The great infra feeding frenzy

Angus Leslie Melville

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If you view the world in a certain way – say, looking at the global infra / energy sector as a gargantuan feeding trough filled with swill (assets), and the funds as a rotund set of piggies – well, it'd be entirely fair to say that the former's overflowing and the latter have their snouts well and truly inserted.

This week's news has been so littered with acquisitions that *IJGlobal* staffers are punch-drunk from having kept up with developments and, in many cases, being – dangerously (but accurately) – ahead of the game.

Just to give you a taste of the action from this week (not an exhaustive list), here's a round robin of activity (please bear in mind some of these deals have been agreed, but not closed):

- AMP Capital… Collimate if you must (twice)
- Core Solar, Texas
- Solenergi Power, India
- Elliot Green Power Australia
- Albacora Leste, Brazil
- Albioma, France
- Jifmar Offshore Services, France
- DIF Irish roads
- Uber Boats by Thames Clipper, London
- 263MW of solar PV, Italy and Spain
- Madrid One, Spain
- Ficolo, Finland
- Moventas Gears, Finland
- Netrics, Switzerland
- Carestone Group, Germany
- Riverina & Darlington Point BESS, Australia
- Delta Fibre, Netherlands
- 3 energy storage assets, California

These stories were spotted in a hasty review of this week's news. Likely some were missed, but the point's made and feel free to exit at any point below as you wade through them. There's a lot in there, but to make the point, you have to push through to the end!

What we are – mostly – seeing here is a combination of at least 2 drivers.

The first is the move to ESG and the infra / renewables space which ticks a lot of these virtuous boxes. The second driver is inflation. Assets in the infra / energy space retain their value regardless of inflation.

The market is terrifyingly frothy and displays a lot of traits that would have some screeching – hands clasped to cheeks à la *Home Alone* – "we're in a bubble".

Doom merchants will right now be dusting off sandwich boards, muttering darkly about the end of days… but never hanging a date on Armageddon… while the rest of us take stock of one hell of a busy week on the M&A front.

After you have read this piece, can I suggest you refresh memories with last week's editorial that focused on Q1 2022 unlisted infra fund fundraising that logged $65 billion of final closes… following a record-breaking full-year 2021 which amounted to $136 billion. So, we're almost halfway to that number just 3 months into the year.

If you're not getting nervous right about now (even if that's only about the amount of work we are all going to have to do)… read that again and let it sink in.

We're gonna need a bigger trough

That's been a busy week and nicely stacks up findings from the *IJGlobal* report on Q1 M&A activity which recorded almost $95 billion changing hands. In this report (published earlier this month), North America and Europe dominated activity with $51 billion (54%) and $36 billion (38%), respectively. When it comes to sector focus, telecoms and renewables led.

News was dominated this week by the AMP Capital disposals… or, more accurately, the fire sale by Collimate Capital Investment as it has now rebranded. While the "fire sale" tag is entirely unfair given the quality of the assets, it's bang on for a process prompted by reputational damage.

You will hopefully have read first on *IJGlobal* that DigitalBridge was lined up to acquire Collimate's international equity business… we broke that story Tuesday night with a news flash and nervously held our breaths until the next day when it was made official.

This deal set alarm bells ringing as we know DigitalBridge of old and it did not – on first viewing – seem to be a comfortable buyer for AMP's "infra equity business" as the buyer is famous in the digital infra space… and there seemed to be a disconnect. And yes, we can confirm there was a last-minute tussle with Apollo.

However, it turns out 40% of the assets fall into its sweet spot and the rest provide an awesome asset management fee stream. One fantastic consequence of this deal is that it gives DigitalBridge access to a whole new set of LPs, and it was sealed at a bargain basement up-front consideration of A$462 million ($328m).

And then there was Collimate's Australia infrastructure and real estate business that was acquired by Oz real estate trust Dexus. It had been long tipped as the buyer and it came as no surprise when it signed for an upfront cash consideration of A$250 million ($181m).

No numbers have been revealed on TotalEnergies' acquisition of Austin, Texas-based Core Solar, but it's a chunky deal involving a portfolio of more than 4GW of utility-scale solar and energy storage. These assets are spread across several US states, and they are at various stages of development. This is an ideal example of an energy major virtue signalling as it goes toe-to-toe with cash-rich infra funds looking to build their books. This deal rather puts one in mind of the InstaVolt acquisition in the UK where Zouk took the view that it would rather not hand the asset over to an energy major, opting to sell to EQT Partners. This could be the start of a rather worrying trend for those with dirty hands looking to scrape off the oil and waft away the whiff of gas.

It's never worth making a statement like that if you're not going to immediately contradict it… so it was with delight that while writing this (gone midday today), it was announced that Actis was selling Solenergi Power – the flagship company for its Sprng Energy platforms, one of India's largest renewable energy companies. The buyer… Shell Overseas Investments and the price paid… $1.55 billion. That rather knocks the theory in the last paragraph into a cocked hat, but the principle (where principles are in play) stands true and we reckon it's going to play out repeatedly in the future as virtuous sellers shun energy majors in favour of like-minded players. It's all nonsense, of course. But it's going to be "a thing".

Having been at the London party to celebrate the re-brand of First Sentier Investors to Igneo and having upset their marketing bod (apologies) by not giving a tuppeny damn about the new name beyond the confusion it creates in our database and in writing stories… it feels only right to fucus now on their big Australian deal. And it's a whopper. Igneo is paying just under A$500 million ($362m) – about A$100 million less than the vendor was seeking – for activist fund Elliott Management's Australian renewables business: Elliott Green Power Australia (EGP). I would like to take this opportunity to thank Igneo for the (very) orange body warmer (that's embarrassingly snug on this ample frame) and the black beany hat (that I'll never wear). The notebook on the other hand… tasty.

In Brazil this week, Petrobras signed on the dotted line to dispose of the Albacora Leste upstream assets to PetroRio for $2.2 billion (subject to adjustments at closing). Petrobras announced board approval for the sale of its 90% stake in the field on Wednesday and by Thursday it was a done deal. Given the direction of travel for cash these days, a sale in the O&G space always looks a little out of kilter, but there's actually a lot of activity in this space… just nobody wants to trumpet it too loud. This is without questions one of the embarrassing realities of life that no matter how much everyone wants to ring the ESG bell, we need oil and gas… and that need ain't about to go away.

A little more in tune with the woke mood of the day, KKR reached an agreement to acquire French solar and biomass company Albioma for around €1.6 billion ($1.7bn). The purchase price is €50 ($53) per share, in addition to a cash dividend of €0.84 ($0.90) – reflecting a premium of 51.6% greater than Albioma's share price as at 7 March. Solar remains a no-brainer, but you better have done your due diligence on biomass and future feedstock supplies. But all round, that's an ESG pat on the back for KKR.

Stepping back into the O&G space, but this time in support services with a reinvention towards ESG, Marguerite completed its acquisition of a 65% stake in France's Jifmar Offshore Services from Paris-based RAISE Investissement. The acquisition was made through Marguerite II and sees it take a majority stake in this integrated marine and engineering solutions provider with a fleet of 45 vessels. Established in 2005 to offer operational and support services to O&G companies, Jifmar has since evolved into a provider of engineering services for renewable energy, power, telecoms, aquaculture, and civil engineering… which makes it a popular buy.

Then a deal that all infra titles have been watching like hawks… because it's such a bread-and-butter European PPP secondary deal: DIF Capital Partners' sale of stakes in 3 Irish roads to Semperian. This sale was from DIF Infrastructure III which is right at the end of its 10-year life (vintage year 2012) and the sale was badly delayed by Covid. We are going to see a lot of deals like this in coming years which stands up the value of a fantastic tool on the *IJInvestor* website – the Asset Radar – which identifies assets owned by funds that are nearing the end of their lives… assets that will then be flipped into new vehicles or sold.

A really interesting deal that came completely out of the blue was Northleaf Capital Partners' acquisition from AEG of a majority stake in Uber Boat by Thames Clippers, London's river boat service. Again, no numbers associated with this deal, but given this infra hack observing their vessels plying the capital's waterways every day (when actually going into the office) it sparked interest… while also leaving me wondering when I will ever use this service! Mind you there's a cable car in London linking Greenwich to Royal Victoria Docks… and I've never even clapped eyes on it.

With caveats (possibly lack of grid connection), any PV project in south Europe is a tasty target… and when you have a portfolio of 263MW of solar developments in Italy and Spain, you'll not lack for buyers unless there are fundamental issues (which a big buyer might even be able to overcome). So, it was a no-brainer for Switzerland-based MET Group to acquire this batch from regional developers. The Italian projects are in the country's central and southern regions and total 213MW, with a ready-to-build stage expected to be reached by 2024. The Spanish assets include the 50MW Puerto Real 3 in Andalucía, which is already at a ready-to-build stage and commercial operations slated for next summer (2023). These acquisitions bring MET's portfolio to 714MW.

Anything in the digital infra space sparks interest these days and this week Thor Equities revealed it was planning its first move into the sector with the acquisition of rights to a data centre in Spain. Thor, through its subsidiary Thor Digital, proposes to develop a 100MW data centre in Madrid. The venture – Madrid One – has an estimated capex of €600 million ($631m) and will be delivered in stages, with the first one expected to have a capacity of 20MW.

Sticking with digital infra, Triple Point Investment Management vehicle Digital 9 Infrastructure (D9) acquired an 86% interest in Ficolo (founded in 2011 with facilities in Helsinki, Pori and Tampere), a Finnish data centre owner-operator. The sellers were Taaleri and Pontos and this deal puts the enterprise value of the company at €135 million ($145m).

Staying in Finland, Germany-based Flender completed the acquisition of wind turbine gearbox manufacturer Moventas Gears from investor N4 Partners. This deal includes all global production and service facilities and it will be merged into the business under Flender's Winergy product brand. This is an interesting business and it has gearboxes in 22GW of installed capacity. Given the energy security crisis and the resulting upsurge in activity combined with its market position, this is an excellent acquisition.

This next deal is in Switzerland – a market that we don't write about an awful lot – but this week saw Dutch regional data centre provider NorthC Group acquire Netrics' Swiss connectivity services and data centres. Again, no numbers have been revealed, and they describe Netrics as "an integrated enterprise solution provider for data centres, glass-fibre networks and private and public cloud services". It employs around 140 people and operates 6 data centres throughout the German-speaking area of the country.

Unnervingly similarly named to a sleepy hamlet close to where this infra hack was born and raised – Careston in the county of Angus – Carestone Group was acquired by an unnamed international investor for €168 million ($177.5m). The target is a portfolio of German care homes, and according to Carestone, the transaction represents "attractive properties with stable value" for the investor. You'd hope so at that price. The portfolio includes 9 sites, amounting to a total of 1,000 senior living and care units. This is a sector that IJ does not write about an awful lot and struggles to include under the infra banner (next stop funeral parlours). One can only hope that the buyer is an infra fund!

Majority stakes in 3 grid scale battery projects in New South Wales changed hands with Edify Energy offloading its holding to Australian investor Federation Asset Management. The assets – Riverina and Darlington Point Battery Energy Storage Systems – have a combined capacity of 150MW and are being developed in partnership with EnergyAustralia. Again, an asset that helps achieve energy security and its likes will never want for a buyer.

This one is more of an "investment into" than an "acquisition of", but it's relevant because it sees capital deployed in the digital infra space… which we always have eyes on. London-listed infra fund Pantheon Infrastructure (PINT) invested €26.5 million ($28m) in DELTA Fibre, a DI company that owns and operates regional fibre-to-the-home (FTTH) broadband in the Netherlands. IJ understands this is a co-investment alongside Stonepeak which acquired the business alongside EQT in October 2021.

And to round it off, we have Generate Capital – a San Francisco-based renewables firm – inking a deal to purchase 3 battery storage projects in California from esVolta. Generate will purchase the 7MW energy storage portfolio through the acquisition company GC esV Buyer, according to a US Federal Energy Regulatory Commission (FERC) filing that was submitted 25 April.

And that's about all this infra hack has the energy to write this Friday afternoon…