

Schroders to acquire a majority shareholding in Greencoat Capital A leading European renewable infrastructure manager

Schroders plc ("**Schroders**") is today announcing that it has reached agreement to acquire a 75% shareholding in Greencoat Capital Holdings Limited ("**Greencoat**") for an initial consideration of £358 million.

- Greencoat is one of Europe's largest renewable infrastructure managers, with £6.7 billion of AUM at 30 November 2021
- Greencoat pioneered large-scale renewable energy infrastructure investing in listed and private formats, delivering compound AUM growth of over 48% per annum over the last four years to 31 March 2021
- Over the past 12 months Greencoat achieved net new commitments for private funds and equity raises for listed funds of £1.6 billion (1 December 2020 to 30 November 2021)
- Schroders and Greencoat have an ambition to be a global leader in this fast-growing and important investment sector. Greencoat operates at the intersection of two significant growth opportunities:
 - The global transition to net zero – the US and European markets for renewable energy assets are forecast to grow by more than \$1 trillion to 2030
 - Significant and accelerating institutional client demand for environmentally positive products in order to meet their own sustainability commitments
- As part of Schroders, Greencoat's growth and its offering to clients will be significantly enhanced, benefitting from Schroders' distribution reach, sustainability capabilities, management experience and brand. Greencoat will become part of Schroders Capital, Schroders' private markets division and be known as Schroders Greencoat.

About Greencoat

Established in 2009, Greencoat is a specialist investment manager focussing on renewable energy infrastructure investing, including wind, solar, bioenergy and heat. Greencoat operates nearly 200 power generation assets across the UK, Europe and the US, with an aggregate net generation capacity of over 3 gigawatts.

Greencoat's investor mandates typically comprise permanent or 25-year capital, reflecting the longevity of the assets in which it invests. It manages the leading listed renewable infrastructure investment companies in sterling (Greencoat UK Wind PLC) and euros (Greencoat Renewables PLC) and has some of the UK's leading pension funds amongst its fast growing £2.9 billion¹ private market business. These strategies seek to deliver "secure income" like returns while providing capital preservation over the long term.

¹ As at 30 November 2021

The business has an excellent reputation and has demonstrated a consistent ability to deliver growth. It has a strong, experienced team who have contributed to its success over many years and which is known for the depth and quality of its operational asset management expertise. It is led by its four founders Laurence Fumagalli, Bertrand Gautier, Stephen Lilley and Richard Nourse. This management team will continue to run the business day to day, preserving the independence of the investment process and the distinctive culture which is a strong fit with Schroders' own.

Strategic rationale

The transaction is aligned with Schroders' strategy to build a comprehensive private assets platform and enhance our leadership position in sustainability. Providing private capital for the energy transition required to achieve a net zero future will become increasingly important as governments around the world look to accelerate towards this goal. This is an area where we can support one of the most significant transformations required in economies worldwide to mitigate climate change. In addition, there is strong investor demand for such long-duration assets providing long-term secure income streams.

The US and European market for renewable energy assets is forecast to grow by more than \$1 trillion to 2030. Schroders is ideally placed to take advantage of this global opportunity with its focus on investment and asset management into all renewable energy types.

Transaction structure and financial information

Schroders has agreed to acquire a 75% shareholding in Greencoat for an enterprise value of £358 million². The deal includes a potential earn out, payable three years after completion, which is subject to stretch revenue targets, the continued employment of the senior management team in the Greencoat business and is capped at £120 million. The purchase price will be settled in cash.

A series of options, exercisable by Schroders or the Greencoat management shareholders, are in place for Schroders to acquire the remaining 25% shareholding over time at a price based on a fair market valuation at the time of the option exercise. The structure of the option arrangements is designed to ensure maximum stability and alignment between the four founders and Schroders.

The business has a track record of delivering significant year on year growth, delivering compound AUM growth of over 48% per annum over the last four years to 31 March 2021 with revenues growing by 36% over the same period. Greencoat's revenue and pre-tax profits for the twelve months to 31 March 2021 was £38.2 million and £20.0 million respectively. Gross assets as at 31 March 2021 were £19.1 million.

In the period since 31 March 2021, Greencoat has generated net new raises and commitments of £1.1 billion and had £6.7 billion of AUM at the end of November 2021.

The proposed acquisition of Greencoat is a Class 2 transaction pursuant to the UK Listing Rules and is anticipated to complete in H1 2022 subject to regulatory approval.

Peter Harrison, Group Chief Executive of Schroders, said:

"We are pleased to welcome the Greencoat team to Schroders. Greencoat is a market-leading, high growth business, with an outstanding management team, which provides access to a large and fast-growing market in high demand among our clients. Its culture is an excellent fit with ours and Greencoat's focus aligns very closely to our strategy, continuing our approach of adding capabilities in the most attractive growth segments we can provide to our clients."

² Adjusted for surplus capital on completion.

We have demonstrated our ability to integrate acquisitions successfully, to generate growth and create significant value for our shareholders. We are confident that we will be able to leverage the strengths of both firms while preserving Greencoat's differentiated position in the market."

Richard Nourse, who founded Greencoat in 2009, said:

"We are all delighted to have found a partner in Schroders who sees the potential of our business and believes deeply in our mission to build a global leader in renewables investing. We are extremely proud of what the brilliant team at Greencoat has together achieved, creating a market-leading renewables asset management firm in the UK and Ireland, a strong platform in Europe and an important expansion into the US.

Combining this team with Schroders' global distribution network and expertise will enable clients to capitalise on the unequalled opportunity that our sector represents - a trillion dollar investable universe - and the chance to meaningfully support the global transition to net zero."

Forward-looking statements

This announcement and the Schroders website may contain forward-looking statements with respect to the financial condition, performance and position, strategy, results of operations and businesses of the Schroders Group. Such statements and forecasts involve risk and uncertainty because they are based on current expectations and assumptions but relate to events and depend upon circumstances in the future and you should not place reliance on them. Without limitation, any statements preceded or followed by or that include the words 'targets', 'plans', 'sees', 'believes', 'expects', 'aims', 'confident', 'will have', 'will be', 'will ensure', 'likely', 'estimates' or 'anticipates' or the negative of these terms or other similar terms are intended to identify such forward-looking statements. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by forward-looking statements and forecasts. Forward-looking statements and forecasts are based on the Directors' current view and information known to them at the date of this statement. The Directors do not make any undertaking to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. Nothing in this announcement or in the Annual Report and Accounts or on the Schroders website should be construed as a forecast, estimate or projection of future financial performance.

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