



ASX Announcement

13 August 2020

Navigator Global Investments to acquire a portfolio of strategic investments from funds managed by Dyal Capital Partners

Navigator Global Investments Limited ('**Navigator**' or the '**Company**') today announced that it has entered into a definitive agreement to acquire six minority ownership interests in leading established alternative asset managers (the '**Portfolio**') from investment funds managed by Dyal Capital Partners ('**Dyal**'), a division of Neuberger Berman.

The Portfolio includes minority ownership interests in Bardin Hill Investment Partners, Capstone Investment Advisors, CFM, MKP Capital Management, Pinnacle Asset Management and Waterfall Asset Management. The Portfolio represents a well-diversified group of established firms with strong leadership and long track records of delivering results to their clients through multiple market cycles. Collectively, these firms manage over \$35 billion of AUM across 26 diversified investment strategies.

Under the terms of the agreement, the transaction has been structured so that Navigator acquires the Portfolio in two parts:

At closing:

- Navigator will be entitled to receive the first \$17.0 million of cash distributions annually (indexed at 3.0% per annum and subject to a cumulative catch up mechanism), plus 20% of any cash distributions in excess of this amount (the Dyal funds will be entitled to the remaining 80% of any excess cash distributions).
- In exchange, Navigator will issue the Dyal funds a 40% economic interest (on a fully diluted basis) at closing through a combination of the issuance of ordinary shares (representing a 19.99% interest of issued capital) and convertible notes.

Following 2025:

- Navigator will acquire the remainder of the Dyal funds' interests in the cash distributions for a single redemption payment linked to the Portfolio's financial performance over that time, based on a fixed formula. Navigator expects to fund this payment through retained earnings and does not anticipate the need to obtain additional external financing.

The transaction is expected to be immediately cash EPS accretive, support the maintenance of the current dividend payout ratio policy and preserve the Company's strong balance sheet to enable additional organic and inorganic growth opportunities.

As part of a new strategic focus on growth for the Navigator Group, the Portfolio will be housed separately to Navigator's existing investment in the Lighthouse business, and as such will be independent of that operating business.

With respect to the asset managers in the acquired Portfolio, this transaction will not impact any of their existing ownership structures or operations nor does it require any change to the terms on which they have successfully partnered with Dyal over a number of years.

All amounts are in US Dollars unless otherwise indicated



Navigator Chairman, Michael Shepherd said, "We believe this is a compelling transaction with strong commercial logic. The acquisition is an important development in the evolution of Navigator. We have long targeted high-quality opportunities to grow and diversify our holdings to generate strong long term shareholder returns. We are excited to be invested with these six excellent businesses."

Under the terms of the agreement, Dyal will hold a majority of their equity-related consideration for at least five years post-closing. Mr. Shepherd further noted, "Dyal has established themselves as the pre-eminent partner to growing alternative asset managers globally. We are excited to partner with the Dyal team and welcome their expertise as we grow the Company over time."

Michael Rees, Head of Dyal Capital, said, "Dyal looks forward to an ongoing involvement with Navigator as a long term partner of the Company. We are happy that these six managers will remain part of the Dyal ecosystem and view our indirect interest in the Lighthouse business as an attractive addition which is expected to contribute positively to our investment in the years to come."

The transaction is expected to complete between December 2020 and January 2021 and remains subject to shareholder and certain regulatory approvals (including FIRB) and the satisfaction of other customary closing conditions. Further details of the transaction, including applicable dates, are set out in the accompanying presentation also provided to the ASX today.

UBS acted as financial advisor and Sidley Austin LLP and Clayton Utz acted as legal counsel to Navigator in relation to the transaction. Fried, Frank, Harris, Shriver & Jacobson LLP and Clarendon Lawyers served as legal counsel to Dyal in this transaction.

Authorised by: Board of Directors, 13 August 2020

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