

23 August 2022

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

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## 1H22 Financial Results for the Half Year Ended 30 June 2022

Regal Partners Limited (ASX:RPL, “Regal Partners” or the Company) is pleased to report the Company’s interim results for the six months ended 30 June 2022. This is the inaugural result for the Company post the merger between Regal Funds Management Pty Limited (“Regal Funds Management”) and Regal Partners Limited (formerly VGI Partners Limited), which completed on 3 June 2022.

### HIGHLIGHTS

- Statutory 1H22 Net Profit after Tax (NPAT) attributable to RPL shareholders of \$4.9m<sup>1</sup>
- Pro forma normalised 1H22 NPAT attributable to RPL shareholders of \$20.1m<sup>2</sup>
- Total Funds Under Management (FUM) as at 30 June 2022 of \$4.7bn (post distributions and reinvestments)<sup>3</sup>
- Performance fees of \$22.7m despite challenging market conditions; fund performance has improved since 30 June 2022, leading to FUM of \$4.8bn as at 31 July 2022
- Integration of the merged businesses is progressing well; lead portfolio management duties for VG8 transitioned to Philip King in June
- Robust and liquid balance sheet; no debt
- No interim dividend declared given the recent 39.7cps fully franked special dividend and growth opportunities ahead (e.g. Private Credit expected to launch 2H22). The Board is mindful of finding a balance between providing capital gains and income to RPL shareholders and in future years currently intends to target a dividend payout ratio of at least 50% of normalised NPAT. In any period, the actual payout ratio will be subject to various factors, including the general business environment, future funding requirements, capital management initiatives and taxation considerations. The Board intends for dividends to be franked to the fullest extent possible.
- More information is provided in the 1H22 results presentation and half year financial report released to the ASX today. A briefing will also be held at 12pm today; further details are contained later in this announcement.

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<sup>1</sup> Statutory NPAT has been accounted for under the principles of reverse acquisition accounting. The results for the half year ended 30 June 2022 reflect Regal Funds Management for the period from 1 January 2022 to 3 June 2022, and the newly formed combined Regal Partners Limited consolidated group results of Regal Funds Management including VGI Partners Limited for the period from 4 June 2022 to 30 June 2022.

<sup>2</sup> Pro forma normalised NPAT (for the half year ended 30 June 2022 and the prior corresponding period) has been prepared on the basis that the merger completed on 1 January 2021 and excludes one-off and some non-cash items (e.g. amortisation of contract assets and unrealised gains and losses on investments).

<sup>3</sup> FUM for the group (including 100% of Kilter Rural, Attunga Capital and Gresham Royalties Management) includes non-fee earning funds.



## CEO COMMENTARY

Brendan O'Connor, Chief Executive Officer and Managing Director said "We are delighted to present the inaugural half-yearly results for Regal Partners, following the completion of the merger between VGI Partners and Regal Funds Management in June 2022. The merger has brought together two of Australia's most recognised investment management businesses, creating a market-leading provider of alternative investment strategies. This has been a transformative development for investors, shareholders and staff of both businesses and one that we believe will provide significant opportunities for future growth in the years ahead.

"Following the merger's completion in June, both teams have been working together to integrate operations, including the systems used for finance, trading and risk management. The benefits to both businesses from leveraging a centralised corporate platform have already become quickly apparent, in addition to the expanded opportunity set available to the distribution team from the broadened client base and product offering. To support the continued fundraising momentum, we have also recently appointed a Head of International Distribution based out of Singapore, with plans to add additional capabilities to the distribution and marketing team in Australia.

"On the investment side, the research teams of Regal Funds Management and VGI Partners are enjoying the opportunities to collaborate and leverage the significant experience, networks and sector-specific skillsets available across both businesses. As an extension of this, we have also been pleased to announce recently the transition of lead portfolio management responsibilities for VGI Partners Asian Investments (VG8) to Phil King and the Regal Funds Management team, enabling VG8 shareholders to benefit from both Regal and VGI's extensive capabilities and long track record of investing in the Asian region.

"Both Regal Funds Management and VGI Partners share similar philosophies around alignment with investors, with key staff and founders maintaining a high level of personal investment in both the equity of the business and the underlying investment funds. As part of the merger, Regal Funds Management staff exchanged all their holdings in Regal for shares in Regal Partners, with these RPL shares subject to either formal escrow deeds or statements of intent to not sell or transfer these holdings for the next few years. In addition, the Company has also recently agreed to implement new arrangements to further promote alignment of employees with shareholders, ensuring long-term incentive structures exist to attract, retain and incentivise talented individuals. The terms of the Employee Incentive Plan are included in the Appendix of this announcement.

"Looking forward, Regal Partners remains well positioned to capitalise on the continued growth in alternative investment strategies, supported by a diverse product offering across four alternative asset classes and a global investment team of over 40 investment professionals."

## INVESTOR BRIEFING

Investors and analysts are invited to join a 1H22 results briefing and Q&A with Brendan O'Connor, Chief Executive Officer and Managing Director, and Ian Cameron, Chief Financial Officer, to be held at **12:00pm (AEST) today, 23 August 2022**.

The briefing will be available by both audio webcast and teleconference.

## WEBCAST DETAILS

Please click [here](#) to access the webcast presentation.



Please enter your name, email and company to register for the webcast. The webcast will be interactive, with questions able to be submitted online during the event using the “Ask a Question” box. We also encourage investors to submit questions in advance by emailing them to [investorrelations@regalpartners.com](mailto:investorrelations@regalpartners.com).

A recording of the webcast will be available on Regal Partners’ website at [www.regalpartners.com](http://www.regalpartners.com) after the event.

### TELECONFERENCE DETAILS

Please click [here](#) to pre-register for the conference call.

Participant dial-in numbers (conference ID 10024581) below if no pre-registration:

Australia (toll free)	1800 809 971	New Zealand (toll free)	0800 453 055
Sydney	+61 2 9007 3187	Other	+61 7 3145 4010

### AUTHORISED FOR RELEASE BY:

Ian Cameron, Joint Company Secretary

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## APPENDIX

### Regal Partners Limited – Awards under Employee Incentive Plan

Regal Partners Limited has approved the grant of awards to promote alignment of employees with shareholders across the merged entity under the terms of its Employee Incentive Plan (“Plan”) rules.

The Company proposes to offer rights under the Plan covering a Deferred Bonus Grant, an Integration Grant and a Long-Term Incentive Grant, equal to a total value of approximately \$81.6m. The number of rights granted will be calculated based on either a 5 day VWAP or at a price determined by the Board. Although this price is not currently known, if the number of rights granted is based on a share price of the Company of \$3.00, the total number of rights which will be granted under the Plan will be approximately 27.2m.

If these rights vest in full, this will represent approximately 12.9% of the total issued share capital of the Company as at the date of this announcement. The rights will be offered under a Deferred Bonus Grant, an Integration Grant and a Long-Term Incentive Grant, the features of which are set out below.

#### Deferred Bonus Grant

Rights having a total value of approximately \$15.6m are proposed to be offered under the Deferred Bonus Grant for FY22 (“Deferred Bonus Grant”) to employees and the CEO. The Deferred Bonus Grant is proposed to be offered to recipients as a partial deferral of annual bonuses into rights which will vest over two years. The rights are proposed to vest in two tranches (50% on 30 August 2023 and 50% on 30 August 2024) into fully paid ordinary shares subject to the recipients remaining employed with the Company or its subsidiaries (“Group”) on the relevant vesting date.

#### Integration Grant and Long-Term Incentive Grant

It is proposed that a grant of rights of approximately \$25.5m be offered under the Integration Grant and approximately \$40.5m be offered under a Long-Term Incentive Grant to employees and the CEO of the Group. Rights proposed to be issued under the Integration Grant and Long-Term Incentive Grant will vest on the date on which the 1H25 results for Regal are released to the market into fully paid ordinary shares subject to recipients being employed on the vesting date and unless the Board determines otherwise, there being no formal performance management processes or programs put in place in relation to an employee’s employment at the Group on the vesting date. In addition, the Long-Term Incentive Grant is proposed to be subject to certain company specific performance hurdles. Performance hurdles for the Long-Term Incentive Grant will be determined prior to grant and disclosed at the time of grant. The offer of rights under the Integration Grant and the Long-Term Incentive Grant is expected to be a one-off with any future long-term incentive grants subject to different performance hurdles.

#### General conditions applicable to the Deferred Bonus Grant, Integration Grant and Long-Term Incentive Grant

During the vesting period, recipients of the Deferred Bonus Grant, Integration Grant and Long-Term Incentive Grant will not have rights to dividends, voting rights or a right to participate in corporate actions such as bonus issues.

Generally, if a change of control event occurs prior to vesting, rights will vest based on the extent to which the applicable vesting conditions have been satisfied at the completion of the relevant change of control event or at such other time as the Board determines.

Recipients may also be required to forfeit their rights in certain circumstances (eg, in the case of fraud, dishonest or gross misconduct or material misstatement).