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ASX Market Announcements Office
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Regal Partners Announces Partnership with Taurus Funds Management; Group FUM to Increase to \$8.0bn

Regal Partners Limited (ASX:RPL) (“RPL”, “Regal Partners” or the “Company”) is pleased to announce it has entered into an agreement to acquire 50% of the issued ordinary shares of Taurus SM Holdings Pty Limited (“Taurus Funds Management” or “Taurus”), a specialist provider of financing solutions to global mid-tier and junior mining companies.

Established in 2006 and headquartered in Sydney, Taurus currently manages \$2.3bn in committed and drawn capital from its client base of predominantly US institutional investors and pension funds. The acquisition will further expand Regal’s existing capabilities across alternative investment strategies, specifically in credit and resources royalties. On completion, Regal Partners’ group funds under management (“FUM”) will increase to \$8.0 billion¹ on a pro forma basis.

Regal Partners’ Chief Executive Officer (“CEO”) Brendan O’Connor said “Taurus represents an exciting and accretive opportunity for Regal Partners to further expand its existing investment capabilities across the global resources sector. The founders of Taurus have built a highly experienced 23-person team, with a strong performance track record and proven fund-raising capability across blue-chip, US-based institutional investors. While the Taurus funds will continue to operate under the management of its existing investment team, we look forward to exploring possible ways to collaborate in the future, leveraging the extensive networks and deal origination pipelines across both businesses. The addition of Taurus further supports Regal Partners’ aim to be the leading provider of alternative investment strategies in Australia and Asia, as well as increasing the group’s exposure to attractive offshore markets, including North America.”

Regal Partners expects the acquisition to be accretive to its earnings per share (“EPS”) in 2024, pre any synergies. The transaction will be fully funded by cash and investments on balance sheet and is expected to complete in early November 2023.

Michael Davies, Taurus’ co-founder, said “The Taurus team is pleased to be partnering with Regal Partners in the next exciting phase of our firm’s development. Regal Partners, as an Australian-domiciled, diversified alternative investment management firm with extensive experience in investing in the mining industry, is the ideal partner. We look forward to making a significant contribution to achieving Regal Partners’ growth aspirations over the coming years.”

Further details on Taurus and the acquisition are set out overleaf.

¹ Pro forma funds under management (FUM) data is for 30 September 2023, includes 100% of Taurus Funds Management and is approximate, rounded and has not been audited. FUM for the group (including 100% of Kilter Rural, Attunga Capital and Taurus Funds Management) includes non-fee earning funds.



TRANSACTION OVERVIEW

Regal Partners has entered into an agreement to purchase 50% of the issued ordinary shares in Taurus, a specialist provider of financing solutions to global mid-tier and junior mining companies. Founded in 2006 by Michael Davies, Gordon Galt and Rohan Menon, the business has developed a strong track record of investing within the resources sector, across a variety of innovative capital structures.

Headquartered in Sydney, Australia, the firm retains satellite offices in the UK, Europe and the Cayman Islands, servicing institutional investors in North America.

Regal Partners' ownership interest in Taurus has been acquired from M.D. Sass Finstrat Taurus Holdings, LLC ("FinStrat"), a joint venture between M.D. Sass and Macquarie Financial Strategies.

The upfront consideration for the Taurus acquisition is approximately \$28 million cash, subject to net debt and working capital adjustments, with deferred contingent consideration with respect to the after-tax carry of certain funds paid in cash.

KEY INVESTMENT STRATEGIES

Taurus' primary investment strategies seek to provide financing solutions across the capital structure, with investments incorporating private credit ("mining finance"), royalties and private equity. Since 2006, Taurus has raised a cumulative US\$2.9 billion in committed capital across a range of closed-ended funds, typically with fund tenors of 7 to 10 years. The firm's investor base predominantly comprises institutional investors from the US, including US state and country pension funds, with many instances of clients making additional and larger investments into subsequent funds.

Today, Taurus manages \$2.3 billion (US\$1.5 billion) of fee-earning capital across mining finance, mining royalties and private equity.

TRANSACTION RATIONALE

Significant Expansion of Resources Investment Capability. Taurus is a well recognised industry leader in the provision of innovative financing solutions for the global mid-tier and junior mining sectors, complementing Regal Partners' existing experience and position as one of the largest providers of equity capital to the ASX-listed resources sector. Taurus' deep industry networks, technical expertise and extensive track record in investing across private credit, royalties and private equity is expected to provide compelling broader investment opportunities for RPL, building on the recent launches of Regal Partners' existing credit and royalties strategies.

Access to Institutional and Family Office Investor Bases, Leveraging Existing Distribution Hubs. Taurus remains well supported by US institutional investors and pension funds, with in excess of US\$2.9 billion of committed capital raised since inception. Significant opportunities exist for both Taurus and Regal Partners to broaden their existing investor base, with Taurus able to leverage Regal Partners' existing distribution footprint in Australia and Asia, and Regal Partners having the ability to utilise Taurus' existing and well-regarded team and client relationships throughout North America.

Increased Exposure to Structurally Attractive Sector Thematics. Regal Partners remains highly constructive on the long-term outlook for the broader mining and resources sector, underpinned by a structural undersupply of new production in critical minerals, and an increased tightening in capital availability from traditional providers of equity and debt to the sector. On completion of the acquisition, Regal Partners and Taurus will together manage approximately \$3 billion in resources-focused strategies, covering long/short equities, private credit and resources royalties strategies, with the ability to provide global resource companies with a diversified range of funding solutions.

Value Creation for RPL Shareholders. The acquisition of 50% of the issued ordinary shares in Taurus is expected to be accretive to RPL's earnings per share in 2024, pre any synergies.



CONSIDERATION AND FINANCING

RPL has agreed to acquire 50% of the issued ordinary shares in Taurus for the following cash components:

- Upfront consideration of approximately \$28 million, plus net debt and working capital adjustments; and
- Deferred contingent consideration equal to 25% of the after-tax share of any future carry that would have been received by FinStrat with respect to certain funds had it remained a shareholder of Taurus.

The upfront components will be funded from RPL's existing cash and investments on balance sheet. Broadly speaking, the deferred contingent consideration is intended to operate as a pass-through, so is not anticipated to draw on RPL's cash balances.

FINANCIAL IMPACT

Taurus is typically paid management fees on a committed capital basis during the first 5 years of the fund, and then on invested capital for the remainder of the fund's life. Management fees typically range from 1% to 1.5% per annum and Taurus may also be eligible to earn carry, or a share of profits, equal to 20% of investment returns after the investors have received a stated preferred return.

In the 12 months to June 2023, Taurus earned management fees of \$25 million (a 1.07% average fee margin). Performance fees of \$1.4 million were modest over the year but have the potential to increase in future if carry is realised. Taurus' net profit after tax (normalised to RPL's definition and post adjusting for outside equity interests) was \$2.5 million.

Regal Partners expects the transaction to be accretive to RPL's earnings per share. While Regal Partners anticipates limited cost synergies, over time there may be additional benefits from identifying opportunities for Taurus to collaborate with Regal Partners' existing teams across resources royalties, private credit and resources long/short equities.

TIMETABLE

Completion of the acquisition is currently expected to occur in early November 2023, with the terms of the transaction being unconditional. The transaction does not require any regulatory approvals.

Upon deal completion, Regal Partners' CEO, Brendan O'Connor, will join the Taurus board of directors.

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ABOUT REGAL PARTNERS LIMITED

Regal Partners Limited is an ASX-listed specialist alternatives investment manager. 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 & natural assets and credit & royalties 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 110 employees, including over 50 investment professionals, located in offices across Sydney, Victoria, Singapore, Hong Kong 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.