

26 July 2023

ASX Market Announcements Office
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Regal Partners confirms Non-Binding Indicative Proposal to acquire Pacific Current at an implied value of \$10.77 per share

Regal Partners Limited (ASX: RPL) (“Regal”, “Regal Partners” or the “Company”) notes the announcement made by Pacific Current Group Limited (ASX: PAC) (“Pacific Current”) to the ASX in relation to a proposal from Regal to acquire Pacific Current.

Regal confirms that, on 24 July 2023¹, it provided Pacific Current with a confidential and non-binding indicative proposal to acquire all of the issued ordinary shares in Pacific Current at an implied value of \$10.77² per share, to be implemented by way of a scheme of arrangement for 2.2 shares in ASX-listed GQG Partners Inc. (ASX: GQG) (“GQG”) ³ plus \$7.50 in cash per Pacific Current share (the “Proposal”).

Pacific Current shareholders will also have the opportunity to receive some or all of the above consideration as shares in Regal Partners of an equivalent value⁴, in which case we expect that capital gains tax rollover relief would be available for eligible Pacific Current shareholders⁵.

Regal Chief Executive Officer and Managing Director, Brendan O’Connor, said:

“This proposal represents a transformational growth opportunity for both Regal and Pacific Current and one that we believe would create meaningful long-term value for both shareholders and clients.

“A transaction would combine the scale, operational expertise and fundraising networks of Regal with Pacific Current’s highly attractive and globally diverse portfolio of ‘GP stakes’ in leading alternative asset managers. It represents another exciting step in our pursuit to be the leading provider of alternative investment strategies in Australia and Asia, and would capitalise on the continued growth in demand for high-performing, uncorrelated alternative investment strategies.

“We believe this is a highly compelling proposal and look forward to engaging with the Board of Pacific Current to the benefit of both companies’ shareholders, boutiques, clients and staff.”

¹ The Proposal assumes fully diluted issued capital of 54,416,234 ordinary shares comprising 51,573,734 ordinary fully paid shares, 412,500 performance rights and 2,430,000 shares under option.

² Based on the 30-day volume weighted average price of GQG common stock (“GQG Shares”) up to and including 24 July 2023 of \$1.50. In addition, the Proposal represents an implied value of \$11.12 per Pacific Current share based on the closing price of GQG Shares on 25 July 2023.

³ Assuming Pacific Current owns 119,121,254 GQG Shares.

⁴ Ratio of Regal Partners shares to be agreed.

⁵ Based on Regal’s preliminary analysis and subject to confirmation from tax advisers.



The Proposal represented⁶:

- A 50% premium to the 30-day volume weighted average price of Pacific Current shares up to and including 24 July 2023 of \$7.19; and
- A 92% premium to such price when adjusting for the market value of Pacific Current's investment in GQG of \$3.27 per Pacific Current share⁷ in both the implied value of the Proposal of \$10.77 and the 30-day volume weighted average price of Pacific Current shares up to and including 24 July 2023 of \$7.19.

Regal has also entered into a co-operation agreement ("Co-operation Agreement") with River Capital Pty Ltd ("River Capital"), pursuant to which Regal and River Capital have agreed to co-operate in pursuing funding support for the Proposal. As part of the Co-operation Agreement, Regal and River Capital have agreed a high-level term sheet regarding the nature of this support. River Capital is a significant existing Pacific Current shareholder and would seek to maintain an exposure to a certain number of Pacific Current's boutique investments.

The Proposal is subject to a number of conditions, including satisfactory completion of due diligence, the execution of binding transaction documents and approval by the Boards of both Regal and Pacific Current. Any transaction would also be subject to conditions, including approval by Pacific Current's shareholders, in addition to required regulatory and court approvals and others as agreed between Regal and Pacific Current.

Further information about the Proposal is set out in the letter attached.

These discussions are preliminary and remain incomplete, noting that there are complex transactional issues involved. Until these have been explored and resolved, it is not possible to form a view as to the prospects of a transaction proceeding and there is no certainty that a transaction will proceed and if so, on what terms.

This document and any announcements or filings in connection with this document are not, and cannot be considered to be, a notification or a public announcement of an intention to make a takeover offer pursuant to section 631 of the Corporations Act 2001 (Cth).

THIS ANNOUNCEMENT HAS BEEN AUTHORISED FOR RELEASE BY THE BOARD OF REGAL.

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⁶ Figures have been rounded.

⁷ Based on the 30-day volume weighted average price of GQG Shares up to and including 24 July 2023 of \$1.50.



ABOUT REGAL PARTNERS LIMITED

Regal Partners Limited is an ASX-listed, specialist alternatives investment manager with approximately \$5.8 billion in funds under management⁸.

Formed on 3 June 2022 following the merger of VGI Partners and Regal Funds Management, the group manages a broad range of investment strategies covering long/short equities, private markets, real and natural assets and capital solutions on behalf of institutions, family offices, charitable groups and private investors.

The group houses four dedicated alternative investment management businesses – Regal Funds Management, VGI Partners, Kilter Rural and Attunga Capital – together employing approximately 100 employees, including 45 investment professionals, located in offices across Sydney, Victoria, Singapore and New York.

Combining deep industry experience, extensive networks and multi-award winning performance track records, Regal Partners seeks to be a leading provider of alternative investment strategies in Australia and Asia.

⁸ Unaudited and approximate as at 30 June 2023. FUM for the group (including 100% of Kilter Rural, Attunga Capital and East Point Asset Management) includes non-fee earning funds. Further information is set out in Regal's announcement of 18 July 2023.

24 July 2023

Pacific Current Group Limited
Suite 3
Level 3
257 Collins Street
Melbourne, Victoria 3000
Attention: Tony Robinson, Chairman

Revised Confidential, Non-Binding and Indicative Proposal to acquire Pacific Current Group Limited

Dear Tony

I refer to our confidential, non-binding and indicative proposal dated 17 March 2023 to acquire 100% of the issued ordinary shares of Pacific Current Group Limited ("**Pacific Current**") and to our revised proposal dated 9 June 2023.

Regal Partners Limited ("**Regal**") remains excited about this opportunity and is pleased to submit this revised confidential, non-binding and indicative proposal ("**Proposal**") to acquire all of the issued ordinary shares¹ in Pacific Current ("**Pacific Current Shares** or **Shares**") by way of scheme of arrangement for 2.2 GQG Shares plus \$7.50 cash per Share, which represents an implied value of \$10.77 per Share² ("**Offer Price**"), on the basis of the terms and conditions set out in this letter.

We look forward to engaging with you in constructive and co-operative discussions to develop a binding proposal that is in the best interests of Pacific Current shareholders and that is unanimously recommended by the Board of Directors of Pacific Current ("**Pacific Current Board**").

1. About Regal

Regal is an ASX-listed, specialist alternative investment manager with \$5.8 billion in funds under management.³ Formed on 3 June 2022 following the merger of VGI Partners and Regal Funds Management, the Group manages a diverse range of investment strategies covering long short equities, private markets, real and natural assets and capital solutions on behalf of institutions, family offices, charitable groups and private investors.

Regal currently houses four dedicated alternative investment management businesses – Regal Funds, VGI Partners, Kilter Rural and Attunga Capital – together employing approximately 100 employees, including 45 investment professionals, located in offices across Sydney, Victoria, Singapore and New York.⁴

2. Consideration

Under our Proposal, Pacific Current shareholders ("**Shareholders**") will be eligible to receive implied value of \$10.77 per Share, with the consideration to comprise:

- *2.2 GQG Shares for each Pacific Current Share*⁵, which represents a value of \$3.27 based on the 30-day volume weighted average price of GQG Shares, enabling Shareholders to access this attractive liquid investment; *and*
- *\$7.50 in cash for each Pacific Current Share*, representing a highly compelling value for Pacific Current's remaining assets, enabling Shareholders to achieve a meaningful premium for their existing investment.

¹ The Offer Price assumes fully diluted issued capital of 54,416,234 ordinary shares comprising 51,573,734 ordinary fully paid shares, 412,500 performance rights and 2,430,000 shares under option.

² Based on the 30-day volume weighted average price of GQG common stock ("**GQG Shares**") up to 24 July 2023 of \$1.50, which represents a value of \$3.27 per Pacific Current Share, plus \$7.50 per Share.

³ As at 30 June 2023.

⁴ In addition, on 10 February 2023, Regal announced its entry into a binding agreement to acquire a fifth investment management business, Hong Kong based alternative investment manager East Point Asset Management. The transaction is subject to customary regulatory approvals and is expected to complete in coming months.

⁵ Assuming Pacific Current owns 119,121,254 GQG Shares.

Pacific Current Shareholders may also elect to substitute either of the above, or both of the above, for shares in Regal Partners Limited ("**Regal Shares**"), providing the opportunity for Pacific Current Shareholders to invest in the future growth and earnings of the combined asset management platform as well as offering the potential to provide attractive capital gains tax rollover relief for certain eligible Shareholders.⁶

Our Proposal values Pacific Current on a total equity value basis at \$586 million, including a total equity value for all of Pacific Current's investments (excluding its investment in GQG Partners Inc. ("**GQG**")) of \$408 million.

We note the Offer Price values Pacific Current's ownership interests in Victory Park Capital Advisors, LLC and Victory Park Capital GP Holdco, L.P. (together, "**Victory Park assets**") at \$4.00 per Share.

The Offer Price would be reduced by the value of any dividends or distributions declared or paid by Pacific Current prior to implementation of the Proposal.

3. Premium

The Offer Price of \$10.77 under our Proposal is at a significant premium to recent market prices for Pacific Current Shares, representing:

- A premium of 42.0% to the closing price of Pacific Current Shares on 24 July 2023 of \$7.59; and
- A premium of 49.9% to the 30-day volume weighted average price of Pacific Current Shares up to and including 24 July 2023 of \$7.19.

Our Proposal also places a significant premium on the balance of the Pacific Current business, excluding its investment in GQG:

- A premium of 73.8% to the closing price of Pacific Current Shares on 24 July 2023; and
- A premium of 91.6% to the 30-day volume weighted average price of Pacific Current Shares up to and including 24 July 2023.

4. Benefits of the transaction for Pacific Current stakeholders

We believe that both Pacific Current Shareholders and the investment managers and staff of Pacific Current's 16 underlying boutique investments have a tremendous opportunity to benefit from the Proposal.

Pacific Current shareholders who elect to receive Regal Shares will have the opportunity to benefit from:

- A combination that brings together a global stable of high-quality investment managers across the US, UK, Europe, Asia and Australia.
- A high proportion of FUM in close ended, term and periodic redemption strategies, providing predictable and recurring management fee revenue. Regal has an extensive network of direct high net worth (HNW) and family office relationships, which currently constitute approximately 50% of Regal's FUM, as well as three retail listed investment vehicles that provide \$1.7 billion in permanent capital.⁷
- Further diversification into new asset classes with significant growth potential, for example, resources royalties, private credit, carbon, water rights and agriculture.
- Exposure to a larger ASX-listed asset manager with enhanced liquidity and improved access to capital markets.
- The ability to participate in Regal's attractive standalone growth prospects driven by continued inflows and expansion of new strategies and into new geographies.

Pacific Current Shareholders more broadly will, under our Proposal be entitled to receive value which is at a significant premium to recent market prices for Pacific Current Shares, including a significant premium on the balance of the Pacific Current business, excluding its investment in GQG.

Importantly, Regal believes that this transaction could also have significantly positive outcomes for Pacific Current's 16 underlying boutique investments, including the investment managers and staff at each boutique:

⁶ Based on Regal's preliminary analysis and subject to confirmation from tax advisers.

⁷ Regal Investment Fund (ASX: RF1); Regal Asian Investments Limited (ASX: RG8); VGI Partners Global Investments Limited (ASX: VG1). As at 24 July 2023.

- Regal's global fundraising reach through long-standing relationships with deep pools of capital, and in particular, its exceptional distribution platform in Asia-Pacific, provides an opportunity to significantly accelerate flows into Pacific Current's boutique investments.
- Regal's investment in a proprietary, institutional-grade operating platform built for scale across asset classes, markets and regions, may be extended to benefit Pacific Current's underlying boutiques, providing an opportunity to realise efficiencies and increasing operational robustness.
- Pacific Current's underlying boutiques could have an opportunity to leverage Regal's history and scale in Australia to develop and distribute investment products into the fifth largest pension market in the world, being Australia.
- The combination would provide an opportunity for greater flexibility to increase the alignment of investment managers over time. Whilst Regal owns majority stakes in its current managers and there is a high level of alignment between staff and founders to the shareholders and fund investors, it is approaching this potential opportunity with a constructive mindset to Pacific Current's primarily minority positions.

5. Funding partner

Regal has entered into a co-operation agreement with River Capital Pty Ltd ("**River Capital**"), pursuant to which Regal and River Capital have agreed to co-operate in pursuing funding support for our Proposal. As part of that support, Regal and River Capital have agreed a high-level term sheet in respect of the nature of the funding support.

River Capital is a significant existing Pacific Current shareholder, understands the Pacific Current business extremely well and would like to maintain an exposure to a certain number of Pacific Current's boutique investments.

6. Due diligence

Any final, binding offer is subject to the satisfactory completion of due diligence.

In order to complete due diligence, Regal and River Capital will require access to senior management of Pacific Current as well as senior management and / or shareholders of the underlying boutique investments.

We propose that this could be conducted most efficiently through a streamlined two stage due diligence process over six weeks from information and access being made available.

This Proposal is conditional on Pacific Current granting Regal a period of exclusivity through to the completion of the due diligence period, to be separately documented.

7. Conditions

The Proposal is subject to satisfactory completion of due diligence, the execution of definitive transaction documentation (which will be subject to conditions discussed below), final Regal Board approval and a unanimous recommendation from the Pacific Current Board that shareholders vote in favour of the Proposal (in the absence of a superior proposal and subject to an Independent Expert's Report concluding that the Proposal is in the best interests of Pacific Current shareholders).

Regal envisages the Scheme Implementation Deed will be subject to customary conditions.

8. Status of the Proposal and Confidentiality

This Proposal is a preliminary indication of Regal's interest and does not constitute a legally binding commitment by Regal (or River Capital) or any of their respective affiliates or representatives (and no oral contract shall be deemed to exist) and is intended to serve only as a basis for discussion of the major prospective business terms that would apply to any transaction.

Until such time as definitive transaction documents have been entered into, no party and none of their respective affiliates shall be under any legal obligation or have any liability of any nature whatsoever with respect to the Proposal by virtue of this letter or otherwise. Regal and / or River Capital may terminate discussions at any time prior to execution of definitive documentation without any liability.

This Proposal is governed by the laws of New South Wales, Australia. By receiving this letter, Pacific Current irrevocably accepts the exclusive jurisdiction of courts with jurisdiction there and waives any right to object to the venue on any ground.

For the avoidance of doubt, this letter is not, and cannot be considered to be, a notification or a public announcement of an intention to make a takeover offer pursuant to section 631 of the Corporations Act 2001 (Cth).

11. **Conclusion**

Regal remains excited about this opportunity and believes that this Proposal conveys our continued interest and commitment to the transaction. We are ready, willing, and able to complete our due diligence in an accelerated manner and are prepared to dedicate significant human and financial resources to execute the transaction.

We thank you for your consideration of our interest and look forward to hearing from you.

Sincerely,



Brendan O'Connor
Chief Executive Officer and Managing Director, Regal Partners Limited