

ASX ANNOUNCEMENT

25 November 2019

Pacific Current Invests in Pennybacker Capital Management

Pacific Current Group Limited (**ASX:PAC, Pacific Current, PAC**), a global multi-boutique asset management firm, is pleased to announce it has purchased a minority stake in Pennybacker Capital Management (**Pennybacker**), a real estate private equity firm.

Pennybacker is an Austin, Texas-based alternative investment manager offering private equity investment strategies focused on both commercial retail, office, and industrial assets, as well as affordable multifamily residential real estate in certain US markets. Currently, Pennybacker manages over US\$1.9 billion across its business.

Pennybacker utilises its self-developed technology platform to focus work around data analytics, predictive analytics, and artificial intelligence to identify key investment themes, and uses that information to target key real estate opportunities.

PAC is making an initial investment of US\$20.0m alongside an equal co-investor. The agreement also includes “earn out” provisions that could result in Pennybacker receiving additional consideration from PAC of up to US\$7.5m. In exchange for its investment, PAC will receive 16.5% of Pennybacker’s net income, and 2.5% of all carried interest from new funds/accounts. The investment is contingent upon the receipt of client consents, which is expected to take roughly four weeks. On a run-rate basis, PAC estimates that Pennybacker would have contributed approximately 10.7% of additional earnings to PAC’s FY2019 underlying net profit before tax.

PAC MD&CEO and CIO, Paul Greenwood stated that, “Pennybacker is a truly unique investment firm. It is distinctive for its culture, the application of advanced technology to private real estate investing, and the consistently strong results it has produced.” He added, “The investment in Pennybacker continues our efforts to enhance PAC’s revenue visibility by partnering with boutique investment firms that have carved out unique niches within the investment world and have promising growth prospects.”

Pennybacker founder, Tim Berry, noted that, “We are thrilled to be partnering with PAC. The PAC team has deep knowledge of and demonstrated experience with investment managers and asset classes across the globe. The partnership aligns with and strengthens Pennybacker’s long-term strategic plans and we look forward to the future growth of the firm as a result of our relationship with PAC.”

Berkshire Global Advisors served as the exclusive investment banking advisor to Pennybacker on this transaction.

A conference call will be **held today at 11:00am AEDT**. The presenters will be Tony Robinson, Pacific Current’s Chairman and Paul Greenwood, MD&CEO and CIO.

The dial-in details will be provided shortly.

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ABOUT PACIFIC CURRENT GROUP

Pacific Current Group Limited is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. Including Pennybacker, Pacific Current Group has investments in 16 boutique asset managers globally.

ABOUT PENNYBACKER CAPITAL MANAGEMENT

Pennybacker Capital Management is an alternative investment manager focused on private equity investments in commercial and multi-family residential real estate. Pennybacker has offices in Austin, Denver, New York, and Nashville (opening in 2020).

The firm pursues value, credit, and income & growth strategies across all real estate product types.

Pennybacker has a proven 12+ year track record of investing in and/or operating over 170 commercial and multifamily real estate properties located throughout the United States. To date, the firm has sponsored six discretionary real estate private equity funds within its value strategy, two real estate credit funds, and four separate accounts within its income and growth strategy.