VGI
PARTNERS

VGI Partners Limited
ABN 33 129 188 450
39 Phillip Street
Sydney NSW 2000 Australia
T. +61 2 9237 8900
www.vgipartners.com

AFSL No. 321789 | SEC Registered

28 February 2022

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

BY ELECTRONIC LODGEMENT

Annual Report for the Year Ended 31 December 2021

VGI Partners Limited (ASX:VGI) hereby lodges:

- Appendix 4E for the year ended 31 December 2021; and
- Annual Report for the year ended 31 December 2021, incorporating the Directors' Report to Shareholders and Financial Statements.

Authorised for release by:

Ian Cameron, Company Secretary

Investor contact information:

Ingrid Groer, CFA
Head of Investor Relations
VGI Partners Limited
Phone: 1800 571 917 (inside Australia)
+61 2 9237 8923 (outside Australia)
Email: investor.relations@vgipartners.com

Media contact information:

Max Hewett
GRACosway
Phone: +61 432 332 215
Email: mhewett@gracosway.com.au

VGI PARTNERS

Appendix 4E

Company	VGI Partners Limited
ASX code	VGI
Year ended	31 December 2021
Previous corresponding period	31 December 2020
ABN	33 129 188 450

Results for announcement to the market

	Year ended 31 December 2021 ($'000)	Up/down	Movement (%)
Income from ordinary activities	82,635	▲	46
Profit from ordinary activities after tax	42,707	▲	65
Total comprehensive income	42,645	▲	65
Normalised net profit after tax	51,154	▲	67

Commentary on results

For the year ended 31 December 2021, the Group recorded total revenue from ordinary activities of $82,635,000 (2020: $56,780,000) and profit after tax of $42,707,000 (2020: $25,916,000).

The Group recorded normalised net profit after tax (**NPAT**) of $51,154,000 (2020: $30,676,000) for the year ended 31 December 2021. Normalised 2021 NPAT excludes unrealised fair value losses of $4,449,000 (2020: gains of $280,000), a non-cash amortisation expense of $5,043,000 (2020: $5,025,000) and one-off business strategic review costs of $1,072,000 (2020: nil), together with the tax effect of the normalisation adjustments of $2,117,000 (2020: $545,000). For a reconciliation of normalised NPAT, please refer to the Directors' Report in the financial report for the year ended 31 December 2021.

Additional information supporting the Appendix 4E disclosure requirements can be found in the Annual Report, which contains the Directors' Report and the 31 December 2021 financial statements and accompanying notes.

Dividends

	Amount per security	Franked amount per security
2021 final dividend cents per share	6	6
2021 interim dividend cents per share	31	31
Total dividends		

Final dividend dates

Ex-date	4 March 2022
Record date	7 March 2022
Payment date	16 March 2022

There is no dividend reinvestment plan in operation in respect of this dividend.

Net tangible assets *

	31 December 2021	31 December 2020
Net tangible assets per fully paid ordinary share (including contract assets)	$1.86	$1.85
Net tangible assets per fully paid ordinary share (excluding contract assets)	$1.31	$1.21

* Net tangible assets includes total assets per the financial statements less deferred tax and right of use assets.

Details of entities over which control has been gained or lost during the year

During the year, VGI Partners Limited incorporated a wholly owned subsidiary, VPPI No.1 Pty Limited. There were no other entities over which control was gained or lost during the period.

Audit

This report is based on the consolidated financial statements for the year ended 31 December 2021, audited by Deloitte Touche Tohmatsu. All the documents comprise the information required by ASX Listing Rule 4.3A.

VGI PARTNERS

ABN 33 129 188 450

2021 Annual Report

Year ended 31 December 2021

Contents

Annual General Meeting 2022

Notice of the Annual General Meeting will be forwarded to all Shareholders separately.

Corporate Governance

The Corporate Governance Statement of VGI Partners Limited ABN 33 129 188 450 (**VGI** or **the Company**) has been approved by the Board and lodged with the Australian Securities Exchange (**ASX**). A copy of the Corporate Governance Statement is available at www.vgipartners.com.

Directors' Report

The Directors of VGI Partners Limited (**the Company**) present their Directors' Report together with the Financial Report for the year ended 31 December 2021. The Financial Report represents the Company and its consolidated entities (**VGI Partners** or **the Group**).

Directors

The following persons were Directors of the Group during the whole of the financial year and up to the date of this report, unless otherwise stated.

Name	Position	Date appointed
Robert M P Luciano	Executive Chairman and Managing Director	15 January 2008
David F Jones AM	Executive Director	8 August 2018
Jaye L Gardner	Independent Non-Executive Director	12 May 2019
Benjamin A Pronk DSC	Independent Non-Executive Director	12 May 2019
Darren J Steinberg	Independent Non-Executive Director	12 May 2019
Douglas H Tynan	Non-Executive Director	Appointed 1 February 2011 Resigned 24 September 2021

Principal activities

The Group continues to trade as a provider of investment management services. The principal activity of the Group is not expected to change for the foreseeable future.

Overview of results

The Group generated total net income for the year ended 31 December 2021 of $82,635,000 (2020: $56,780,000), and profit after tax for the year of $42,707,000 (2020: $25,916,000).

The Group is in a strong financial position with a debt-free balance sheet. At 31 December 2021, the Group reported net tangible assets (**NTA**) per share including contract assets of $1.86 (2020: $1.85) and NTA per share excluding contract assets of $1.31 (2020: $1.21).[1]

The Group recorded normalised net profit after tax (**NPAT**) of $51,154,000 (2020: $30,676,000) for the 12 months to 31 December 2021. Normalised 2021 NPAT excludes unrealised fair value adjustments of $4,449,000 (2020: $280,000), a non-cash amortisation expense of $5,043,000 (2020: $5,025,000) and one-off business strategic review costs of $1,072,000 (2020: nil), together with the tax effect of the normalisation adjustments of $2,117,000 (2020: $545,000). Normalised NPAT and other measures of underlying performance have not been prepared in accordance with International Financial Reporting Standards and have not been audited.

	2021 ($'000)	2020 ($'000)
Profit after tax for the year (see Statement of Profit or Loss and Other Comprehensive Income)	**42,707**	**25,916**
<u>Management adjustments:</u>		
Amortisation of contract assets (see note 13)	5,043	5,025
Unrealised fair value movements of investments	4,449	280
Business strategic review costs (one-off) [2]	1,072	–
Tax effect on the above (at 30%) [3]	(2,117)	(545)
Normalised NPAT	**51,154**	**30,676**

[1] NTA includes the total assets shown in the financial statements less deferred tax and right of use assets.

[2] Relates to one-off expenses incurred by the Group as part of a business strategic review and includes advisory and professional services fees.

[3] Accounted for at the full corporate tax rate of 30%. The amortisation expense of $3,507,000 (2020: $3,490,000) on the contract asset relating to the VGI Partners Asian Investments Limited (**VG8**) initial public offering (**IPO**) alignment shares is non-deductible.

Revenues

As a wealth manager, the Group generates substantially all of its revenue from management fees and performance fees charged on each of the investment portfolios it manages (together, the **VGI Partners Funds**). The VGI Partners Funds are comprised of a combination of unlisted and listed investment vehicles and individually managed accounts across Global and Asian investment strategies. Management and performance fee generation is driven by the level of Funds Under Management (**FUM**). Performance fees are driven by the investment performance of the funds, which can be volatile. Management fees are paid monthly and are typically equal to 1.5% of FUM for each VGI Partners Fund. Management fees vary month to month, in line with changes in the FUM of each VGI Partners Fund.

The Group charges performance fees equal to 15% of performance, subject to a 'high-water mark' mechanism. Under this mechanism, if a fund's FUM (adjusted for subscriptions and redemptions) at the end of a period is lower than the high-water mark, that fund does not pay a performance fee for the period. The performance fee for each VGI Partners Fund is calculated based on performance over a specific period determined in the fund's Investment Management Agreement (the Performance Calculation Period). With the exception of VGI Partners Global Investments Limited (**VG1**) and VG8, performance fees are calculated annually, on either 30 June or 31 December, depending on the year end of the fund. For VG1 and VG8, performance fees are calculated on a six-monthly basis, at 30 June and 31 December.

Management fees before amortisation and operating costs of VGI Partners Funds for the 12 months to 31 December 2021 totalled $42,047,000 (2020: $43,060,000) (see note 3 for additional information).

Performance fees for the 12 months to 31 December 2021 totalled $50,751,000 (2020: $21,070,000). In 2021, $50,368,000 of the total performance fees were earned in the first half of the year and $383,000 in the second half. For comparison, in 2020, $103,000 of the total performance fees were earned in the first half of the year and $20,967,000 in the second half.

Performance fees are variable and can fluctuate significantly year on year. Performance fees, although volatile in nature, are a key earnings stream for the Group and a significant component of value creation for Shareholders over time.

The Group balances its ability to meet its business objectives – generating management fees and performance fees – by proactively managing its business risks. It does so by:

- maintaining a level of capital to support business growth and strategy;
- conservatively managing expenses without factoring in performance fees generated, to ensure the Group remains profitable; and
- following the Group's core investment philosophy.

These focus areas are discussed in detail below.

Expenses

The Group's operating expenses totalled $20,589,000 (2020: $18,048,000).

Capital management

The Group has a robust balance sheet and liquidity position that allows us to opportunistically review new investment strategies and partnerships.

As at 31 December 2021, we had Shareholders' funds of $134,560,000 (2020: $132,638,000), cash balances of $39,572,000 (2020: $41,732,000) and amounts due from brokers (net) of $4,737,000 (2020: nil). This was after a dividend paid by the Group during the year of $41,178,000 (2020: $9,973,000), underpinned by management fee and performance fee revenues earned.

Capital management (continued)

A meaningful portion of the Group's capital is invested in ordinary shares of VG1 and VG8. At 31 December 2021, the Group held investments measured at fair value in VG1 and VG8 of $43,574,000, compared with $34,451,000 at 31 December 2020. The increase year on year is due to the Group's continuing investment in VG1 and VG8 throughout the year. This was offset by a fall in the fair value of these investments by 31 December 2021 which remains unrealised (non-cash) at the end of the year. In addition, the Group also invested a small portion of capital in global listed equities and an unlisted equity security.

Impact of COVID-19

Our foremost priorities are the health and wellbeing of our staff and the performance of our clients' assets. With staff already set up to work from home, our operations were not interrupted through this period. At the reporting date, most staff members had returned to working from the office with relevant precautions in place.

We continue to monitor the impact on the business and maintain cost discipline.

The Group did not access any government programs related to COVID-19.

Charitable contributions made by the Group

During the year ended 31 December 2021, the Group made cash donations of $73,000 (2020: $65,000). In addition, $955,000 was donated to The VGI Partners Foundation, being 100% of the management and performance fees earned by the Group from the VGI Partners Master Fund Charitable Foundation Class (2020: $411,000).

Management and performance fees of $1,973,000 (2020: $700,000) have been forgone from managing pro bono funds in the year ended 31 December 2021.

Since 2008, the Group has made charitable and in kind contributions in excess of $10.0 million.

Outlook

As all VGI Partners Funds are closed to new investment, the Group's future performance, over the short term at least, is directly linked to the performance of the existing VGI Partners Funds. The impact of any dividend or distribution reinvestment plans in the underlying VGI Partners Funds is not expected to drive a significant change in FUM.

Business model

Subsequent to year end, on 31 January 2022, the Group announced that it had entered exclusivity and signed a non-binding term sheet with specialist alternative investment manager Regal Funds Management Pty Limited (**Regal**) in relation to the proposed merger of VGI and Regal (the **Proposed Merger**). The Proposed Merger would combine two of Australia's most recognised and successful hedge fund managers and create a market-leading provider of alternative investment strategies.

In addition, the Proposed Merger has the potential to deliver other attractive benefits to VGI Shareholders, including leveraging complementary client profiles and relationships across the combined group; accessing Regal's highly developed corporate platform and business support network; and provide an opportunity for the VGI investment team to leverage additional resources from the combined group.

At the date of this report, VGI confirms that confirmatory due diligence and the negotiation of the terms of a binding merger implementation agreement, which will be subject to final board approvals of each of VGI and Regal, remains ongoing. VGI will continue to keep shareholders and the market informed of material developments in accordance with its continuous disclosure obligations.

Outlook (continued)

Investment philosophy and ability to generate superior risk-adjusted returns

The investment approach we have followed since the inception of VGI Partners in 2008 enables the positioning of the VGI Partners Funds for periods of volatility. There are two key elements to this approach.

First, we invest in high-quality businesses that are easy to understand and that trade at prices we believe exhibit a sufficient margin of safety – that is, trading at prices that are significantly below our assessment of the intrinsic value of the business. Second, we use little or no leverage and keep prudent cash buffers.

As always, we remain confident that we will continue to generate superior risk-adjusted returns over the long term and through investment cycles. We will do this by concentrating capital in a relatively small number of high-quality businesses that we believe are significantly undervalued, and by avoiding the use of leverage.

Dividends

During the year ended 31 December 2021, dividends amounting to $41,178,000 were paid, representing 59.0 cents per ordinary share (2020: $9,973,000, representing 14.3 cents per ordinary share). Refer to note 18 of the financial statements for further information.

Financial position

The Group's net assets as at 31 December 2021 were $134,560,000 (2020: $132,638,000).

Share Options

The Company had 3,001,543 Share Options outstanding at 25 February 2022 (previous corresponding period: 3,830,968). For details on Share Options outstanding, refer to note 29.

Likely developments and expected results of operations

The Company will continue to pursue its investment objectives for the long-term benefit of Shareholders, as discussed in the Outlook section of the Directors' Report.

Matters subsequent to the end of the financial year

On 25 February 2022, the Directors declared a fully franked dividend at a 30% tax rate of 6 cents per share that will be paid on 16 March 2022.

On 31 January 2022, the Group announced that it had entered exclusivity and signed a non-binding term sheet with Regal in relation to the Proposed Merger. The Proposed Merger would combine two of Australia's most recognised and successful hedge fund managers and create a market-leading provider of alternative investment strategies. At the date of this report, VGI confirms that confirmatory due diligence and the negotiation of the terms of a binding merger implementation agreement, which will be subject to final board approvals of each of VGI and Regal, remains ongoing. VGI will continue to keep shareholders and the market informed of material developments in accordance with its continuous disclosure obligations.

On 31 January 2022, the Group also announced that Mr Jonathan Howie had tendered his resignation to the Board. Mr Howie will remain committed to assisting the business with activities related to the Proposed Merger in the coming months, while serving the relevant notice period in line with the terms of his employment contract.

The Directors are not aware of any other event or circumstance since the end of the financial year, not otherwise dealt with in this report, that has or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Significant changes in the state of affairs

There have been no significant changes in the state of affairs.

Indemnification and insurance of Directors, officers and auditors

The Company and its controlled entities indemnify the current Directors and officers of the companies against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors and officers of the Group, except where the liabilities arise out of conduct involving a lack of good faith.

The Company and its controlled entities will meet the full amount of any such liabilities, including costs and expenses.

The auditor of the Company is in no way indemnified out of the assets of the Company.

In accordance with the provisions of the *Corporations Act 2001*, the Company has a Directors and Officers liability policy covering all Directors and Officers of the Group. The terms of the policy specifically prohibit disclosure of details of the amount of the insurance cover and the premium paid.

Information on Directors and officers

Name:	**Robert M P Luciano**
Title:	Executive Chairman and Managing Director
Qualifications:	*B.Com (Acc/Fin) (UNSW), M.Com (Fin) (UNSW), F Fin, CFA*
Experience and expertise:	Mr Luciano founded VGI Partners in 2008. He has over 25 years' experience gained as a portfolio manager, equities analyst and accountant. Mr Luciano has been a Director of the Company since 15 January 2008. He is also a Director of The VGI Partners Foundation, a registered charitable organisation.
Other current directorships:	Mr Luciano is a Director of VG1 and VG8.
Former directorships (last three years):	Mr Luciano has not held any other directorships of listed companies within the last three years.
Interests in the Company:	Shares: 41,068,222

Name:	**David F Jones AM**
Title:	Executive Director
Qualifications:	*B.Eng. (1st Class Hons) (Melb.), MBA (Harvard)*
Experience and expertise:	Mr Jones has more than 30 years' experience in investment markets, the majority as a general partner in private equity firms, and prior to that in general management and management consulting. Mr Jones has been a board member of numerous private and public businesses, including a number in the wealth management sector. In 2021 Mr Jones was made a Member of the Order of Australia for significant services to the museums and galleries sector, and to the community. Mr Jones is a non-executive member of the investment committee of EMR Capital Pty Ltd, Chairman of DTS Capital Partners Pty Ltd and an advisor to Aviron Investment Management Pty Ltd.
Other current directorships:	Mr Jones is the Chairman of VG1 and a Director of VG8.
Former directorships (last three years):	Mr Jones has not held any other directorships of listed companies within the last three years.
Interests in the Company:	Shares: 13,559 Share Options: 64,935

Information on Directors and officers (continued)

Name:	**Jaye L Gardner**
Title:	Independent Non-Executive Director
Qualifications:	*B.Com (UQLD), LLB (Hons) (UQLD), SF Fin, CA, GAICD*
Experience and expertise:	Ms Gardner has more than 25 years' experience in corporate finance. She is a Managing Director of Grant Samuel, where she is responsible for preparing valuations and independent expert reports, primarily for S&P/ASX 200 companies. She also advises on mergers, acquisitions and asset sales with a focus on the financial services, property, health and media industries.
Other current directorships:	Ms Gardner does not hold any other directorships of listed companies.
Former directorships (last three years):	Ms Gardner was a Director of VG1 from 25 July 2017 to 8 May 2019.
Special responsibilities:	Ms Gardner is the Chair of the Company's Audit and Risk Committee (**ARC**), and a member of the Nomination and Remuneration Committee (**NRC**).
Interests in the Company:	Shares: 18,174 Share Options: 32,467

Name:	**Benjamin A Pronk DSC**
Title:	Independent Non-Executive Director
Qualifications:	*B.Arts (UNSW), M.Arts (Kings College), MBA (UWA), GAICD*
Experience and expertise:	Mr Pronk completed a distinguished career in the Australian Army spanning 24 years, the majority of which was spent within Special Operations Command. In this capacity, Mr Pronk served on multiple combat deployments to Timor-Leste, Iraq and Afghanistan, where he was awarded the Distinguished Service Cross for leadership in action. He concluded his service as Commanding Officer of the Special Air Service Regiment. Mr Pronk is now the Managing Partner of Mettle Global Holdings, a consultancy firm specialising in crisis, emergency and business continuity management, and leadership training. Mr Pronk is also adjunct faculty at the Australian Graduate School of Management and a patron of the Military Art Program Australia.
Other current directorships:	Mr Pronk does not hold any other directorships of listed companies.
Former directorships (last three years):	Mr Pronk has not held any other directorships of listed companies within the last three years.
Special responsibilities:	Mr Pronk is Chair of the NRC and a member of the ARC.
Interests in the Company:	Shares: Nil Share Options: 32,467

Information on Directors and officers (continued)

Name:	**Darren J Steinberg**
Title:	Independent Non-Executive Director
Qualifications:	*B.Ec (UWA), FAICD, FRICS, FAPI*
Experience and expertise:	Mr Steinberg is the Chief Executive Officer of Dexus and an Executive Director of Dexus Funds Management Limited. He has more than 30 years' experience in the property and funds management industry, with an extensive background in office, industrial and retail property investment and development. He is a former National President of the Property Council of Australia and a founding member of Property Male Champions of Change.
Other current directorships:	Mr Steinberg is a Director of Dexus Funds Management Limited and a Director of Sydney Swans Limited.
Former directorships (last three years):	Mr Steinberg has not held any other directorships of listed companies within the last three years.
Special responsibilities:	Mr Steinberg is a member of the ARC and a member of the NRC.
Interests in the Company:	Shares: 15,682
	Share Options: 81,168

Name:	**Douglas H Tynan – resigned with effect from 24 September 2021**
Title:	Non-Executive Director
Qualifications:	*B.Com (Acc) (UQLD), B.Econ (Fin) (UQLD), F Fin, CFA*
Experience and expertise:	Mr Tynan joined VGI Partners in 2008 and has more than 17 years' experience as an equities analyst and accountant. He was a Director of the Company from 1 February 2011 to 24 September 2021.
Former directorships (last three years):	Mr Tynan resigned as a Director of VG1 on 24 September 2020 and VG8 on 25 September 2020.
Interests in the Company:	Shares at date of resignation: 10,721,483

Name:	**Ian J Cameron**
Title:	Chief Financial Officer and Company Secretary
Qualifications:	*B.Com (Acc) (UMACQ), CA, B.Laws (UOW), GDLP (UOW)*
Experience and expertise:	Mr Cameron has more than 15 years' experience in investment management and professional services. Prior to joining the Company in 2018, Mr Cameron worked at Pantheon Ventures and Aspect Capital in London, after starting his career at KPMG in Sydney. He is a member of Chartered Accountants Australia and New Zealand and a Solicitor of the Supreme Court of NSW.

Remuneration of key management personnel

Information about the remuneration of key management personnel (**KMP**) is set out in the Remuneration Report section of this Directors' Report. The term 'KMP' refers to persons who have authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any Director (whether Executive or otherwise) of the Company and its consolidated entities.

Directors' meetings

The following table sets out the number of meetings the Group's Board of Directors held during the year ended 31 December 2021, and the numbers of meetings each Director attended.

	Board meetings		ARC meetings		NRC meetings	
	Attended	Eligible to attend	Attended	Eligible to attend	Attended	Eligible to attend
Robert M P Luciano	6	6	–	–	–	–
David F Jones AM	6	6	–	–	–	–
Douglas H Tynan	4*	4*	–	–	–	–
Jaye L Gardner	6	6	4	4	5	5
Benjamin A Pronk DSC	6	6	4	4	5	5
Darren J Steinberg	6	6	3	4	4	5

– = Not a member of the Committee.

* Mr Tynan resigned as a Non-Executive Director of VGI Partners Limited with effect from 24 September 2021.

Remuneration Report (Audited)

The Group's Directors present the Group Remuneration Report for the year ended 31 December 2021, in accordance with Section 300A of the *Corporations Act 2001*. The Remuneration Report provides our stakeholders with information about the remuneration arrangements for KMP, which includes Non-Executive Directors and the Group's most Senior Management.

The information provided in this Remuneration Report has been audited by the Group's auditor, Deloitte Touche Tohmatsu, as required by Section 308(3C) of the *Corporations Act 2001*, and it forms part of the Directors' Report.

The report includes:

- details of KMP covered in this report;
- the remuneration policy and links to performance;
- the remuneration of Executive KMP;
- the remuneration of Non-Executive Directors;
- a statutory remuneration table;
- key terms of employment contracts; and
- KMP equity holdings and other transactions.

Details of KMP covered in this report

The table below summarises the Group's current KMP during the 2021 financial year and up to the date of this report, unless otherwise stated.

Name	Position	
Robert M P Luciano	Executive Chairman and Managing Director	
David F Jones AM	Executive Director	
Jaye L Gardner	Independent Non-Executive Director	
Benjamin A Pronk DSC	Independent Non-Executive Director	
Darren J Steinberg	Independent Non-Executive Director	
Douglas H Tynan	Non-Executive Director	Resigned 24 September 2021
Jonathan Howie	Chief Executive Officer	Appointed 12 April 2021 Resigned 31 January 2022
Adam M Philippe	Chief Operating Officer	
Ian J Cameron	Chief Financial Officer and Company Secretary	

Remuneration policy and links to performance

The overall objective of the Board's remuneration policy is to support and drive the Group's long-term objectives and to align remuneration with the creation of sustainable Shareholder value. It aims to balance short-term and long-term incentives appropriately, including encouraging broad-based employee ownership of the Group. To deliver the Group strategy and Shareholder value, the Group must attract, motivate and retain highly skilled KMP and Senior Management, and ensure that reward for performance is competitive and appropriate for the results achieved.

The NRC is responsible for reviewing and making recommendations on remuneration arrangements for its Directors and Executive KMP. The performance of the Group depends on the quality of its Directors and Executive KMP. The NRC assesses the appropriateness of the structure and amount of remuneration on a periodic basis and with reference to relevant employment market conditions, in addition to seeking independent advice from specialist remuneration consultants where required.

KMP remuneration

The Group's remuneration arrangements for KMP comprise the following components:

1. Fixed remuneration: This is set at a level to attract exceptional talent. It includes salary, benefits and statutory entitlements, and is determined at least annually by the Board on the recommendation of the NRC.
2. Annual Bonus Scheme: All Executive KMP, with the exception of Mr Luciano, are eligible to participate in the Annual Bonus Scheme. The Executive KMP must be employed at the time bonuses are paid to receive a bonus. In approving the aggregate bonus amount, the Board takes into account a range of factors including the performance of the Group, market remuneration levels, key metrics such as total compensation as a percentage of revenue, and the performance of each staff member. It may be determined that a component of an Executive KMP's annual bonus be delivered in equity under the Employee Share Plan.
3. Employee Share Plan: The Board has adopted an Employee Share Plan under which employees can be awarded equity rights. These may take the form of shares, rights to receive shares in the future, or Options to acquire shares (collectively referred to as 'Equity Rights'). The Employee Share Plan is used to deliver Equity Rights, determined annually as part of the Annual Bonus Scheme, and may also be used to deliver Equity Rights to new employees when they begin working for the Group. All employees who are eligible to participate in the Annual Bonus Scheme will also be eligible to participate in the Employee Share Plan; however, the determination of whether a KMP receives Equity Rights is at the sole discretion of the Board.

No Equity Rights were awarded to KMP during the year to 31 December 2021. Refer to pages 15 and 16 for information about Options held and exercised by KMP during the year.

Performance of KMP

KMP performance reviews consider a combination of factors, including the financial performance of the Group and individual and team performance. The performance of each KMP forms the basis of determining their annual bonus (where eligible) and any salary increase.

A summary of the Group's performance is detailed below. As VGI Partners listed on the ASX during 2019, only three years of performance are included.

	2021	**2020**	**2019**
Normalised gross revenue ($m) [1]	94.4	63.9	69.0
Normalised profit before tax ($m) [1]	72.6	44.0	47.9
Normalised profit after tax ($m) [1]	51.2	30.7	33.5
Dividends per share paid (cents) [2]	59.0	14.3	49.3
Basic earnings per share (**EPS**) (cents)	61.19	37.15	45.58
Diluted EPS (cents)	60.94	36.52	44.57
Traded share price at year end ($) [3]	4.86	8.60	12.98

[1] Normalised figures exclude unrealised fair value adjustments of $4.4 million (2021), $0.3 million (2020) and $1.5 million (2019) respectively; non-cash amortisation expenses of $5.0 million (2021), $5.0 million (2020) and $0.3 million (2019) respectively; IPO equity raising costs of $5.8 million in 2019; and exclude one-off expenses incurred by the Group as part of an overall business strategic review of $1.1 million (2021).

[2] 2019 dividends per share includes one-off dividends that were declared and paid pre-IPO, and as such are not directly comparable. Dividends per share includes dividends paid during each respective year and excludes dividends declared and paid after the end of each year.

[3] VGI Partners Limited was listed on the ASX during the 2019 year, with trading commencing on 21 June 2019.

Remuneration of Executive KMP

	2021 ($)	2020 ($)
Remuneration of KMP	2,821,003	2,063,428

The table below provides the relative proportions of 2021 remuneration, including the 2021 annual bonus:

	Fixed (%)	Variable (cash bonus) (%) [1]	Paid during the year (%)
Executive KMP			
Robert M P Luciano	100	–	100
David F Jones AM	58	42	100
Jonathan Howie	100	–	100
Adam M Philippe	52	48	100
Ian J Cameron	51	49	100

[1] Variable remuneration relates to cash bonuses paid at a point in time during the year; accordingly, the relative proportions are not reflective of remuneration on a forward-looking basis.

Remuneration of Non-Executive Directors

The Board periodically reviews and determines Non-Executive Directors' remuneration. Non-Executive Directors' remuneration is not linked to the performance or earnings of the Group.

Under the Group's Constitution, the Board decides the total amount paid to each Non-Executive Director as remuneration for their services. The total amount provided to all Directors for their services (excluding, for this purpose, the salary of Executive Directors) must not exceed, in aggregate in any financial year, the amount fixed by the Company at its Annual General Meeting. The Group has fixed this amount at $850,000 per annum. Any change to the aggregate annual sum must be approved by the Shareholders.

The Non-Executive Director fees the Group has agreed to pay, inclusive of superannuation, is $90,000 per annum per Non-Executive Director. Non-Executive Directors receive no other retirement benefits, other than mandatory superannuation. No termination payments are payable on cessation of office, and any Director may retire or resign from the Board or be removed by a resolution of Shareholders.

The remuneration of Directors must not include a commission on or a percentage of the profits or income of the Group.

Statutory remuneration table

The following tables disclose the total remuneration of KMP in accordance with the *Corporations Act 2001*, for the years ended 31 December 2021 and 31 December 2020.

		Short-term benefits			Post-employment benefits	Leave benefits		Share-based payments	Total remuneration ($)
		Salary and fees ($)	Cash bonus ($)	Non-monetary and other ($)	Superannuation ($)	Short term ($)	Long term ($)	Options ($)	
Executive KMP									
Robert M P Luciano	**2021**	**427,370**	**–**	**14,538**	**22,630**	**16,397**	**–**	**–**	**480,935**
	2020	428,652	–	33,940	21,348	16,473	–	–	500,413
David F Jones AM	**2021**	**252,370**	**200,000**	**–**	**22,630**	**9,668**	**–**	**652**	**485,320**
	2020	249,115	2,500	–	18,802	–	–	4,617	275,034
Jonathan Howie [1]	**2021**	**236,872**	–	–	**17,200**	**13,284**	–	–	**267,356**
	2020	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Adam M Philippe [2]	**2021**	**292,370**	**285,000**	–	**22,630**	**10,082**	**4,859**	**4,055**	**618,996**
	2020	73,326	217,500[4]	–	5,424	4,510	1,378	3,379	305,517
Ian J Cameron [2]	**2021**	**277,369**	**285,000**	–	**23,131**	**22,973**	–	**2,703**	**611,176**
	2020	65,826	177,500[4]	–	5,424	5,063	–	2,252	256,065
Non-Executive KMP									
Jaye L Gardner	**2021**	**82,005**	–	–	**7,995**	–	–	**3,690**	**93,690**
	2020	82,192	–	–	7,808	–	–	3,690	93,690
Benjamin A Pronk DSC	**2021**	**82,005**	–	–	**7,995**	–	–	**3,690**	**93,690**
	2020	82,192	–	–	7,808	–	–	3,690	93,690
Darren J Steinberg	**2021**	**82,005**	–	–	**7,995**	–	–	**9,225**	**99,225**
	2020	82,192	–	–	7,808	–	–	9,225	99,225
Douglas H Tynan [3]	**2021**	**64,395**	**–**	**–**	**6,220**	**–**	**–**	**–**	**70,615**
	2020	418,235	–	–	21,559	–	–	–	439,794
Total KMP	**2021**	**1,796,761**	**770,000**	**14,538**	**138,426**	**72,404**	**4,859**	**24,015**	**2,821,003**
	2020	1,481,730	397,500	33,940	95,981	26,046	1,378	26,853	2,063,428

[1] Mr Howie joined the Group and became KMP on 12 April 2021. Accordingly, his remuneration details are recorded pro rata from when he joined to the end of the reporting period.

[2] Mr Philippe and Mr Cameron became KMP on 25 September 2020. Accordingly, their 2020 remuneration details (excluding cash bonus) are recorded pro rata from when they became KMP to the end of the reporting period.

[3] Effective 24 September 2021, Mr Tynan resigned from his Non-Executive Director role with VGI Partners. Accordingly, Mr Tynan's 2021 balances are presented from the beginning of the year until the date of Mr Tynan's resignation.

[4] The cash bonus for Mr Philippe and Mr Cameron relates to cash bonuses paid in respect of the June 2020 Annual Bonus Scheme.

Key terms of employment contracts

Executive Chairman and Managing Director

Mr Luciano is the Executive Chairman and Managing Director of VGI Partners Limited. Under the major terms and conditions of his employment contract, Mr Luciano:

- receives fixed compensation of $450,000 per annum inclusive of superannuation contributions;
- is entitled to receive other benefits, such as car parking within the building occupied by the Group, valued at approximately $37,000 per annum;
- is not entitled to participate in the Company's Annual Bonus Scheme;
- may have his employment by the Group terminated without notice for serious misconduct, and the Group may terminate his employment contract by providing six months' written notice; and
- is subject to a six-month non-compete clause and six-month non-solicitation obligation on termination of his employment.

Other Executive KMP

The employment contracts of other Executive KMP are substantially on the same terms as that of the Executive Chairman and Managing Director, except that:

- Mr Jones does not receive other benefits;
- Mr Jones, Mr Philippe and Mr Cameron are eligible to participate in the Company's Annual Bonus Scheme.
- Mr Howie's short-term incentive may be up to 150% of his fixed remuneration;
- the Group may terminate Mr Jones's, Mr Howie's, Mr Philippe's and Mr Cameron's contracts by giving three months written notice or providing payment in lieu of the notice period. Any payment in lieu of notice will be based on their respective total fixed compensation package. Mr Jones, Mr Howie, Mr Philippe and Mr Cameron may terminate their respective contracts by giving three months written notice; and
- Mr Jones, Mr Philippe and Mr Cameron are subject to a three-month non-compete obligation on termination of their respective employment unless agreed otherwise. Mr Howie is subject to a six-month non-compete obligation on termination of his employment unless agreed otherwise.

Share-based payments – Share Options

An Option scheme was introduced in conjunction with the IPO of VGI Partners, to align the interests of employees, Directors and Advisory Council members with the interests of all Shareholders. The Advisory Council is an external group of experienced investment management, finance and industry professionals who assist the Group by providing non-binding guidance on matters relating to the business.

Awards to employees, including Executive KMP, have a service condition, and the Option award was intended to encourage retention. The Option award granted to each individual was considered in the context of that person's overall remuneration arrangements, and the skills and experience they bring to VGI Partners. Any individual who was already a significant Shareholder in VGI Partners was ineligible to receive an Option award.

The Company offered its KMP (excluding Mr Luciano) the opportunity to purchase a total of 1,068,176 Share Options in 2019, with each Option carrying the right to acquire one share in the Company at a future date. The Option awards to KMP were considered by the pre-IPO Board of VGI Partners. No other Options were granted to KMP during the years ended 31 December 2021 or 31 December 2020.

The table below outlines the total Share Options granted to Executive KMP in 2019 (Mr Jones, Mr Philippe and Mr Cameron) as part of the VGI Partners Limited IPO.

Number of Options issued in 2019	Grant date share price ($)	Exercise price of Option ($)	Earliest date of exercise	Expiry date	Amount paid (cents per Option)	Fair value at grant date (cents per Option)
184,414	5.50	6.16	20 May 2021	19 Jun 2021	0.055	0.346
184,414	5.50	6.16	20 May 2022	19 Jun 2022	0.080	0.371
184,414	5.50	6.16	20 May 2023	19 Jun 2023	0.129	0.386
368,832	5.50	6.16	20 May 2024	19 Jun 2024	0.172	0.379
Total: 922,074						

Options exercised by Executive KMP during the year

In June 2021 and in accordance with their terms, Mr Jones, Mr Philippe and Mr Cameron exercised 184,414 Options with an expiry date of 19 June 2021. As a result, 177,456 of the 184,414 Options were net settled and the remaining 6,958 Options were exercised, resulting in the issuance of 6,958 ordinary shares.

Share-based payments – Share Options (continued)

The table below outlines the total Share Options granted to Non-Executive KMP (Ms Gardner, Mr Pronk and Mr Steinberg) as part of the VGI Partners Limited IPO.

Number of Options issued in 2019	Grant date share price ($)	Exercise price of Option ($)	Earliest date of exercise	Expiry date	Amount paid (cents per Option)	Fair value at grant date (cents per Option)
146,102	5.50	6.16	22 Dec 2021	21 Jun 2022	0.080	0.364
Total: 146,102						

KMP equity holdings and other transactions

The following table sets out the interest of each KMP in the Group.

Number of shares					
	Balance at 1 January 2021	**Received as part of remuneration**	**Purchased on market**	**Additions due to exercise of Options**	**Balance at 31 December 2021**
Executive KMP					
Robert M P Luciano	41,068,222	–	–	–	41,068,222
David F Jones AM	12,947	–	–	612	13,559
Jonathan Howie [1]	–	–	200	–	200
Adam M Philippe	14,625	–	–	3,808	18,433
Ian J Cameron	8,341	–	–	2,538	10,879
Non-Executive KMP					
Jaye L Gardner	18,174	–	–	–	18,174
Benjamin A Pronk DSC	–	–	–	–	–
Darren J Steinberg	15,682	–	–	–	15,682
Douglas H Tynan	10,721,483	–	–	–	10,721,483 [2]

[1] Holding at the date of joining VGI and becoming KMP (12 April 2021).
[2] Balance at the date of resignation effective 24 September 2021.

Number of Share Options				
	Balance at 1 January 2021	**Received as part of remuneration**	**Exercised**	**Balance at 31 December 2021 [3]**
Executive KMP				
Robert M P Luciano	–	–	–	–
David F Jones AM	81,168	–	(16,233)	64,935
Jonathan Howie	–	–	–	–
Adam M Philippe	504,545	–	(100,909)	403,636
Ian J Cameron	336,361	–	(67,272)	269,089
Total	**922,074**	–	**(184,414)**	**737,660**
Non-Executive KMP				
Jaye L Gardner	32,467	–	–	32,467
Benjamin A Pronk DSC	32,467	–	–	32,467
Darren J Steinberg	81,168	–	–	81,168
Douglas H Tynan	–	–	–	–
Total	**146,102**	**–**	**–**	**146,102**

[3] Includes Options that are vested and unexercisable at 31 December 2021.

KMP equity holdings and other transactions (continued)

All Share Options issued to KMP were made in accordance with the provisions of the Employee Share Plan.

Loans to KMP

No loans were made to KMP during the year (31 December 2020: nil).

Remuneration governance

Responsibility for setting remuneration

The Board delegates responsibility to the NRC for reviewing and making recommendations on remuneration policies for the Group, including policies governing the remuneration of Executives. The Committee is scheduled to meet bi-annually.

Activities of the NRC are governed by its Charter, which is available on the Group's website at www.vgipartners.com. Among other responsibilities, the NRC makes sure the Group has a Board that:

- has an effective composition and size, and commitment to and knowledge of the Group and the industry in which it operates, to adequately and effectively discharge its responsibilities and duties. The NRC brings transparency, focus and independent judgement to decisions regarding the composition of the Board, and adds value to the Board;
- oversees the Group's strategic human resources initiatives, including its diversity and inclusion initiatives;
- sets coherent remuneration policies and practices to attract and retain Executive KMP and Directors who will create value for Shareholders;
- observes those remuneration policies and practices; and
- fairly and responsibly rewards Executive KMP, having regard to the performance of the Group and the Executives, and the general external pay environment.

Use of remuneration advisors during the year

No remuneration consultants were engaged during the year.

Securities Trading Policy

All staff members are required to comply with VGI Partners Securities Trading Policy at all times, in respect of all Group securities held. Trading is subject to pre-clearance and is not permitted during designated blackout periods, unless there are exceptional circumstances.

Diversity Policy

The Group is committed to workplace diversity and recognises the value of attracting and retaining employees with different backgrounds, knowledge, experience and abilities. The Group maintains a Diversity Policy, a copy of which is available on the Group's website at www.vgipartners.com/resources. The Policy outlines the Group's commitment to diversity in the workplace and provides a framework for achieving its diversity goals for the business. The Group's policy is to recruit and manage on the basis of competence and performance regardless of age, race, gender, nationality, religion, sexuality, physical ability or cultural background.

Section 5 of the Diversity Policy sets out the Group's objectives for achieving gender diversity, including that where the Group is included in the S&P/ASX 300. The Group will seek to ensure that at least 30% of the Directors of the Group are female.

❖❖❖❖ *End of Remuneration Report* ❖❖❖❖

Rounding of amounts

The Group is an entity of the kind referred to in Australian Securities and Investments Commission (**ASIC**) Corporations (Rounding in Financial/Directors’ Reports) Instrument 2016/191. In accordance with that Corporations Instrument, amounts in the Directors’ Report are rounded to the nearest thousand dollars, or in certain circumstances to the nearest dollar.

Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Group with leave of the Court under Section 237 of the *Corporations Act 2001.*

Non-audit services

The Board is satisfied that the provision of other services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. For the following reasons, the Directors are satisfied that the services disclosed in note 30 did not compromise the Auditor’s independence:

- All non-audit services are reviewed prior to commencement, to ensure they do not adversely affect the integrity and objectivity of the Auditor.
- The nature of the services provided does not compromise the general principles relating to the Auditor’s independence, in accordance with the APES 110 Code of Ethics for Professional Accountants (including Independence Standards) set by the Accounting Professional & Ethical Standards Board.

Auditor’s independence declaration under Section 307C of the Corporations *Act 2001*

A copy of the auditor’s independence declaration is included on page 19.

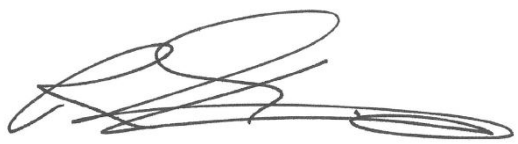
Managing tax risk

The Board is committed to acting with integrity and transparency in all tax matters. The Group aims to meet all its obligations under the law and to pay the appropriate amount of tax to the relevant authorities.

Signed on behalf of and in accordance with a resolution of the Directors made pursuant to Section 298(2)(a) of the *Corporations Act 2001.*

Environmental regulation

The Group has reviewed its exposure to environment-related regulation and other emerging risks, and has not identified any significant risk that could impact the financial performance or position of the Group. To the extent that any environmental regulations may have an incidental impact on the Group’s operations, the Directors of the Group are not aware of any breach of those regulations by the Group.



Robert M P Luciano, CFA
Executive Chairman and Managing Director
Sydney
25 February 2022

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

The Board of Directors
VGI Partners Limited
39 Phillip Street
Sydney NSW 2000

25 February 2022

Dear Board Members

Auditor's Independence Declaration to VGI Partners Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of VGI Partners Limited.

As lead audit partner for the audit of the financial report of VGI Partners Limited for the year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours faithfully

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountant

Consolidated Financial Statements

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2021

	Note	2021 ($'000)	2020 ($'000)
Income			
Management fees	3	34,637	35,913
Performance fees	3	50,751	21,070
Net foreign exchange gain/(loss)		385	(313)
Net (loss) on financial assets/liabilities measured at fair value through profit and loss		(4,411)	(280)
Other income		1,273	390
Total net income		**82,635**	**56,780**
Expenses			
Personnel expenses	6	(12,744)	(11,148)
Research, IT and communications expenses		(1,918)	(2,422)
Finance and occupancy expenses		(333)	(344)
Depreciation		(923)	(867)
Charitable Foundation contributions	9	(955)	(411)
Cash donations		(73)	(65)
Other expenses	7	(3,643)	(2,791)
Total expenses		**(20,589)**	**(18,048)**
Profit before tax		**62,046**	**38,732**
Income tax expense	8	(19,339)	(12,816)
Profit for the year		**42,707**	**25,916**
Other comprehensive income, net of income tax			
Foreign currency translation		(62)	(15)
Total comprehensive income for the year		**42,645**	**25,901**
Profit attributable to owners of the Company		**42,707**	**25,916**
Total comprehensive income attributable to owners of the Company		**42,645**	**25,901**
Earnings per share (**EPS**):			
Basic (cents per share)	5	61.19	37.15
Diluted (cents per share)	5	60.94	36.52

The above Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 31 December 2021

	Note	31 December 2021 ($'000)	31 December 2020 ($'000)
Assets			
Cash and cash equivalents	10	39,572	41,732
Amounts due from brokers		5,511	–
Trade and other receivables	14	3,820	26,925
Contract assets	13	5,043	5,043
Total current assets		**53,946**	**73,700**
Property, plant and equipment	17	703	897
Financial assets at fair value through profit or loss	11	52,810	34,451
Deferred tax asset	8	3,584	2,663
Right of use asset	15	843	1,176
Contract assets	13	33,945	38,988
Other assets		413	413
Total non-current assets		**92,298**	**78,588**
Total assets		**146,244**	**152,288**
Liabilities			
Amounts due to brokers		774	–
Trade and other payables	16	1,760	3,625
Income tax payable	8	1,548	7,533
Employee entitlements	12	2,695	2,977
Lease liability	15	431	399
Total current liabilities		**7,208**	**14,534**
Employee entitlements	12	522	354
Deferred tax liability	8	3,432	3,892
Lease liability	15	522	870
Total non-current liabilities		**4,476**	**5,116**
Total liabilities		**11,684**	**19,650**
Net assets		**134,560**	**132,638**
Equity			
Share capital	19	108,156	107,903
Reserves	20	1,176	1,036
Retained earnings		25,228	23,699
Total Shareholder equity		**134,560**	**132,638**

The above Statement of Financial Position is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 31 December 2021

	Note	Share capital ($'000)	FCTR [1] ($'000)	Share-based payments reserve ($'000)	Retained earnings ($'000)	Total equity ($'000)
Balance at 1 January 2020		**107,314**	**16**	**727**	**7,756**	**115,813**
Profit for the year		–	–	–	25,916	**25,916**
Issue of ordinary shares	19	589	–	–	–	**589**
Share-based payments	29	–	–	278	–	**278**
Exchange rate translation impact of foreign subsidiaries		–	15	–	–	**15**
Dividends paid	18	–	–	–	(9,973)	**(9,973)**
Balance at 31 December 2020		**107,903**	**31**	**1,005**	**23,699**	**132,638**
Balance at 1 January 2021		**107,903**	**31**	**1,005**	**23,699**	**132,638**
Profit for the year		–	–	–	42,707	**42,707**
Issue of ordinary shares on exercise of share based payments	19	253	–	(253)	–	**–**
Share-based payments	29	–	–	331	–	**331**
Exchange rate translation impact of foreign subsidiaries		–	62	–	–	**62**
Dividends paid	18	–	–	–	(41,178)	**(41,178)**
Balance at 31 December 2021		**108,156**	**93**	**1,083**	**25,228**	**134,560**

[1] FCTR = foreign currency translation reserve.

The above Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Statement of Cash Flows

For the year ended 31 December 2021

	Note	2021 ($'000)	2020 ($'000)
Cash flows from/(used in) operating activities			
Receipts from customers (inclusive of GST)		115,903	45,577
Income taxes paid		(26,700)	(2,010)
Payments to suppliers and employees (inclusive of GST)		(23,628)	(15,021)
Interest received		61	310
Net cash inflows from operating activities	26	**65,636**	**28,856**
Cash flows from/(used in) investing activities			
Payments to acquire property, plant and equipment		(238)	(82)
Purchase of financial assets		(25,072)	(5,634)
Broker advances		(4,737)	–
Proceeds from sale of financial assets		3,510	–
Interest received		4	–
Purchase of other assets		–	(30)
Net cash outflows from investing activities		**(26,533)**	**(5,746)**
Cash flows from/(used in) financing activities			
Dividends paid	18	(41,178)	(9,973)
Proceeds from the issue of equity shares		–	–
Options premium received		–	49
Principal repayment of lease liability		(464)	(394)
Finance costs paid		(68)	(87)
Net cash outflows from financing activities		**(41,710)**	**(10,405)**
Cash and cash equivalents at the beginning of the year	10	41,732	29,340
Net (decrease) / increase in cash held		(2,607)	12,705
Effects of exchange rate changes on the balance of cash held in foreign currencies		447	(313)
Cash and cash equivalents at the end of the year	10	**39,572**	**41,732**
Non-cash activities	26	**1,199**	**82**

The above Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2021

VGI Partners Limited (**the Company**) is a for-profit entity incorporated and domiciled in Australia. The Company is listed on the Australian Securities Exchange (**ASX:VGI**). This Annual Financial Report covers the Company and its consolidated entities (together, **VGI Partners** or **the Group**) as described in note 28 of the Financial Report.

The Directors authorised the financial statements for issue on 25 February 2022.

1. Summary of significant accounting policies

This note provides a list of the significant accounting policies adopted in preparing these consolidated financial statements, to the extent they have not already been disclosed in the notes below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

a) Basis of preparation

This Financial Report is a general-purpose financial report prepared in accordance with the *Corporations Act 2001.*

Historical cost convention

The financial statements have been prepared under the historical cost convention, except, where applicable, for the revaluation of financial assets and liabilities at fair value through profit or loss. Historical cost is generally based on the fair values of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability, in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

Critical accounting estimates

Preparing the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

b) Statement of compliance

The financial statements and notes thereto comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board (**AASB**), and International Financial Reporting Standards as issued by the International Accounting Standards Board.

c) Rounding

The Group is an entity of the kind referred to in the Australian Securities and Investments Commission Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191. In accordance with that instrument, amounts in the consolidated financial statements are rounded to the nearest thousand dollars, unless otherwise stated.

1. Summary of significant accounting policies (continued)

d) Principles of consolidation

The consolidated financial statements incorporate the consolidated financial statements of the Company and entities controlled by the Group. Control is achieved when the Group:

- has power over the investee;
- is exposed to or has rights to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to unilaterally direct the relevant activities of the investee.

The Company considers all relevant facts and circumstances in assessing whether the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has or does not have the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous Shareholder meetings.

Consolidation of a subsidiary begins when the Company obtains control of the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Statement of Profit or Loss and Other Comprehensive Income, from the date the Company gains control until the date when the Company ceases to control the subsidiary.

When necessary, subsidiaries' consolidated financial statements are adjusted to bring their accounting policies in line with the Group's accounting policies. All intra-Group assets, liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

e) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, referred to as 'the functional currency'. The consolidated financial statements are presented in Australian dollars (**$**), which is the Group's functional and presentation currency.

Foreign currency transactions

Foreign currency transactions are translated into the Group's functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions – and from the translation, at financial-year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies – are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates for the year, which approximate the rates at the dates of the transactions. All resulting foreign exchange differences are recognised in the Statement of Financial Position through the foreign currency translation reserve (**FCTR**) in equity. The FCTR is recognised in profit or loss when the foreign operation or net investment is disposed of.

1. Summary of significant accounting policies (continued)

f) Taxation

The Group is a tax-consolidated Group (**Tax Group**) under Australian tax law, of which VGI Partners Limited is the head tax entity. All members of the Tax Group entered into a Tax Sharing Agreement and Tax Funding Agreement, and accordingly, VGI Partners Limited is subject to income tax as the head entity of the Tax Group. The consolidated current and deferred tax amounts for the Tax Group are allocated to the members of the Tax Group using the 'separate taxpayer within group' approach, where deferred taxes are allocated by reference to the carrying amounts in the financial statements of each member entity and the tax values applying under tax consolidation. Current tax liabilities and assets – and deferred tax assets arising from unused tax losses and relevant tax credits – arising from this allocation process are then accounted for as immediately assumed by the head entity, as under Australian tax law the head entity has the legal obligation (or right) to these amounts.

The income tax expense or benefit for the period is the tax payable on that period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Current tax

The tax payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the Statement of Profit or Loss and Other Comprehensive Income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements, and the corresponding tax bases used to compute taxable profit.

Deferred tax assets are generally recognised for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period, and reduced to the extent that it is no longer probable sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable there will be sufficient taxable profits against which to utilise the benefits of the temporary differences, and the temporary differences are expected to reverse in the foreseeable future.

Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted for each jurisdiction by the end of the reporting date and are expected to apply when the temporary differences reverse.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities; the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority; and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax amounts are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax amounts are also recognised in other comprehensive income or directly in equity, respectively.

1. Summary of significant accounting policies (continued)

g) Revenue recognition

Revenue is recognised using the five-step approach outlined below, to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The following five steps have been applied in analysing transactions to determine when revenue is recognised:

1. Identify the contract with a customer.
2. Identify the separate performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the separate performance obligations in the contract.
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

The majority of the Group's revenue arises from management fees and performance fees. Please refer to note 3 for additional information.

h) Superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period incurred.

i) Earnings per share

Basic earnings per share (**EPS**) are calculated by dividing the Group's profit after income tax by the weighted average number of ordinary shares outstanding during the financial year.

Diluted EPS are calculated by dividing the Group's profit after income tax, adjusted by profit attributable to all the dilutive ordinary potential shares, by the weighted average number of ordinary shares and potential ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

j) Issued capital and listing costs – ordinary shares classified as equity

Transaction costs directly attributable to the issuance of new shares that otherwise would have been avoided are deducted from equity.

Other transaction costs relating to the listing of shares are recorded as an expense in the Statement of Profit or Loss and Other Comprehensive Income.

Where transaction costs relate jointly to the issuance of new shares that otherwise would have been avoided and the listing of shares, the costs are appropriately allocated to each activity on a rational and consistent basis. In the absence of a more specific basis for apportionment, an allocation of common costs based on the proportion of new shares issued to the total number of (new and existing) shares listed is an acceptable approach.

1. Summary of significant accounting policies (continued)

k) Current and non-current classification

An asset is classified as current when:

- it is expected to be realised or intended to be sold or consumed in the Group's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is expected to be realised within 12 months after the reporting period; or
- the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- it is expected to be settled in the Group's normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within 12 months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

l) Cash and cash equivalents

Cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, which are readily convertible to known amounts of cash and subject to an insignificant risk of changes in value.

m) Amounts due from/to brokers

Amounts due from/to brokers comprise of cash paid or received by brokers, on behalf of the Group under prime brokerage agreements and related to margin accounts.

Credit risk relating to these transactions is considered low due to the short settlement period involved and the high credit quality of the brokers used.

n) Trade receivables and other receivables

Trade and other receivables are initially recognised at fair value and subsequently recognised at amortised cost using the effective interest method less any allowance for expected credit losses. Trade receivables and other receivables are generally due for settlement within 30 days.

1. Summary of significant accounting policies (continued)

o) Investments and other financial assets

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the Group becomes party to the contractual provisions of the instrument. For financial assets, trade date accounting is adopted, which is equivalent to the date the Group commits itself to purchase or sell the assets.

Financial instruments are initially measured at fair value. Transaction costs related to financial instruments are immediately expensed to the Statement of Profit or Loss and Other Comprehensive Income.

Classification and subsequent measurement

Financial investments are subsequently measured at fair value. Current market prices for all quoted investments are used to determine fair value. For all listed or unlisted securities that are not traded in an active market, valuation techniques are applied to determine fair value, including reference to recent arm's-length transactions and similar instruments.

The Group classifies its financial assets into the following categories:

- Financial assets including cash and cash equivalents, trade receivables, contract assets and other assets are measured at amortised cost, as these assets are held within a portfolio with a business model whose objective is to hold assets in order to collect contractual cash flows ('hold to collect'), and contractual terms give rise to specified dates that are solely payments of principal and interest (**SPPI**).
- Financial assets including investment in VG1, VG8, global listed equities and unlisted equity securities are classified at fair value through profit or loss as they are not held to collect contractual cash flows or sell, or the SPPI test is not passed. Further, fair value information is used to assess these assets' performance and to make decisions. Realised and unrealised gains and losses arising from changes in fair value are included in the Statement of Profit or Loss and Other Comprehensive Income in the period in which they arise.

Impairment of financial assets

The expected credit loss (**ECL**) model applies to financial assets measured at amortised cost and debt investments at fair value through other comprehensive income (**FVTOCI**), but not to investments in equity instruments measured at fair value through profit or loss (**FVTPL**). The Group does not hold any debt investments at FVTOCI. The Group applies the simplified approach for measuring the loss allowance at an amount equal to lifetime ECL for trade receivables, contract assets and right of use assets.

All the Group's trade receivables share consistent credit risk. The Group is not exposed to credit risk relating to the receivables balance, as these amounts primarily relate to performance and management fees, which are settled between 7 and 31 days after being invoiced and are managed internally within the Group.

Derecognition

Financial assets are derecognised where the contractual rights to receive cash flows expire or the asset is transferred to another party, whereby the Group no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged or cancelled, or have expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

1. Summary of significant accounting policies (continued)

p) Right of use asset

A right of use asset is recognised at the commencement date of a lease. The right of use asset is measured at cost, which comprises the initial amount of the lease liability adjusted for, as applicable, any lease payments made at or before the commencement date, net of any lease incentives received and any initial direct costs incurred. Right of use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. The measurement of the right of use asset is determined with reference to the period over which the consolidated entity is expected to benefit from the lease, and will be disclosed as current or non-current accordingly. Right of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. The Group has elected not to recognise a right of use asset and a corresponding lease liability for short-term leases with terms of 12 months or less, and leases of low-value assets. Lease payments on these assets are expensed to Statement of Profit or Loss and Other Comprehensive Income as incurred.

q) Lease liability

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using the Group's incremental borrowing rate. Lease payments comprise fixed payments less any adjustments as required under the relevant accounting standard – such as lease incentives receivable, or variable lease payments that depend on an index or rate. Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured to reflect changes to lease terms or to lease payments, and any lease modifications are not accounted for as separate leases. The unwinding of the discount on the lease liability is presented as a finance and occupancy cost in the Statement of Profit or Loss and Other Comprehensive Income.

r) Trade payables

These amounts represent unpaid liabilities for goods and services provided to the Group prior to the end of the financial year. The amounts are unsecured and are usually paid within 90 days of recognition.

s) Share-based payments

Equity-settled share-based compensation benefits are provided to certain employees, Directors and members of the Company's Advisory Council, in the form of an Option to acquire shares at a future date at a specified price. The VGI Partners Advisory Council (**the Advisory Council**) is an external, independent group of experienced investment management, finance and industry professionals drawn from leaders in the global business community to assist VGI Partners. Each Advisory Council member can provide VGI Partners with guidance on matters relating to economic and financial market conditions, risk management, business operations and corporate strategy.

The cost of equity-settled transactions is measured at fair value on the grant date. Fair value is determined using a Black–Scholes pricing model that takes into account exercise price, Option life, share price on grant date, expected volatility of the underlying share, expected dividend yield, and risk-free interest rate for the term of the Option. Where relevant, the expected life used in the model has been adjusted based on management's best estimate as to the effects of non-transferability, exercise restrictions and behavioural considerations.

Unless otherwise determined by the Board, an Option holder must continue to be employed by the Company to exercise the Option. Options may only be exercised during the relevant exercise window, as outlined in note 29.

Share Options do not carry any dividend entitlement. Shares issued on the exercise of Options will rank equally with other issued shares of the Company on and from issue. The Options do not have inherent participating rights or entitlements. The cost of equity-settled transactions is recognised as an expense over the vesting period, with a corresponding increase in the share-based payments reserve over the vesting term.

1. Summary of significant accounting policies (continued)

t) Employee entitlements

A liability is recognised for benefits accruing to employees in respect of wages, salaries, bonuses, annual leave and long service leave in the period the related service is rendered.

Liabilities recognised in respect of short-term employee benefits are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Liabilities recognised in respect of long-term employee benefits are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

u) Contract assets

Contract assets are recognised where the Group has transferred goods or services to the customer, but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes. Subsequent to initial measurement, the contract asset balance is amortised over the period of the investment management agreement, being 10 years.

v) Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Profit or Loss and Other Comprehensive Income during the financial year in which they are incurred. Property, plant and equipment are depreciated to write off the cost of each asset over its expected economic life. Additions during the year are depreciated on a pro rata basis from the date of acquisition.

The depreciation rates used are in accordance with the Australian Taxation Office's effective life tables. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each balance date. The depreciation periods are as follows:

Computer equipment	4 years
Office fit-out	3–5 years
Office furniture and equipment (including artwork)	5–100 years

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the Statement of Profit or Loss and Other Comprehensive Income.

w) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (**GST**), unless the GST incurred is not recoverable from the tax authority, in which case it is recognised as part of the cost of acquiring the asset or as part of the expense.

Trade debtors and creditors are stated including the amount of GST receivable or payable. The net amount of GST recoverable from or payable to the tax authority is included in other receivables or other payables in the Statement of Financial Position. All other receivables and payables are stated exclusive of GST recoverable or payable. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that are recoverable from or payable to the tax authority are presented as operating cash flows.

1. Summary of significant accounting policies (continued)

x) Application of new and revised accounting standards

The Group has adopted all the new and revised standards and interpretations issued by the AASB that are relevant to the Group's operations and which became mandatory for the current reporting period. These accounting standards and interpretations did not have any significant impact on the financial performance or position of the Group.

y) New accounting standards and interpretations not yet mandatory or adopted early

A number of other Australian Accounting Standards and interpretations have recently been issued or amended but are not yet mandatory, and the Group has not adopted them for the annual reporting period ended 31 December 2021. The Group's preliminary assessment of the impact of these new standards and interpretations is that these are not expected to have a material impact on the Group.

2. Critical accounting judgements, estimates and assumptions

Preparing the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and various other factors, including expectations of future events that management believes to be reasonable under the circumstances.

The Group has considered the impact of COVID-19 when preparing the consolidated financial statements and related note disclosures, including the impact on the Group's forecast cash flows and liquidity. While the effects of COVID-19 do not change the significant estimates, judgements and assumptions, areas that have a significant risk of causing a material adjustment to carrying amounts of assets and liabilities are considered below. The resulting accounting judgements and estimates will seldom equal the related actual results.

Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined using the Black–Scholes pricing model, taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period, but may impact profit or loss and equity.

The Company granted Options to employees and Advisory Council members in the prior year. There were no Options granted in the current year. For accounting purposes, the fair value of the Options is amortised as an expense over the vesting period of the Options. Determining the fair value for accounting purposes requires a number of assumptions and judgements to be made, as discussed in note 29.

Incremental borrowing rate

The Group measures the lease liability at the present value of the lease payments that are not paid at that date. As the Company was unable to determine the interest rate implicit in the lease, the incremental borrowing rate (**IBR**) was used. The IBR is the rate of interest the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment.

Management has exercised judgement in estimating the IBR with reference to the asset type, financing spread adjustment and reference rate. With reference to the Company's respective financial institutions, an IBR of 6% was applied at the time the lease was executed. A movement in the IBR by 1%/(1%) will have no significant impact on the amounts recognised in the financial statements. Refer to note 15 for details.

2. Critical accounting judgements, estimates and assumptions (continued)

Fair value of financial assets

The fair value of financial assets that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions including any recent arm's-length transactions in the market during each reporting period (refer to note 22 for further details).

3. Revenue from contracts with customers

Revenue is measured at an amount that reflects the consideration the Group is expected to be entitled to in exchange for transferring services to its customers, net of rebates to foundations that we manage pro bono, and costs paid by the Group to operate the business activities of the VGI Partners Funds. The criteria for recognition are outlined below.

- Management fees: This is revenue from contracts with customers, recognised over time as it is earned, based on the applicable investment management agreements. The fees are based on a percentage of the portfolio value of the fund or mandate, and paid following the end of each month in arrears.
- Performance fees: This is revenue from contracts with customers, recognised at a point in time as income at the end of the relevant period to which the performance fee relates – that is, when the Group's entitlement to the fee becomes established. Performance fees are contingent upon performance to be determined at a future date. Accordingly, until this point, performance fees are unable to be recognised as they cannot be measured reliably, and it is highly probable that there could be a significant reversal of revenue.

Disaggregation of revenue

	2021 ($'000)	2020 ($'000)
Services provided over time – management fees	42,047	43,060
Operating costs of VGI Partners Funds [1]	(2,367)	(2,122)
Amortisation of contract asset [2]	(5,043)	(5,025)
Total management fees	**34,637**	**35,913**
Total performance fees	**50,751**	**21,070**

[1] VGI Partners Funds includes two unlisted funds (AUD and USD denominated), individually managed accounts, VG1 and VG8.

[2] As part of the VG1 and VG8 initial public offerings (**IPOs**), the Group recognised incremental costs to obtain the contracts as contract assets. The appropriate accounting treatment has resulted in the asset being unwound and amortised on a straight-line basis as a reduction of revenue over the Investment Management Agreement period, being 10 years. Refer to note 13 for additional information.

Performance fees may be earned from VGI Partners Funds (as defined above). Performance fees are generally subject to a 'high-water mark' arrangement or a deficit clause, which ensures that fees are not earned more than once on the same performance. The Group's entitlement to future performance fees from VGI Partners Funds depends on the net asset value of the relevant portfolio exceeding the high-water mark. The high-water mark is the net asset value price at the end of the most recent calculation period for which the Group was entitled to a performance fee, adjusted for additions and redemptions. Each VGI Partners Fund or mandate has its performance fee calculated based on performance over a specific period of time determined in its Investment Management Agreement, Constitution or Trust Deed.

As the majority of the VGI Partners Funds or mandates have performance fees calculated at 30 June, performance fees have historically been weighted towards the first half of the calendar year. The Group manages VG1 and VG8 and is entitled to be paid a performance fee semi-annually in arrears, subject to a high-water mark mechanism.

4. Operating segments

Identification of reportable operating segments

The main business activities of the Group involve the provision of investment management services. The Board of Directors are identified as the Chief Operating Decision Makers (**CODMs**) who consider the performance of the main business activities on an aggregated basis to determine the allocation of resources. Other activities undertaken by the Group, including investing activities, are incidental to the main business activities. Based on the internal reports regularly reviewed by the CODMs, the Group has one operating segment: the provision of investment management services with the objective of offering investment funds to investors, primarily in Australia.

5. Earnings per share

	2021 ($'000)	2020 ($'000)
Profit after tax for the year	42,707	25,916

	Number ('000)	Number ('000)
Weighted average number of ordinary shares outstanding during the period, used in calculating basic EPS	69,794	69,762
Adjustments for calculation of diluted EPS: Potential equity shares – Share Options	292	1,193
Weighted average number of ordinary shares used in calculating diluted EPS	**70,086**	**70,955**

	Cents	Cents
Basic EPS (cents per share)	61.19	37.15
Diluted EPS (cents per share)	60.94	36.52

6. Personnel expenses

	2021 ($'000)	2020 ($'000)
Defined contribution superannuation expense	433	367
Salary and wages	11,546	10,257
Amortisation of share-based payments (see note 29)	341	229
Payroll tax	424	295
Total personnel expenses	**12,744**	**11,148**

7. Other expenses

	2021 ($'000)	2020 ($'000)
Legal and professional	2,051	1,612
Insurance	639	433
Auditor remuneration (see note 30)	172	162
All other	781	584
Total other expenses	**3,643**	**2,791**

8. Income taxes relating to continuing operations

		2021 ($'000)	2020 ($'000)
8.1	**Income tax recognised in profit or loss**		
	Profit before tax from continuing operations	**62,046**	**38,732**
	Prima facie tax at the Australian tax rate of 30%	18,614	11,619
	Non-deductible expenses	1,088	1,106
	Franking credit benefit derived	(362)	(24)
	Impact of foreign tax rate	3	5
	Adjustment to tax charge in respect of previous periods	(4)	110
	Income tax expense recognised in profit or loss	**19,339**	**12,816**
	Represented by:		
	Current tax	20,713	13,467
	Adjustment to tax charge in respect of previous periods	(4)	110
	Deferred tax	(1,370)	(761)
	Income tax expense recognised in profit or loss	**19,339**	**12,816**
8.2	**Income taxes payable/(receivable)**		
	Income tax payable/(receivable) – opening	**7,533**	**(2,074)**
	Income taxes payable for the financial year	20,717	11,582
	Tax paid during the year, net of any tax refunds	(26,700)	(2,010)
	Adjustment to tax charge in respect of previous periods	(2)	35
	Income taxes payable – closing	**1,548**	**7,533**
8.3	**Deferred tax balances**		
	Deferred tax assets – opening	**2,663**	**4,313**
	Deductible capital expenditures – IPO costs	(429)	(476)
	Changes in the fair value of financial assets	1,508	89
	Effects of changes in exchange rate	(72)	(3)
	Tax losses used	–	(1,881)
	Accruals and provisions	(86)	621
	Deferred tax assets – closing	**3,584**	**2,663**
	Deferred tax liabilities – opening	**3,892**	**4,352**
	Contract assets amortisation	(460)	(460)
	Deferred tax liabilities – closing	**3,432**	**3,892**

9. Charitable Foundation contributions

During the 2021 year, VGI Partners contributed $955,085 (2020: $410,992) to The VGI Partners Foundation, which was 100% of the management and performance fees earned by the Company from the VGI Partners Master Fund Charitable Foundation Class.

The Group has made charitable contributions of $3.0 million in the 2021 calendar year, and has donated more than $10.0 million since its inception.

10. Cash and cash equivalents

	31 December 2021 ($'000)	31 December 2020 ($'000)
Cash and bank balances	39,572	41,732
Total	**39,572**	**41,732**

11. Financial assets at fair value through profit or loss

	31 December 2021 ($'000)	31 December 2020 ($'000)
VGI Partners Global Investments Limited (VG1)	11,570	8,891
VGI Partners Asian Investments Limited (VG8)	32,004	25,560
Global listed equities	2,326	–
Unlisted equity securities	6,910	–
Total	**52,810**	**34,451**

Refer to note 22 for further information on fair value measurement.

12. Employee entitlements

	31 December 2021 ($'000)	31 December 2020 ($'000)
Employee benefits – current	2,695	2,977
Employee benefits – non-current	522	354
Total	**3,217**	**3,331**

Employee benefits represent accrued annual leave, long service leave and bonus entitlements.

13. Contract assets

	31 December 2021 ($'000)	31 December 2020 ($'000)
VG1 IPO – Offer costs (VG1 Fee Waiver) [1]	1,656	1,944
VG8 IPO – Offer costs [1]	9,783	11,029
VG8 IPO – alignment share costs [1]	27,549	31,058
Total	**38,988**	**44,031**
Current	5,043	5,043
Non-current	33,945	38,988
Total	**38,988**	**44,031**

[1] Net of amortisation expense.

VGI Partners Asian Investments Limited (**ASX:VG8**) was admitted to the Official List of the ASX in November 2019. To align initial investors for the long term, the Company issued ordinary shares in VGI Partners Limited (**ASX:VGI**) to all Applicants that received an allocation of shares under the VG8 Offer (alignment shares). Please refer to Note 1(u) and Note 3 for further details.

The Company issued 2,652,012 ordinary shares (VG8 alignment shares) in VGI Partners Limited – for accounting purposes, valued at $34,476,156 on 12 November 2019 using the closing price of $13.00 – for zero cost to the recipients. These shares were issued on 12 November 2019 and began trading on the ASX on 13 November 2019.

On 22 April 2020, the Company issued 60,438 ordinary shares (VG8 alignment shares) in VGI Partners Limited. For accounting purposes, this was valued at $589,271 using the closing price of $9.75 and on the same terms as shares that were issued to other investors in VG8.

These costs have been recognised as contract assets since the shares issued are part of the securing of the management agreement in relation to VG8. The costs are also recoverable through the ongoing receipt of fee revenue.

Allowance for expected credit losses

Based on the analysis at the end of the reporting period, the impairment under the ECL method is considered to be immaterial and no amount is recognised in the financial statements.

14. Trade and other receivables

	31 December 2021 ($'000)	31 December 2020 ($'000)
Trade receivables and accruals	3,549	26,734
Prepayments	271	191
Total	**3,820**	**26,925**

Trade receivables and accruals mainly consist of management and performance fees receivable, which are received between seven and 31 days after the balance date.

Allowance for expected credit losses

Based on the analysis at the end of the reporting period, the impairment under the ECL method is considered to be immaterial and no amount is recognised in the financial statements.

15. Leases

The right of use asset and lease liability relates to the head office premises at 39/41 Phillip Street, Sydney, which commenced on 1 May 2019 and will terminate on 30 April 2024. Rent reviews for the Sydney office will be performed quarterly on each anniversary of the commencing date, with a fixed 4.5% increase. The Japanese office lease was renewed on 22 June 2021 and was subsequently classified as a right of use asset and lease liability under AASB 16. Additional leases that exist relate to short-term leases for office premises and low-value leases for office equipment. These payments are expensed as incurred and are not material to the Group as a whole.

	31 December 2021 ($'000)	31 December 2020 ($'000)
Right of use assets – land and buildings		
Opening	**1,176**	**1,422**
Additions – 39/41 Phillip Street, Sydney	–	–
Additions – Japan office	159	211
Depreciation charge for the year	(492)	(457)
Closing	**843**	**1,176**
Non-current	843	1,176
Total	**843**	**1,176**
Lease liability		
Opening	**1,269**	**1,463**
Additions – 39/41 Phillip Street, Sydney	–	–
Additions – Japan office	159	211
Cash payments	(550)	(483)
Interest expense	68	87
Currency translation of foreign leases	7	(9)
Closing	**953**	**1,269**
Current	431	399
Non-current	522	870
Total	**953**	**1,269**

16. Trade and other payables

	31 December 2021 ($'000)	31 December 2020 ($'000)
Current		
Trade payables	248	352
Other creditors and accruals	798	570
GST payable (net)	714	2,703
Total	**1,760**	**3,625**

17. Property, plant and equipment

	31 December 2021 ($'000)	31 December 2020 ($'000)
Leasehold improvements – at cost	754	691
Less: Accumulated depreciation	(590)	(422)
Balance at end of year	**164**	**269**
Furniture and fittings – at cost	1,003	970
Less: Accumulated depreciation	(523)	(435)
Balance at end of year	**480**	**535**
Plant and equipment – at cost	836	671
Less: Accumulated depreciation	(777)	(578)
Balance at end of year	**59**	**93**
Total property, plant and equipment	**703**	**897**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are as follows.

Consolidated	**Leasehold improvements ($'000)**	**Furniture and fittings ($'000)**	**Plant and equipment ($'000)**	**Total ($'000)**
Balance at 1 January 2020	**403**	**629**	**193**	**1,225**
Additions incl. currency translation adjustment	11	21	50	**82**
Depreciation incl. currency translation adjustment	(145)	(115)	(150)	**(410)**
Balance at 31 December 2020	**269**	**535**	**93**	**897**
Additions incl. currency translation adjustment	63	33	165	**261**
Depreciation incl. currency translation adjustment	(168)	(88)	(199)	**(455)**
Balance at 31 December 2021	**164**	**480**	**59**	**703**

18. Dividends

	2021 ($'000)	2020 ($'000)
Fully franked dividends declared during the period		
9.3 cents per share declared on 27 February 2020 and paid on 18 March 2020	–	6,484
5 cents per share declared on 25 August 2020 and paid on 14 September 2020	–	3,489
28 cents per share declared on 1 March 2021 and paid on 11 March 2021	19,538	–
31 cents per share declared on 23 August 2021 and paid on 10 September 2021	21,640	
Total	**41,178**	**9,973**

Subsequent to the year ended 31 December 2021, the Directors have declared a fully franked dividend at a 30% tax rate of 6 cents per share, payable on 16 March 2022. This has not been recognised in the Statement of Financial Position.

Franking credits

	31 December 2021 ($'000)	31 December 2020 ($'000)
Franking credits available for subsequent financial years	13,313	9,801

The above amounts comprise the balance of the franking account as at the end of the reporting period, adjusted for franking credits that will arise from the payment/(receipt) of the provision of income tax.

The dividend declared by the Directors on 25 February 2022 will be franked out of existing franking credits, or out of franking credits arising from the payment of income tax.

19. Issued capital

	31 December 2021 (Number)	31 December 2020 (Number)	31 December 2021 ($'000)	31 December 2020 ($'000)
Ordinary shares	69,806,169	69,780,160	108,156	107,903
Total issued and paid-up capital	**69,806,169**	**69,780,160**	**108,156**	**107,903**

Movements in ordinary share capital

Details	Date	Shares	($'000)
Opening balance	**1 January 2020**	**69,719,722**	**107,314**
VG8 alignment shares [1]	22 April 2020	60,438	589
Closing balance	**31 December 2020**	**69,780,160**	**107,903**

[1] See note 13 for further details.

Details	Date	Shares	($'000)
Opening balance	**1 January 2021**	**69,780,160**	**107,903**
Shares allocated upon exercise of options [2]	23 June 2021	26,009	253
Closing balance	**31 December 2021**	**69,806,169**	**108,156**

[2] See note 29 for further details.

Ordinary shares

Holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at Shareholder meetings.

In the event of the winding up of the Group, ordinary Shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

VG8 alignment shares were treated as fully paid ordinary shares in the Company issued to all investors in the VG8 Offer, to enhance the alignment of interests between the Company and VG8, and their respective investors.

Capital risk management

The Group's objective when managing capital is to safeguard its ability to continue as a going concern while maximising the return for Shareholders. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of only equity, comprising share capital, reserves and retained earnings. The Group has no debt.

The Company is subject to regulatory financial requirements by virtue of holding an Australian Financial Services Licence (**AFSL**). During the year ended 31 December 2021, the Company satisfied the liquidity requirements under its AFSL and there have been no reportable instances of non-compliance with externally imposed capital requirements.

20. Reserves

	31 December 2021 ($'000)	31 December 2020 ($'000)
Opening	**1,036**	**743**
Share-based payments reserve	78	278
FCTR	62	15
Closing	**1,176**	**1,036**

Share-based payments reserve

The reserve is used to recognise the value of equity benefits provided to employees as part of their remuneration (refer to note 29).

Foreign currency translation reserve

Exchange differences arising on the translation of foreign-controlled entities are recognised in other comprehensive income and accumulated as a separate reserve within equity.

21. Financial instruments

Financial risk management objectives

The Group's activities expose it to a variety of financial risks, including market risk (including foreign currency, interest rate and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods, including sensitivity analysis, to measure different types of risk to which it is exposed.

In particular, the Group manages the investments of certain funds and clients where it is entitled to receive management fees and fees contingent upon the performance of the portfolio managed, on an annual basis or less frequently. All fees are exposed to significant risk associated with the funds' performance, including market risks (interest rate risk and, indirectly, market risk and foreign exchange risk) and liquidity risk as detailed below.

Risk management is carried out by Senior Management and reviewed by the Board and discussed at Board meetings. Management identifies and evaluates financial risks.

Market risk

Foreign exchange risk

Foreign exchange risk arises from future commercial transactions and recognised financial assets and liabilities, denominated in a currency that is not the entity's functional currency. The Group undertakes certain transactions denominated in foreign currencies (mainly US dollars). The balances at the reporting date are not material and a 10% movement in those balances would not cause a significant fluctuation in profit or loss or equity of the Group.

Price risk

Price risk is the risk that the value of investments held by the Group and classified in the Statement of Financial Position as financial assets at fair value through profit or loss will increase or decrease as a result of changes in equity prices in the local currency (caused by factors specific to the individual stock or the market as a whole), exchange rate movements or a combination of both.

To manage and constrain price risk, the Group follows the principles of capital preservation. This means the Group places emphasis on assessing downside risk. The Group attempts to gain as much insight about its investments as possible and believes this knowledge is key in guarding against permanent loss of capital.

21. Financial instruments (continued)

Market risk (continued)

An increase of 5% in market prices would have had the following impact as at 31 December.

	31 December 2021 ($'000)	31 December 2020 ($'000)
A 5% increase in market prices would result in:		
Net change in fair value of financial assets	2,641	1,723
Impact on net profit before tax	**2,641**	**1,723**

A decrease of 5% in market prices would have an equal but opposite impact on net profit before tax.

Interest rate risk

Interest rate risk is the possibility that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The majority of the Group's financial assets and liabilities are non-interest-bearing. Any interest-bearing financial assets and financial liabilities either mature or reprice in the short term. As a result, the Group has limited exposure to fluctuations in market interest rates that would create interest rate risk. The Group also holds substantial cash positions including those held at prime brokers that are directly affected by interest rate movements, but at the balance date, interest rates on these cash accounts were at historically low levels.

As at the reporting date, the Group held the following cash balances and other assets.

	Fixed ($'000)	Floating ($'000)
31 December 2021:		
Cash and cash equivalents	–	39,572
Amounts due from brokers	–	5,511
Amounts due to brokers	–	(774)
Other assets	413	–
31 December 2020:		
Cash and cash equivalents	–	41,732
Other assets	413	–

The sensitivity of interest rate risk is not disclosed as the impact is not material for any reasonably possible move in interest rates.

21. Financial instruments (continued)

Credit risk

Credit risk relates to the risk of a counterparty defaulting on a financial obligation, resulting in a loss to the Group.

Credit risk arises from the financial assets of the consolidated entity, including cash, term deposits, trade receivables, balances held at prime brokers, and contract assets. All term deposits (included in other assets in the Statement of Financial Position) and cash balances are held with major Australian banks and their 100% owned banking subsidiary institutions that have a Standard & Poor's (**S&P**) A-1+ (2020: A-1+) rating to mitigate any associated credit risk. The Group is not exposed to any material risk relating to the receivables balance, as these amounts primarily relate to performance and management fees, which are settled between 7 and 31 days after being invoiced and are managed internally within the Group.

The Group is not exposed to any material risk relating to the contract assets, as these are non-cash and will unwind over the 10-year Investment Management Agreements between the Group and VG1 and VG8 (the majority of the balance relating to VG8). Management fees are secured under the Investment Management Agreements as a percentage of FUM, regardless of performance, and as they are settled within 30 days there is no material exposure to loss. No assets subject to credit risk are past due or impaired.

The maximum exposure to direct credit risk at the balance date is the carrying amount recognised in the above identified financial assets and the contract assets in the Statement of Financial Position.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with its liabilities. The Group has no external borrowings other than its lease liability; accordingly, its liquidity risk is limited to its ability to pay its future overhead expenses. The Group's policy is to maintain liquid assets sufficient to cover a minimum of nine months' worth of future overhead expenses, assuming no management revenue is received in that period.

The following tables detail the Group's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities at the earliest date on which the Group can be required to pay. Except for the lease liability, no interest is payable on these financial liabilities; accordingly, only principal cash flows have been disclosed.

Consolidated – 2021	**Less than 1 month ($'000)**	**Between 1 and 12 months ($'000)**	**Between 1 and 5 years ($'000)**	**5+ years ($'000)**	**Total ($'000)**
Trade payables	1,760	–	–	–	**1,760**
Lease liability	41	390	522	–	**953**
Total	**1,801**	**390**	**522**	**–**	**2,713**

Consolidated – 2020	**Less than 1 month ($'000)**	**Between 1 and 12 months ($'000)**	**Between 1 and 5 years ($'000)**	**5+ years ($'000)**	**Total ($'000)**
Trade payables	3,625	–	–	–	**3,625**
Lease liability	40	359	870	–	**1,269**
Total	**3,665**	**359**	**870**	**–**	**4,894**

22. Fair value measurement

The Group measures and recognises its investments as financial assets and liabilities at FVTPL, on a recurring basis.

AASB 13 *Fair Value Measurement* requires the disclosure of fair value information using a fair value hierarchy, reflecting the significance of the inputs in making the measurements. The fair value hierarchy consists of the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets, for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value in an active market (Level 1)

- The fair value of investments in financial assets at FVTPL is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The Group values its investments in accordance with accounting policies set out in note 1(o) to the consolidated financial statements. The quoted market price used for financial assets at FVTPL held by the Group is the current last traded price.
- A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's-length basis.

Fair value in an inactive market or unquoted market (Level 2 and Level 3)

- The fair value of investments in financial assets at FVTPL that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's-length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.
- Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the security.

The following table presents the Group's financial assets and liabilities measured and recognised at fair value, at the reporting date. The carrying amounts of all financial instruments are reasonable approximations of the respective instrument's fair value.

Consolidated – 2021	**Level 1 ($'000)**	**Level 2 ($'000)**	**Level 3 ($'000)**	**Total ($'000)**
Investment in financial assets at FVTPL				
VGI Partners Global Investments Limited (VG1)	11,570	–	–	**11,570**
VGI Partners Asian Investments Limited (VG8)	32,004	–	–	**32,004**
Global listed equities	2,326	–	–	**2,326**
Unlisted equity securities	–	–	6,910	**6,910**
Total financial assets	**45,900**	**–**	**6,910**	**52,810**

22. Fair value measurement (continued)

Consolidated – 2020	Level 1 ($'000)	Level 2 ($'000)	Level 3 ($'000)	Total ($'000)
Investment in financial assets at FVTPL				
VGI Partners Global Investments Limited (VG1)	8,891	–	–	**8,891**
VGI Partners Asian Investments Limited (VG8)	25,560	–	–	**25,560**
Total financial assets	**34,451**	**–**	**–**	**34,451**

The Group's policy is to recognise transfers between levels at the end of the financial reporting period. There were no transfers between levels for recurring fair value measurements during the year ended 31 December 2021 or 31 December 2020.

Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the movement in Level 3 investments held by the Group for the year ended 31 December 2021:

Consolidated – 2021	Unlisted equity securities ($'000)
Opening balance	–
Purchases	6,843
Unrealised gains and losses recognised in profit or loss	–
Unrealised foreign exchange gain or loss	67
Closing balance	**6,910**

Valuation process and methodology

Unlisted equity securities classified as Level 3 relates to an investment in an unlisted company denominated in US dollars. Where possible, the investments are valued based on the recent market transactions involving the securities of the unlisted company.

The value of any foreign currency denominated transactions are converted back into the Group's presentation currency in accordance with the accounting policy at note 1(e).

Where there are no recent market transactions or the information is otherwise unavailable, the value is measured from alternative valuation techniques. These techniques include income and market derived valuations that incorporate market unobservable inputs.

As at 31 December 2021, the valuation technique applied to the Level 3 holding was based on recent arm's-length market transactions during the year, which was the significant unobservable input. No adjustments were applied to the transaction prices, however, a 10% movement in that price would have a corresponding $691,000 movement in the pre-tax profit or loss of the Group.

23. Related-party transactions

Ultimate parent entity

VGI Partners Limited is the ultimate parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 28.

Key management personnel

Disclosures relating to key management personnel (**KMP**) are set out in note 27, and in the Remuneration Report included in the Directors' Report.

Related-party transactions

The Group provides investment management services to the following related parties:

- the VGI Partners Master Fund, an Australian unit trust, of which the Company is the Trustee;
- VG1 and VG8; and
- the VGI Partners Offshore Fund.

VG1 and VG8 performance fee reinvestment mechanism

Under the terms of separate reinvestment agreements, Mr Luciano, Mr Tynan and their related entities have agreed to invest, from the dividends they receive from the Company, their 'look through' after-tax share of performance fees received from managing VG1 and VG8 into fully paid ordinary shares in VG1 and VG8.

Related-party fees and operating cost of VGI Partners Funds

The total related-party fees recognised in the periods ended 31 December 2021 and 31 December 2020 are set out in the following table. In addition, the Group pays the majority of operating costs of the VGI Partners Funds. Refer to Note 3.

	2021 ($)	**2020 ($)**
Management and performance fees received/receivable from unconsolidated unlisted vehicles	36,365,217	17,626,247
Net expenses (paid/payable) on behalf of unlisted vehicles	(542,494)	(728,648)
Management and performance fees received/receivable from listed vehicles	44,517,330	42,312,942
Net expenses (paid/payable) on behalf of listed vehicles	(1,786,615)	(1,175,074)

The Group also receives management and performance fee income from non-related parties.

Related parties' holdings of units in listed and unlisted vehicles

At 31 December 2021, the value of KMP and/or their related parties' holdings in unlisted vehicles was $23,652,205 (31 December 2020: $31,539,165).[1]

At 31 December 2021, the value of KMP and/or their related parties' holdings in listed vehicles (VG1 and VG8) was $34,863,783 (31 December 2020: $26,900,349).[1]

[1] As at 31 December 2021, Mr Tynan was no longer a Director and KMP of the Group and accordingly Mr Tynan's and/or his related parties' holdings are not included in the 31 December 2021 holdings.

Loans to or from related parties

There were no loans to or from related parties at the current and previous reporting dates.

Terms and conditions

All transactions were made on normal commercial terms and conditions, and at market rates.

24. Parent entity disclosures

	2021 ($'000)	2020 ($'000)
Result of the parent entity		
Total net income	73,553	50,998
Total expenses	(20,697)	(18,257)
Income tax expense	(15,596)	(7,834)
Profit after income tax for the period	**37,260**	**24,907**
Other comprehensive income	–	–
Total comprehensive income for the period	**37,260**	**24,907**
Financial position of parent entity at year end		
Current assets	85,032	103,416
Total assets	**135,133**	**144,546**
Current liabilities	6,624	12,184
Total liabilities	**8,166**	**13,991**
Net assets	**126,967**	**130,555**
Total equity of the parent entity, comprising:		
Share capital	108,156	107,903
Reserves	1,083	1,021
Retained earnings	17,728	21,631
Total equity	**126,967**	**130,555**

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 31 December 2021 and 31 December 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 31 December 2021 or 31 December 2020.

Capital commitments – property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment as at 31 December 2021 or 31 December 2020.

Significant accounting policies

The accounting policies of the parent entity are consistent with those of the Group, as disclosed in note 1.

25. Unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, and the relevant activities are directed by means of contractual arrangements.

The Group manages several investment funds and holds an interest in these unconsolidated structured entities by receiving management and performance fees. These funds are considered unconsolidated structured entities representing individually managed accounts, wholesale investment schemes in the form of unlisted trusts, offshore domiciled companies and listed investment companies.

These unconsolidated structured entities invest in a range of asset classes. The unconsolidated structured entities have investment objectives and policies that are subject to the terms and conditions of their respective offering documentation. However, all unconsolidated structured entities invest capital from investors in a portfolio of assets, to provide a return to those investors from capital appreciation of those assets, income from those assets, or both. Accordingly, they are susceptible to market price risk arising from uncertainties about future values of the assets they hold. The unconsolidated structured entities are financed through equity capital provided by investors, in which the Group does not hold any material equity interest.

Unless specified otherwise, the Group's maximum exposure to loss is the total of its on-balance sheet positions as at reporting date. There are no additional off-balance sheet arrangements that would expose the Group to potential loss.

26. Reconciliation of profit after income tax to net cash inflow from operating activities

	2021 ($'000)	**2020 ($'000)**
Profit for the period	42,707	25,916
Adjustments to profit after tax:		
Depreciation	923	867
Non-cash items (reinvestment of VG1 and VG8 dividends received)	(1,199)	(82)
Fair value losses and movements in financial assets	4,449	280
Share-based payments	331	229
Net foreign exchange (gain) / loss	(442)	351
Consideration payable to customers – contract asset	5,043	5,025
Interest received (non-operating)	(4)	–
Finance costs paid (non-operating)	68	87
Movements in working capital:		
Decrease/(increase) in trade and other receivables	23,105	(18,553)
Decrease/(increase) in other assets	–	(30)
Increase/(decrease) in employee entitlements	(114)	1,544
Increase/(decrease) in trade and other payables	(1,865)	2,426
Increase/(decrease) in taxes	(7,366)	10,796
Net cash inflows from operating activities	**65,636**	**28,856**

(a) Non-cash investing and financing activities

Non-cash activities during the year of $1,199,000 relates to dividend income from VG1 and VG8, whereby VG1 and VG8 shares were acquired in accordance with the respective dividend reinvestment plans (**DRPs**) (31 December 2020: $82,000 relates to dividend income from VG1, whereby VG1 shares were acquired in accordance with VG1's DRP).

27. Key management personnel compensation

The aggregate compensation made to Directors and other Company and Group KMP is set out below. As at 31 December 2021, there were eight KMP in 2021 (at 31 December 2020: eight).

	2021 ($)	2020 ($)
Short-term employment benefits	2,639,165	1,905,276
Non-monetary and other benefits	14,538	33,940
Post-employment benefits	138,426	95,981
Other long term benefits	4,859	1,378
Share-based payments	24,015	26,853
Total	**2,821,003**	**2,063,428**

Detailed remuneration disclosures are provided in the Statutory Remuneration Report on page 14.

28. Subsidiaries

The financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1.

Name of subsidiary	Place of incorporation	2021 (% owned)	2020 (% owned)
Operating entities			
VGI Partners Agricultural Investments No.1 Pty Limited	Australia	100	100
VGI Partners Asian Investments Management Pty Limited	Australia	100	100
VGI Partners Investments Pty Limited	Australia	100	100
VGI Partners Principal Investments Pty Limited [1]	Australia	100	100
VPPI No.1 Pty Limited [2]	Australia	100	N/A
VGI Partners, Inc.	USA	100	100
Non-operating entities			
VPPP 1A	Australia	100	100
VPPP 1B	Australia	100	100
VPPP 1C	Australia	100	100
Vichingo Global Investments Pty Limited	Australia	100	100
Vichingo Global Investors Pty Limited	Australia	100	100
VGI Partners Share Plan Pty Limited	Australia	100	100

[1] The entity became operational in 2021 and was classified as non-operating in 2020.
[2] The Company established and incorporated VPPI No.1 Pty Limited on 23 July 2021.

29. Share-based payments

Share-based payments reserve	2021 ($'000)	2020 ($'000)
Balance at the beginning of the year	**1,005**	**727**
Share Option premium received	–	49
Amortisation of Share Option fair value	331	229
Issue of shares on exercise of share-based payments	(253)	–
Balance at the end of the year	**1,083**	**1,005**

Employee Share Options

Options granted

There were no Options granted during the year ended 31 December 2021. During the year ended 31 December 2020, the Company issued 443,670 Options to employees. The tables below provide details of Options outstanding during 2021 and 2020.

Details of Options issued on 28 May 2019:

Employee Option Plan	First exercise date	Expiry date	Issue price ($)	Grant date fair value ($)	Exercise price ($)
Tranche 1	20 May 2021	19 June 2021	0.055	0.346	6.16
Tranche 2	20 May 2022	19 June 2022	0.080	0.371	6.16
Tranche 3	20 May 2023	19 June 2023	0.129	0.386	6.16
Tranche 4	20 May 2024	19 June 2024	0.172	0.379	6.16

Director and Advisory Council Option Plan	First exercise date	Expiry date	Issue price ($)	Grant date fair value ($)	Exercise price ($)
Tranche 5	22 December 2021	21 June 2022	0.080	0.364	6.16

Details of Options issued on 30 December 2020. These Options were issued on the same terms as those of the Options issued prior to the IPO:

Employee Option Plan	First exercise date	Expiry date	Issue price ($)	Grant date fair value ($)	Exercise price ($)
Tranche 6	30 November 2021	30 December 2021	0.017	1.128	8.32
Tranche 7	30 November 2022	30 December 2022	0.075	1.221	8.32
Tranche 8	30 November 2023	30 December 2023	0.108	1.249	8.32
Tranche 9	30 November 2024	30 December 2024	0.175	1.354	8.32

Fair value of Share Options granted

The fair value of the Share Options was calculated using the Black-Scholes pricing model. The assumptions used in calculating the fair value of Share Options are noted on the following page.

29. Share-based payments (continued)

Fair value of Share Options granted (continued)

Options	Share price at grant date ($)	Dividend yield (%)	Risk-free interest rate (%)	Expected volatility (%)	Expected life of Options (months)	Forfeiture assumptions (%)
Tranche 1	5.50	8.52	1.13	29.2	24	10
Tranche 2	5.50	8.52	1.12	28.9	36	14
Tranche 3	5.50	8.52	1.14	29.0	48	18
Tranche 4	5.50	8.52	1.20	28.9	60	20
Tranche 5	5.50	8.52	1.12	28.9	30	0
Tranche 6	7.43	4.20	0.04	54.5	12	10
Tranche 7	7.43	4.20	0.09	44.5	24	14
Tranche 8	7.43	4.20	0.10	40.0	36	18
Tranche 9	7.43	4.20	0.21	39.1	48	20

Expected volatility assumed in calculating the fair value of the Share Options is determined based on historic volatility of industry peers at the time of the grant date of each tranche.

Key terms of Options

Employee Options will be exercisable for a period of one month, commencing on the first exercise date applicable to the relevant tranche (exercise window) as set out in the table on the preceeding page. Similarly, all Director and Advisory Council Share Options will be exercisable for a period of six months from the first exercise date. Each Share Option will lapse if it is not exercised within the relevant exercise window. The vesting period of the Share Options runs from the grant date to the first exercise date, as shown in the table on the preceeding page.

Excluding members of the Advisory Council and Non-Executive Directors, and unless otherwise determined by the Board, a Share Option holder must continue to be employed by the Group to exercise the Share Option.

Share Options do not carry any dividend entitlement. Shares issued on exercise of Share Options will rank equally with other shares of the Company on and from issue. Share Options do not have inherent participating rights or entitlements, and Share Option holders will not be entitled to participate in new issues of capital offered to Shareholders during the life of the Share Options. The offer price is paid or payable by the recipient on receipt of the Share Option.

Exercise during the year

During the year and in accordance with their terms, 730,954 Options under the Tranche 1 of the Employee Option Plan were exercisable over a period of one month commencing 20 May 2021 to 19 June 2021. On 19 June 2021, all Option holders elected to exercise their Tranche 1 Options that were issued and as a result, 704,945 of the 730,954 Tranche 1 Options were net settled and the remaining 26,009 Tranche 1 Options were converted into 26,009 ordinary shares. This resulted in a lower dilution of the issued capital of the Group on conversion. The weighted average share price at the date of exercise of Options during the year ended 31 December 2021 was $6.88 (2020: not applicable).

29. Share-based payments (continued)

Options outstanding at end of the year

The table below provides the details of Options issued and forfeited during the current and comparative period:

Options	Number of Options at 1 January 2020	Number of Options forfeited during 2020	Number of Options issued in 2020	Number of Options at 31 December 2020
Tranche 1	847,947	(116,993)	–	730,954
Tranche 2	847,947	(293,440)	–	554,507
Tranche 3	847,947	(293,440)	–	554,507
Tranche 4	1,695,904	(586,881)	–	1,109,023
Tranche 5	438,307	–	–	438,307
Tranche 6	–	–	88,734	88,734
Tranche 7	–	–	88,734	88,734
Tranche 8	–	–	88,734	88,734
Tranche 9	–	–	177,468	177,468
Total	**4,678,052**	**(1,290,754)**	**443,670**	**3,830,968**

Options	Number of Options at 1 January 2021	Number of Options forfeited or lapsed during 2021	Number of Options exercised in 2021	Number of Options at 31 December 2021
Tranche 1	730,954	–	(730,954)	–
Tranche 2	554,507	(2,434)	–	552,073
Tranche 3	554,507	(2,434)	–	552,073
Tranche 4	1,109,023	(4,869)	–	1,104,154
Tranche 5	438,307	–	–	438,307
Tranche 6	88,734	(88,734)	–	–
Tranche 7	88,734	–	–	88,734
Tranche 8	88,734	–	–	88,734
Tranche 9	177,468	–	–	177,468
Total	**3,830,968**	**(98,471)**	**(730,954)**	**3,001,543**

30. Remuneration of Auditor

During the period, the following fees were paid or payable for services provided by Deloitte Touche Tohmatsu, the Auditor of the Group, its related practices and non-related audit firms.

	2021 ($)	2020 ($)
Audit of VGI Partners Limited	156,345	146,370
Audit of VGI Partners Funds	142,444	151,758
Total audit and review of financial statements	**298,789**	**298,128**
Total assurance services	**15,750**	**15,750**
Taxation services relating to VGI Partners Limited	54,300	77,493
Taxation services relating to VGI Partners Funds	22,605	19,990
Total taxation services	**76,905**	**97,483**
Total remuneration for audit and other services	**391,444**	**411,361**

The Group is responsible for the audit costs for VGI Partners Master Fund (for which VGI Partners Limited is Trustee and Manager), the VGI Partners Offshore Fund and a number of separate managed accounts.

Audit and other service fees for VG1 and VG8 are being paid by the Group under the relevant Investment Management Agreements.

31. Contingencies and commitments

The Group had no material contingent liabilities or commitments at 31 December 2021 or 31 December 2020.

32. Subsequent events

On 25 February 2022, the Directors declared a franked dividend at a 30% tax rate of 6 cents per share that will be paid on 16 March 2022.

On 31 January 2022, the Group announced that it had entered exclusivity and signed a non-binding term sheet with Regal in relation to the Proposed Merger. The Proposed Merger would combine two of Australia's most recognised and successful hedge fund managers and create a market-leading provider of alternative investment strategies. At the date of this report, VGI confirms that confirmatory due diligence and the negotiation of the terms of a binding merger implementation agreement, which will be subject to final board approvals of each of VGI and Regal, remains ongoing. VGI will continue to keep shareholders and the market informed of material developments in accordance with its continuous disclosure obligations.

On 31 January 2022, the Group also announced that Mr Jonathan Howie had tendered his resignation to the Board. Mr Howie will remain committed to assisting the business with activities related to the Proposed Merger in the coming months, while serving the relevant notice period in line with the terms of his employment contract.

The Directors are not aware of any other event or circumstance since the end of the financial period not otherwise dealt with in the financial statements that has affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial periods.

Directors' Declaration

In the Directors' opinion:

(i) the attached financial statements and notes comply with the *Corporations Act 2001*, the Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

(ii) the attached financial statements and notes give a true and fair view of the consolidated entity's financial position as at 31 December 2021, and of its performance for the year ended on that date; and

(iii) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(b) includes a statement that the Financial Report complies with International Financial Reporting Standards.

The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* for the financial year ended 31 December 2021.

Signed in accordance with a resolution of the Directors made pursuant to Section 295(5) of the *Corporations Act 2001*.

Robert M P Luciano, CFA
Executive Chairman and Managing Director
Sydney
25 February 2022

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

Grosvenor Place
225 George Street
Sydney NSW 2000
PO Box N250 Grosvenor Place
Sydney NSW 1220 Australia

Tel: +61 (0) 2 9322 7000
www.deloitte.com.au

Independent Auditor's Report to the Shareholders of VGI Partners Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of VGI Partners Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 31 December 2021, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 31 December 2021 and of its financial performance for the year then ended; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter

Management and Performance Fees revenue
 	
For the year ended 31 December 2021, the Group earned $34.6 million in management fees and $50.8 million in performance fees, as disclosed in Note 3. These revenue streams are calculated in accordance with the Investment Management Agreements and offer documents, of the underlying managed funds (listed and unlisted) and individually managed accounts. These fees are earned based upon service criteria and performance obligations set out in these agreements.
 	
The management and performance fees are the most significant revenue account balances in the consolidated statement of profit or loss and other comprehensive income. The quantum of performance fees can change significantly and are dependent upon market-based returns and management's ability to outperform their previous performance or 'high-water mark'.
	Our procedures included, but were not limited to:
	
	• obtaining an understanding and assessing the design and implementation of the key controls in the Group and key service providers associated with:
	    • recording of funds under management; and
	    • the calculation of management and performance fees;
	• on a sample basis, performing recalculations of the management fee, and the performance fee;
	• confirming the key terms and conditions (fee rates, NAV/AUM, high-water mark) used within the calculation of management and performance fee revenue to the Investment Management Agreements and offer documents of the underlying managed funds and individually managed accounts;
	• assessing the appropriateness of the revenue accounting policy adopted by the management; and
	• on a sample basis:
	    • agreeing the funds under management to investment administrator records;
	    • vouching investment positions to prime broker statements to confirm existence; and
	    • obtaining independent pricing.
	
	We also assessed the appropriateness of the disclosures in Note 3 to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 31 December 2021, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 11 to 17 of the Directors' Report for the year ended 31 December 2021.

In our opinion, the Remuneration Report of VGI Partners Limited, for the year ended 31 December 2021, complies with section 300A of the Corporations Act 2001.

Deloitte.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Jonathon Corbett
Partner
Chartered Accountant
Sydney, 25 February 2022

Shareholder Information

The Shareholder information set out below was applicable as at 31 January 2022.

The following is additional information required by the ASX Listing Rules and not disclosed elsewhere in this report.

a) Substantial Shareholders

The following Shareholders are registered by the Company as substantial Shareholders, having declared a relevant interest, in accordance with the *Corporations Act 2001*, in the shares below.

	Ordinary shares	
Name	**Number held**	**Percentage of total shares issued (%)**
Robert M P Luciano	41,054,222	58.81
Douglas H Tynan	10,721,483	15.36

b) Voting rights

Each ordinary share is entitled to one vote when a poll is called, otherwise each Shareholder present at a meeting or by proxy has one vote on a show of hands.

c) Stock exchange listing

Quotation has been granted for all ordinary shares of the Company on all member exchanges of ASX Limited.

d) Unquoted securities – Share Options

Size of holding	Number of holders	Number of Options
1–1,000	–	–
1,001–5,000	–	–
5,001–10,000	–	–
10,001–100,000	11	551,937
100,001 and over	6	2,449,606

e) Distribution of equity securities

The following table lists equity securityholders by size of holding.

	Ordinary shares		
Holding	**Number of Shareholders**	**Number of shares**	**Percentage of issued shares (%)**
1–1,000	2,352	813,525	1.170
1,001–5,000	1,247	2,941,545	4.210
5,001–10,000	232	1,679,113	2.410
10,001–100,000	173	4,130,638	5.920
100,001 and over	14	60,241,348	86.300
Total	**4,018**	**69,806,169**	**100.00**

f) Equity securityholders

The following are the 20 largest quoted equity securityholders as at 31 January 2022.

Name	Number of ordinary shares held	Percentage of issued shares (%)
RMPL Investments Pty Ltd	40,905,913	58.599
D&C Tynan Investments Pty Ltd	10,686,691	15.309
HSBC Custody Nominees (Australia) Limited	2,770,313	3.969
R J Poiner Investments Pty Ltd	1,838,742	2.634
National Nominees Limited	1,059,235	1.517
Robert Blann Holdings Pty Ltd	856,985	1.228
Citicorp Nominees Pty Limited	743,872	1.066
BNP Paribas Nominees Pty Ltd	398,746	0.571
UBS Nominees Pty Ltd	283,030	0.405
VBS Investments Pty Ltd	220,582	0.316
Tandom Pty Ltd	208,103	0.298
Pine Ridge Holdings Pty Ltd	160,000	0.229
Cao Kench Pty Ltd	125,190	0.179
Netwealth Investments Limited <Wrap Services A/C>	109,136	0.156
Mr Anthony Neil Holman	100,000	0.143
Hackett Cp Nominees Pty Ltd	99,426	0.142
Miss Edwina Judith Tynan	90,000	0.129
Luciano Family Group Investments Pty Limited	80,276	0.115
Ifan Pty Ltd	80,000	0.115
Rylelage Pty Ltd	76,818	0.110
Total top 20 holdings	**60,893,058**	**87.232**

g) Securities subject to voluntary escrow

Shareholders who owned VGI Partners Limited prior to its IPO in June 2019 hold a beneficial interest in an aggregate 53.6 million shares. These currently represent approximately 77% of the Company's issued shares, and a portion of these have been escrowed.

Please see Section 6.6 of the VGI Partners Limited IPO Prospectus for more information.

Corporate Directory

Board of Directors

Robert M P Luciano – Executive Chairman and Managing Director
David F Jones AM
Jaye L Gardner
Benjamin A Pronk DSC
Darren J Steinberg

Company Secretary

Ian J Cameron

Head of Investor Relations

Ingrid L Groer

T: 1800 571 917 (inside Australia)
T: +61 2 9237 8923 (outside Australia)
E: investor.relations@vgipartners.com

Registered Office

39 Phillip Street
Sydney NSW 2000
Australia

Website

www.vgipartners.com

Share Registrar

Boardroom Pty Limited
Level 12, 225 George Street
Sydney NSW 2000
T: 1300 737 760 (inside Australia)
T: +61 2 9290 9600 (outside Australia)
E: enquiries@boardroomlimited.com.au

For enquiries relating to shareholdings, dividends and related matters, please contact the share registrar.

Auditor

Deloitte Touche Tohmatsu
225 George Street
Sydney NSW 2000
T: +61 2 9322 7000

ASX Code

VGI

VGI Partners Limited

39 Phillip Street
Sydney NSW 2000 Australia

T: 1800 571 917
www.vgipartners.com