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ASX Market Announcements
ASX Limited
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20 Bridge St
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

Launch of new Asian investment strategy

VGI Partners¹ is pleased to announce it is at an advanced stage in establishing a new investment strategy focused on equity investments in companies listed in Asia or significantly exposed to the Asian region.

Investors will be able to access this strategy through a new ASX-listed investment company, VGI Partners Asian Investments Limited (“VG8”). Subject to market conditions, invitations to apply for ordinary shares in VG8 (“VG8 Shares”) in an initial public offering (“Offer”) will be made during the current calendar year.

The proposed Asian investment strategy is only the second investment strategy to be launched by VGI Partners. VG8's manager will draw on the group's 11-year track record of providing investors with capital growth over the long term through investing in a concentrated portfolio of global listed securities, always with a strong bias to capital preservation.

As with the existing funds managed by VGI Partners, it is expected that VG8 will seek to “buy and hold” long-term investments in what VGI Partners considers to be great businesses that are not fully valued by the market, while also short selling securities which are assessed to be vulnerable to a material decline in price.

Commenting on the decision to launch an Asian investment strategy, Robert Luciano, Executive Chairman of VGI Partners Limited, said, “We feel it's the right time to be launching a new investment strategy with exposure to the economic dynamics of the Asian region. Governance standards in Asia have been improving in recent years, and many higher quality companies are becoming more investor-friendly. As a result we've been increasing the time and resources we commit to researching the very best businesses in the region and now have four members of the VGI Partners investment team on the ground in our Tokyo representative office.

“We will be applying the same investment philosophy to VG8 as for our existing global strategy, and we have one global investment team across all of VGI Partners' activities. VG8 will continue the VGI Partners' tradition of holding a concentrated portfolio of companies that have a business model that is easy to understand and that operate in industries with attractive structures. This means our focus will be on long-term investment in

¹ Also referred to as “VGI”, “we”, “us” or “our” and meaning, as the context requires, VGI Partners Limited, VGI Partners Asian Investments Management Pty Limited (a wholly-owned subsidiary of VGI Partners and the proposed manager of VG8) or both of them.

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companies in monopoly, duopoly or oligopoly industry structures, or firms that own highly recognisable household brands.

“We will only invest in countries with a robust and reliable legal system, strong corporate governance and developed capital markets. In practice this means that, for several years at least, the VG8 portfolio will be heavily weighted towards investments in Japan, South Korea, Singapore, Hong Kong, Taiwan and Australia. We will maintain a watching brief on India, mainland China, Thailand and the Philippines but will not be investing in companies listed in these jurisdictions for the foreseeable future.

“VGI Partners strives to achieve true alignment with investors in each of its funds. Consistent with this, VGI Partners Limited intends to take a cornerstone shareholding of A\$20 million in VG8, and will be meeting all of the costs of the Offer. I’m also delighted that, having listed VGI Partners on the ASX earlier this year, we will have the opportunity to further align the interests of investors through the allocation of new ordinary shares in VGI Partners Limited (“Alignment Shares”) to participants in the Offer. Our priority is rewarding the loyalty of investors who have supported VGI Partners over the longer term.”

The Offer

The Offer will include invitations to existing investors in VGI Partners managed funds (“Existing Investor Offers”) and to new investors under broker firm and general offers (“New Investor Offers”). The Existing Investor Offers will be made to investors in VGI’s unlisted funds, VGI Partners Global Investments Limited (ASX:VG1) (as at a record date of 2 August 2019) and VGI Partners Limited itself (ASX:VGI) (as at a record date of 2 August 2019).

In order to ensure the performance of VG8’s strategy is not constrained by the size of the fund, it is intended that the size of the Offer be limited to no more than A\$1 billion. In addition, VGI Partners is committing not to undertake any follow-on raising into VG8 for at least three years provided that the Offer raises at least A\$500 million. Note further that VGI Partners will not be establishing an unlisted fund to access the Asian investment strategy, meaning that an investment in VG8 will be the only way for investors to access the Asian investment strategy.

The offer price under the Offer will be \$2.50 per VG8 Share.

Alignment Shares

VGI Partners intends to issue, for nil consideration, Alignment Shares, being bonus fully paid ordinary shares in VGI, to all investors in the Offer to enhance the alignment of interests between VGI, VG8 and their respective shareholders. The ratio of Alignment Shares to be issued to investors in the Offer will be:

Offer component	Alignment Share ratio	Implied value based on VGI closing price of \$12.50 on 2 August 2019
Existing Investor Offers	1 Alignment Share for every 75 VG8 Shares	\$1 in Alignment Shares for every \$15 invested in VG8
New Investor Offers	1 Alignment Share for every 125 VG8 Shares	\$1 in Alignment Shares for every \$25 invested in VG8

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This means, for example, that an investor allocated \$100,000 worth of VG8 Shares in the Existing Investor Offers will receive 533 VGI Partners shares with a current market value of \$6,663 at no cost to the investor.

An investor allocated \$100,000 worth of VG8 Shares in the New Investor Offers will receive 320 VGI Partners shares with a current market value of \$4,000 at no cost to the investor.

The Alignment Shares will (except to the extent issuable to directors of VGI) be issued without VGI shareholder approval under VGI's placement capacity under ASX listing rule 7.1. The maximum number of Alignment Shares that may be issued is 5.2 million².

Distribution syndicate and advisers

VGI Partners is in the process of appointing the following Joint Lead Managers for the Offer:

- Crestone Wealth Management Limited;
- Commonwealth Securities Limited;
- Ord Minnett Limited;
- Taylor Collison Limited; and
- Wilsons Corporate Finance Ltd.

Moelis Australia is acting as financial adviser to VGI Partners and VG8, and MinterEllison is acting as legal adviser.

Offer costs and co-investment

VGI Partners Limited will pay all the costs of the Offer in cash so that the opening Net Asset Value per VG8 Share is equal to the offer price of VG8 Shares of \$2.50.

As noted above, VGI Partners Limited also intends to apply for A\$20 million worth of VG8 Shares in the Offer (but will not receive Alignment Shares).

Prospectus

A prospectus for VG8 Shares is expected to be lodged with the Australian Securities and Investments Commission ("ASIC") and will be made available in September 2019 ahead of the opening of the Offer ("Prospectus"). The features of the Offer described in this announcement, including, without limitation, dates and offer details, may change prior to the lodgement of the Prospectus with ASIC and are subject to regulatory approval.

Further details about VG8 and the Offer will be provided once the Prospectus is lodged with ASIC and is expected to be made available at www.vgipartners.com.

² Represents the maximum number of Alignment Shares to be issued assuming the full Offer is raised under the Existing Investor Offers. The actual number of VGI shares to be issued is expected to be significantly less.

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Important information

A Prospectus in relation to the Offer will be made available when the VG8 Shares are offered in Australia. Any person should consider the Prospectus in deciding whether to acquire any VG8 Shares. Any person who wants to acquire the VG8 Shares will need to complete the application form that will be in or will accompany the Prospectus.

This announcement is not a prospectus or offering document under Australian law or under any other law. No action has been or will be taken to register, qualify or otherwise permit a public offering of the VG8 Shares or Alignment Shares in any jurisdiction outside Australia and New Zealand.

This announcement is for information purposes only and does not constitute or form part of an offer, invitation, solicitation, advice or recommendation with respect to the issue, purchase or sale of any VG8 Shares or Alignment Shares. This notice does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the VG8 Shares nor the Alignment Shares have been or will be registered under the U.S. Securities Act of 1933 (the Securities Act) or the securities laws of any state or other jurisdiction of the United States.

The provision of this announcement is not, and should not be considered as, financial product advice. The information in this announcement is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.

This announcement contains certain "forward-looking statements" including statements regarding VGI's intent, belief or current expectations with respect to the Offer. Forward-looking statements are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance or events.