-annual performance calculation period, subject to a high water mark.

The high water mark is the net asset value of the portfolio (before taxes and after payment of management and performance fees) calculated on the last day of the performance calculation period for which the manager was last entitled to be paid a performance fee (or if no such fee has been paid, the value of the portfolio as at the date shares were issued pursuant to LSF's initial public offering (**IPO**)). Since the establishment of LSF, the manager, L1 Capital, has not yet been entitled to a performance fee. However, having regard to the value of the portfolio at 31 December 2020 (which is now above the high water mark), the manager is now entitled to a performance fee of approximately \$59.6m¹ exclusive of GST. This fee has already been accrued in the Company's net tangible assets value per share (**NTA**) and as such, will not result in any change in the NTA per share.

LSF and L1 Capital also wish to confirm the reinvestment of the after tax proceeds of the performance fees (**Performance Fee Reinvestment Amount**) received by L1 Capital (which is in turn paid to the owners of L1 Capital) into fully paid ordinary shares in the Company.

Under the IMA, the L1 Owners will reinvest their after-tax proceeds from any performance fees into shares in the Company. It is expected the Performance Fee Reinvestment Amount will equal approximately 53% of the pre-tax value of any performance fees.

If the Company's share price trades at less than the Company's NTA at the close of trading on the 11 January 2021, the L1 Owners will satisfy its obligation to reinvest the Performance Fee Reinvestment Amount, by the purchase of LSF shares on-market (up to the value of such amount less brokerage and other relevant fees) on behalf of the L1 Owners. To give effect to this, the Company will instruct a broker to acquire shares on-market on behalf of the L1 Owners. Under the IMA, the broker will complete the buying as soon as practicable, but no later than 60 trading days commencing on 12 January 2020.

¹ Source: Mainstream Fund Services. Prior to payment of this fee, the Company's auditor will confirm the amount, which will be disclosed in the Half Year Financial Report released to the ASX in February 2021.



During the above trading period, LSF will make regular ASX announcements providing an update on the number of shares acquired and the cost of these shares. The Company will not acquire shares under the on-market buy-back until the above trading on behalf of the L1 Owners has been completed.

Any LSF shares acquired by any of the L1 Owners pursuant to the above arrangements will be subject to voluntary escrow until the earlier of 20 April 2028 or the end of the IMA.

This announcement has been authorised by the LSF directors.