

Consortium agrees strategic partnership with Telstra InfraCo Towers

30 June, 2021

The Future Fund and Morrison & Co today announced an agreement for an Australasian consortium to acquire 49 per cent of InfraCo Towers from Telstra Ltd, which represents the largest network of mobile tower sites in Australia. The consortium comprises the Future Fund as its largest investor, Sunsuper and the Commonwealth Superannuation Corporation (CSC), and is managed by Morrison & Co.

Telstra InfraCo Towers owns and operates approximately 8,200 tower assets including over 5,500 mobile towers supporting critical digital infrastructure throughout Australia.

The transaction values the business at A\$5.9 billion, recognising the significant strategic value of the high-quality, well-located assets, with the transaction expected to complete in Q3 2021.

Dr Raphael Arndt, CEO of the Future Fund, said, "We are a large investor in Australian infrastructure which plays an important role in our portfolio. This investment further strengthens our exposure to digital infrastructure and the long-term thematic of data growth. We are pleased to partner with Telstra to play an important role in strengthening Australia's 5G infrastructure. The long-term growth potential and defensive cash flow profile of this investment is a valuable fit with our focus on diversification across the portfolio."

Marko Bogoevski, CEO of Morrison & Co, said, "We are pleased to have supported the consortium to secure this investment in essential mobile connectivity for local communities across the country. Telstra InfraCo Towers should deliver consistent long-term returns for our investors, supported by strong data growth and rising consumer and enterprise demand for mobile capacity and coverage. We see future opportunities to develop both greenfield and in-situ assets, including 5G network deployments, to provide efficient and reliable access for all customers."

Andrew Penn, CEO of Telstra said, "We are delighted to be forming a long-term strategic partnership with such high quality Australian institutions. Telstra InfraCo Towers' assets are amongst the most strategic critical infrastructure assets in Australia and support Telstra's world leading mobile network. The increased commercial focus on Towers since its establishment as a standalone business within Telstra is already delivering efficiencies and we look forward to working with Morrison & Co and the consortium partners to sustain its market leadership over the long term, through investment in new infrastructure and services, availability of competitive market offerings and leverage of new technology to improve speed and efficiency."

CSC's CIO, Alison Tarditi, said, "Our investment in Telstra InfraCo Towers enables us to provide our customers with high-quality, inflation-linked cash flows and capital growth generated through the provision of essential infrastructure to an increasingly digital economy. These assets complement our existing digital infrastructure investments, including Australian data centres, as CSC was an early mover into opportunities to provide the infrastructure of the future."

Michael Weaver, Head of Private Markets at Sunsuper said, "This partnership will provide a strong, defensive investment opportunity for our members, in a sector exhibiting positive momentum. The Telstra InfraCo Towers business delivers an essential service to many of our members, including those in rural and regional areas, and we look forward to working with our partners to maintain its market-leading position."

Telstra will retain a 51 per cent holding in the business and has entered into long-term service agreements with InfraCo Towers to secure continued access to services that will support their market leading presence in mobile and data services.

"Our consortium is looking forward to partnering with Telstra to support their growth ambitions. We are pleased to have unlocked this transaction by presenting Telstra with a compelling strategic proposition that recognises the value of their high quality network infrastructure assets," said Will Smales, Global Head of Private Markets at Morrison & Co.

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Notes to Editors

About Future Fund

The Future Fund is Australia's sovereign wealth fund. Standing at A\$179 billion at 31 March 2021, the Future Fund was established to strengthen the Australian government's long-term financial position. The Board of Guardians is also responsible for investing five other public asset funds with a combined value of over A\$47bn. The Future Fund's Australian infrastructure portfolio includes significant investments in Melbourne, Launceston and Perth Airports, the Port of Melbourne and CDC Data Centres and Powering Australian Renewables.

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About Morrison & Co

Founded in 1988, Morrison & Co is a global infrastructure investment management specialist, which manages multiple client mandates with total funds under management of approximately A\$19.3bn billion as at 31 May 2021. Morrison & Co invests on behalf of sovereign wealth funds, pension funds, and other public and private pools of capital. Investment mandates are tailored to each client and variously cover private and listed markets, equity and debt, and asset-specific management relationships. It is a leading investor in digital infrastructure, with an in-house team of world-class telecommunication and data professionals, managing a portfolio of integrated digital assets, including Vodafone NZ, CDC Data Centres, Australian Registry Investments and Kacific Broadband Satellites.

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About CSC

CSC is the Australian Commonwealth Government not-for-profit superannuation provider. With over 30 years of experience delivering consistent, high-quality investment returns and superannuation services to employees of the Australian Government and members of the Australian Defence Force (both current and former), CSC is the trustee of 5 regulated schemes and administers 6 unregulated/exempt public sector schemes. We support and service over 700,000 customers across the country and throughout their work-life journey, building their retirement savings in a way that helps them to enjoy sustainable income once they do retire. We manage and administer all of our schemes with the same principles of fairness and collaboration. We are committed to achieving our customer's financial outcomes by financing high-quality assets, businesses and activities that, in turn, can support higher-quality growth paths for the whole economy.

About Sunsuper

Sunsuper is one of Australia's largest and most awarded super funds, with 1.4 million members and around A\$90 billion in funds under management. As a profit-for-members fund our members are at the heart of everything we do, and, with no shareholders to pay, our only focus is delivering strong, long-term investment returns and great service to grow members' super balances so they can live their retirement dreams. We also support more than 150,000 registered employer clients across a diverse range of industries and nearly 3,000 financial advisers who provide advice to Sunsuper members across the country.