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The Manager
ASX Market Announcements
Australia Securities Exchange
Exchange Centre
Level 6, 20 Bridge Street
Sydney NSW 2000

Capital Management Initiatives

The directors of L1 Long Short Fund Limited (**LSF** or the **Company**) are aware that the LSF share price on the ASX is trading at a substantial discount to the net tangible asset backing per LSF share (**NTA**).

On 21 August 2019, the Company announced that Mr Raphael Lamm and Mr Mark Landau, the LSF executive directors who are also the Joint Managing Directors and Chief Investment Officers of L1 Capital (the manager of LSF), or entities controlled by them, intended to buy not less than \$25 million of LSF shares (in aggregate) for so long as the share price of LSF on the ASX trades at a discount to NTA. Since that time, Mr Lamm and Mr Landau have bought approximately \$25.5 million of LSF shares under that program and, together with pre-existing holdings, now hold approximately 5.0% of the issued capital of LSF.

The Company today announces a number of further initiatives aimed at sustainably reducing the discount between the LSF share price and its NTA, namely:

- an extension of the share purchase program, whereby Mr Lamm, Mr Landau and the other owners of L1 Capital (together, the **L1 Owners**¹), or entities controlled by them, intend to buy up to a further \$30 million of LSF shares for so long as the share price of LSF on the ASX trades at a discount to NTA²; and
- authorising an on-market buy-back of up to 10% of the LSF shares if the L1 Owners share purchase program does not lead to a sustained material reduction in the LSF share price discount to NTA.

Further details on these initiatives are set out below.

L1 Owners share purchase program

The LSF executive directors and the other L1 Owners have advised the independent directors that they, or entities controlled by them, intend to buy up to a further \$30 million of LSF shares. Any share purchases would only be made after the opening of trading on the ASX on 9 March 2020. The L1 Owners have advised that they intend to complete such acquisitions of LSF shares by no later than 11 August 2020.

Any such share purchases would be subject to all applicable regulatory requirements and the LSF trading policy (as set out in LSF corporate governance charter). Any purchase of LSF shares by Mr Lamm and Mr Landau will be announced to the ASX in accordance with ASX listing rule requirements.

¹ The L1 Owners are entities associated with Mr Lamm (as to 42.5%), Mr Landau (as to 42.5%), Mr Lev Margolin (Portfolio Manager, as to 10%) and Mr Joel Arber (Chief Operating Officer, as to 5%); it is intended that the proposed acquisitions of further LSF shares be made in approximately the same proportions.

² Being the Company's Net Tangible Assets on either a pre-tax or post-tax basis, whichever is lower.

The independent directors consider that the proposed share purchase program is expected to provide a number of important benefits to LSF shareholders, including that it would:

- provide for a large, ongoing source of buying of LSF shares, which should assist to close the gap between the current share price and the Company's NTA;
- further strengthen the alignment of interests between the L1 Owners and LSF's shareholders as a whole;
- further highlight the continued confidence and commitment of the L1 Owners in LSF; and
- achieve the above utilising the financial resources of the L1 Owners rather than LSF,

and accordingly that it is in the interests of LSF shareholders for this program to be implemented in advance of any share buy-back.

On market share buy-back

The LSF directors have decided to authorise an on-market buy-back if the independent directors consider that the L1 Owners share purchase program does not lead to a sustained material reduction in the discount between the LSF share price and its NTA.

Accordingly, LSF will lodge the relevant ASIC and ASX buy-back forms today to commence the required regulatory wait period. This will give LSF the flexibility to commence an on-market buy-back on or after 16 March 2020. While the directors reserve the right to cause LSF to buy-back shares at any time on or after such date, the current intention is to do so only if, having given the share purchase program a reasonable opportunity to take effect, the LSF share price continues to trade at a discount to NTA³ of 10% or more. Any such buy-back would also be subject to market conditions and regulatory requirements.

For the avoidance of doubt, the buy-back will not be carried out at the same time as the L1 Owners are undertaking their share purchase program. If the independent directors decide to commence buying shares pursuant to the on market buy-back then the L1 Owners share purchase program will cease or be suspended so that the buy-back may be conducted. LSF intends to make an ASX announcement prior to any shares being bought back by LSF under the buy-back.

This announcement has been authorised by the LSF board of directors.

³ As defined in note 2 above.