



11 January 2022

Performance update

L1 Long Short Fund Limited (**the Company**) (**ASX: LSF**) is pleased to confirm that to 31 December 2021, the underlying investment portfolio of the Company (net of all fees) returned is:

6 Months	10.2%
12 Months	30.3%

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. Having regard to the value of the portfolio at 31 December 2021 (which is now above the high water mark), the manager is now entitled to a performance fee of approximately \$44m¹ 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 confirm the reinvestment of the after tax proceeds of the performance fees received by L1 Capital (which is in turn paid to the owners of L1 Capital (**L1 Owners**)) into fully paid ordinary shares in the Company until the L1 Owners collectively own 15% of the issued shares in the Company (**Performance Fee Reinvestment Amount**). Such reinvestment is in accordance with the terms of the IMA.

The L1 Owners currently own approximately 14.5% of the Company's issued shares. Therefore, having regard to the after tax proceeds of the performance fees, the overall 15% cap on reinvestment and based on the LSF share price at close of trading on the ASX on 6 January 2022, the Performance Fee Reinvestment Amount will be approximately \$8.2m². The amount of the performance fees over and above the Performance Fee Reinvestment Amount will be paid to L1 Capital.

The Performance Fee Reinvestment Amount will be reinvested via on-market share purchases. This is because the Company's share price closed at less than the pre-tax NTA at the close of trading on 6 January 2022. Accordingly, 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 during the next 60 trading days (excluding days on which trading is restricted under the Company's Share Trading Policy). If at the end of such 60 trading day period an insufficient number of LSF Shares have been acquired on market, the balance of the Performance Fee Reinvestment Amount will be satisfied through the issue of new LSF shares at the pre-tax NTA price from close of trading on 6 January 2022, of \$3.0496.

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 2022.

² Note that the actual Performance Fee Reinvestment Amount may vary up or down depending on the price at which shares are purchased up to the 15% cap.



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.