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**THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION. FOR IMMEDIATE RELEASE**

Foresight Group Holdings Limited ("Foresight", "Foresight Group", the "Group") acquires Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital Group", "Infrastructure Capital", the "Company") for up to A\$140 million (£79.6 million)

### Summary

- Acquisition of Infrastructure Capital, a leading Australian specialist infrastructure manager with £2.8 billion of Assets under Management (AUM) and £1.8 billion of Funds under Management (FUM) as at 31 March 2022
- Delivers scale in the large and growing Australian infrastructure and renewables market
- Combined group will be one of the leading independent renewable generation and infrastructure investors in Australia and will benefit from enhanced product and distribution capabilities
- Strong business complementarity and cultural alignment will enable a seamless integration process and ensure an immediate focus on growth opportunities
- Up-front consideration of A\$105 million (£59.7 million) for 100% of Infrastructure Capital to be paid 50% in cash and 50% in newly issued Foresight shares, with cash component funded by existing financial resources
- Contingent consideration of up to A\$35 million (£19.9 million) and management performance entitlement of up to A\$25 million (£14.2 million) will become payable in cash and Foresight shares on the achievement by Infrastructure Capital of certain performance targets by 30 June 2026
- Transaction structure provides strong alignment between Infrastructure Capital shareholders, existing management and Foresight Group
- Expected to deliver c.10% EPS accretion in the first full year post acquisition, with further value expected to be delivered through synergies over time
- Beneficial to all stakeholders, including Foresight and Infrastructure Capital management, staff and clients

Foresight Group, a leading infrastructure and private equity manager, is pleased to announce the proposed acquisition (the "Acquisition") of Infrastructure Capital, an established, specialist infrastructure manager in the Australian market. Infrastructure Capital is currently owned by Log Creek (63.3%), other non-management shareholders (3.8%) and management (32.9%).

### Infrastructure Capital Group

Infrastructure Capital offers investment management and asset management products and services to an established client base of Australian and international institutional investors. Since inception, Infrastructure

Capital has deployed capital across 13 realised and 21 unrealised investments. Infrastructure Capital offers investors access to portfolios that are diversified by sector, counterparty and risk profile, managing three flagship funds all of which have a proven performance track record. The Company has 44% of its AUM invested in renewable energy and is one of Australia's largest private renewable generators, with over 787MW of renewable energy generation capacity and more broadly is seeing a clear sustainability overlay in its core sectors.

Infrastructure Capital recently established an integrated asset management business providing a range of services to portfolio companies, highlighting the Company's holistic and active approach to investment management. Infrastructure Capital's senior management team is comprised of highly experienced infrastructure specialists with an average of over 20 years' experience and complementary skillsets across fund management, principal investing and operations management. The Company has offices in Sydney and Melbourne, with 57 FTEs of which 28 are part of the asset management business.

c.93% of Infrastructure Capital's revenues in the 12-month period ending 31 March 2022 were recurring. In the same period, the Company generated £7.2 million of EBITDA. Infrastructure Capital's EBITDA margin is in line with Foresight's medium-term target.

### **Acquisition rationale**

The Acquisition, which has the unanimous support of the Foresight Board, will deliver a meaningful contribution to Foresight's growth, increasing AUM by £2.8 billion (up 30% on 30 June 2022 unaudited AUM of c.£9.4 billion). It enables Foresight to strengthen its presence in the attractive Australian infrastructure and renewables market and to diversify its revenue profile, increasingly positioning the Group internationally.

Combining Infrastructure Capital's strong market position in Australia with Foresight's strengths as an international sustainability-led alternative asset manager provides significant growth potential for both organisations. The combined group will be one of the largest renewable generation and infrastructure investors in Australia and will benefit from a stronger business profile and broader investor reach. The Acquisition will also enhance Infrastructure Capital's and Foresight's investment, product development and institutional distribution capabilities and facilitate the introduction of new products in both new sectors and new geographies, providing clients access to a wider suite of products and services.

The Acquisition also creates a pathway for Foresight to address Asian markets which represent a compelling opportunity for real asset investors, especially in the energy infrastructure sector where the combined group is better positioned to successfully raise and deploy capital over time.

The strong business complementarity and cultural alignment between Foresight and Infrastructure Capital is expected to facilitate a seamless integration process, providing continuity of existing client services and relationship dynamics and enabling an immediate focus on growth opportunities. The Infrastructure Capital management team will continue to manage the business and operate on a largely stand-alone basis day-to-day, with appropriate oversight and support from the Group. Foresight's existing 7-strong team in Australia will be integrated into Infrastructure Capital post-completion.

The Board expects:

- c.10% EPS accretion in the first full year post Acquisition;
- Additional value being unlocked through synergies over time; and
- Surplus over Foresight's liquidity requirements to be maintained following the Acquisition.

### **Acquisition terms**

Foresight will pay an up-front consideration of c.A\$105 million (£59.7 million), equating to a multiple of forecast EBITDA for the year ending 30 September 2022 of c.8x, payable 50% in cash and 50% in Foresight shares. c.7.94m Foresight shares will be issued<sup>(1)</sup> as part of the up-front consideration, resulting in ownership in the

Group of c.6.8% for Infrastructure Capital's shareholders including the existing senior executive management. These shares will (subject to certain customary good leaver exceptions) be subject to forfeiture if a seller ceases to be employed or contracted by Infrastructure Capital during the next 3 years, with 100% of a seller's Foresight shares being forfeited if this occurs prior to 30 September 2023, 66.66% from 30 September 2023 to 29 September 2024 and 33.33% from 30 September 2024 to 30 September 2025. The cash component will be funded by the Group's existing financial resources.

The Acquisition is being completed on a debt free, cash free basis and thus Infrastructure Capital's surplus cash is expected to be paid out prior to completion and there will be a customary completion adjustment at closing. Under the terms of the Acquisition, certain performance fees have been carved out and left with Infrastructure Capital's shareholders for a 3-year period.

Infrastructure Capital's shareholders will be also entitled to a contingent consideration of up to A\$35 million, of which up to A\$30m is payable in cash and Foresight shares, based on the achievement of management fee revenue targets for the 12-month period ending 30 June 2025. The shares relating to this contingent consideration will vest over the two years following this period. The additional contingent consideration of up to A\$5m is payable in cash and based on a revenue share mechanism for incremental asset management revenues over the period from closing to 30 June 2026.

In addition to the consideration paid to Infrastructure Capital's shareholders, Infrastructure Capital's management team and key employees will receive a performance entitlement of up to A\$25 million, payable in cash and share rights and based on the achievement of management fee revenue targets for the 12-month period ending 30 June 2026. The share rights relating to the performance entitlement will vest over the following year.

The Acquisition is a Class 2 transaction under the UK Listing Rules and is anticipated to complete over the next three months, subject to regulatory approval from the Foreign Investment Review Board in Australia and satisfaction of certain change of control conditions. Infrastructure Capital generated a pre-tax profit of A\$10.5 million (£6.0 million) in the year ended 30 September 2021. The Company had A\$9.4 million (£5.4 million) of gross assets at that date.

Foresight is being advised by Lazard (Financial Adviser), Travers Smith (Legal Adviser), Allens (Legal Adviser), PWC (Financial), Marsh (Insurance) and Numis (Sponsor) in relation to the transaction.

This transaction follows Foresight's recent acquisition of the technology ventures division of Downing LLP and provides further evidence of the Group delivering inorganic growth consistent with its stated targets; to grow AUM by 20-25% per annum over the medium term, to maintain the contribution from recurring revenues within the 85-90% range, and to grow core EBIT DA margin to 43% over the medium term.

***Bernard Fairman, Executive Chairman of Foresight Group Holdings Limited, commented:***

*"Acquiring Infrastructure Capital is a transformational deal for Foresight and well-aligned with our ambitious growth plans. We have been in Australia since 2015 and know that Infrastructure Capital, with its significant infrastructure presence and strong institutional client base, is a highly complementary fit for the Group.*

*"This is a financially and strategically accretive acquisition which will add approximately £3 billion of AUM and result in double-digit EPS accretion, whilst also delivering geographic diversification and enhanced distribution channels for our existing funds. There is a strong cultural alignment between the Foresight team and our new Infrastructure Capital colleagues and we are very much looking forward to working alongside them to benefit from the many exciting growth opportunities that the combined group will generate."*

***Mike Fitzpatrick, majority shareholder of Infrastructure Capital, commented:***

*"I am excited by this transaction because of its obvious benefits to investors in our funds. As part of the combined group, Infrastructure Capital will offer a wider range of products developed from a deeper talent pool, responding to the consolidation in the institutional market. Both firms have a long and deep commitment to renewables, which will continue to be a focus. Interestingly, management of each firm sees the world in much the same way, and integration will not be a challenge. Infrastructure Capital is in a strong position, with*

over A\$3 billion of FUM, and one of the best positioned renewables funds in the Australian market in ARIF, which has wind, solar and hydro assets, and is trialling hydrogen power storage to add value to those assets. I am looking forward to becoming a shareholder in Foresight as part of this transaction."

**Tom Laidlaw, Chief Executive Officer of Infrastructure Capital, commented:**

"We are delighted to be joining Foresight Group. The bringing together of two respected and highly regarded infrastructure managers will be beneficial to all our stakeholders. We will continue to manage the business as usual with the added benefit of having access to Foresight's expertise, global footprint and product offerings."

**Notes:**

1. Calculated based on volume weighted average price over the 30 trading days ending on 11 July 2022.

All values converted from AUD to GBP at an exchange rate of 0.5687.

**Analyst presentation:**

A pre-recorded presentation will be available to view on the Company's website (<https://www.fsg-investors.com>) on 12 July 2022.

This presentation will be played at the start of a webcast from 9.00 a.m. (UK time) on 12 July 2022, and be followed by live Q&A for analysts hosted by Bernard Fairman (Executive Chairman), Gary Fraser (CFO and COO) and Nigel Aitchison (Co-Head of Infrastructure).

Those wishing to join should register via the following link:

[Register here](#)

For further information please contact:

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**About Foresight Group Holdings Limited**

Foresight Group was founded in 1984 and is a leading listed infrastructure and private equity investment manager. With a long-established focus on ESG and sustainability-led strategies, it aims to provide attractive returns to its institutional and private investors from hard-to-access private markets. Foresight manages over 330 infrastructure assets with a focus on solar and onshore wind assets, bioenergy and waste, as well as renewable energy enabling projects, energy efficiency management solutions, social and core infrastructure projects and sustainable forestry assets. Its private equity team manages ten regionally focused investment funds across the UK and an SME impact fund supporting Irish SMEs. This team reviews over 2,200 business plans each year and currently supports more than 200 investments in SMEs. Foresight Capital Management manages four strategies across six investment vehicles with an AUM of over £1.6 billion.

Foresight operates from 12 offices across six countries in Europe and Australia with AUM of c.£9.4 billion as at 30 June 2022<sup>[1]</sup>. Foresight Group Holdings Limited listed on the Main Market of the London Stock Exchange in February 2021. <https://www.fsg-investors.com/>

### **Disclaimer - Forward-looking statements**

This statement, prepared by Foresight Group Holdings Limited (the "Company"), may contain forward-looking statements about the Company and its subsidiaries (the "Group"). Such forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "projects", "estimates", "plans", "anticipates", "targets", "aims", "continues", "expects", "intends", "hopes", "may", "will", "would", "could" or "should" or, in each case, their negative or other various or comparable terminology. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors which are beyond the Company's control and are based on the Company's beliefs and expectations about future events as of the date the statements are made. If the assumptions on which the Group bases its forward-looking statements change, actual results may differ from those expressed in such statements. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by these forward-looking statements, including those set out under "Principal Risks" in the Company's annual report for the financial year ended 31 March 2021. The annual report can be found on the Company's website ([www.fsg-investors.com](http://www.fsg-investors.com)). Forward-looking statements speak only as of the date they are made. Except as required by applicable law and regulation, the Company undertakes no obligation to update these forward-looking statements. Nothing in this statement should be construed as a profit forecast.

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<sup>[1]</sup> Unaudited AUM as at 30 June 2022

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