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Infracapital agrees to sale of Red Funnel to UK and Canadian pension schemes

Infracapital, the infrastructure equity investment arm of M&G Investments, announces that it has agreed to sell its 100% equity stake in Red Funnel, the original Isle of Wight ferry company, to a consortium of UK and Canadian pension schemes led by the West Midlands Pension Fund and the Workplace Safety and Insurance Board of the Province of Ontario.

Financial terms were not disclosed, and the transaction is expected to complete shortly.

Infracapital has owned Red Funnel since 2007 and has invested significantly in the business over the last 10 years to enhance both service and capacity. The fleet has been considerably upgraded, and both the on-board experience and customer service have markedly improved with 93 percent of customers rating the Red Funnel services as Excellent or Good. In 2016, Red Funnel carried over 873,000 vehicles and 3.4 million passengers, compared to 555,000 vehicles and 3.0 million passengers in 2006.

Ed Clarke, Co Founder and Director of Infracapital, said:

"Red Funnel provides essential services to both residents of and visitors to the Isle of Wight and we are very proud to have supported the business over the last decade. The hard work of the management team and the investments we have made have yielded significant benefits to customers, the local community and its economy. We are confident that Red Funnel will continue to grow under its new ownership and wish the business and its employees every success."

Michael Campbell, Director of the consortium, said:

"We are delighted to acquire Red Funnel in a partnership comprising UK and Canadian pension schemes. Red Funnel, which plays a critical role within its community, is led by a strong management team and a committed workforce who are dedicated to delivering reliable, safe, essential Isle of Wight ferry services. We are pleased to continue the tradition of investment in this proud 150 year old company."

Kevin George, CEO of Red Funnel, said:

"We are very grateful for the support provided by Infracapital and our customers over the last 10 years. Red Funnel has benefited hugely from a wide-ranging programme of investment and improvement, and I'm delighted that these are being recognised with fantastic customer feedback and repeat visitors. We are all excited to be working with the consortium as we continue to grow

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the business and provide safe and reliable ferry services, value for money and great customer service.”

- Ends -

Notes to Editors:

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About Infracapital

Infracapital is a leading European infrastructure investor, managed by M&G Investment Management, the European investment management arm of Prudential plc. Infracapital has raised £3 billion across four European infrastructure funds to date, comprising a team of over 30 professionals with investment, management and operational expertise. Infracapital’s approach to investment offers long-term value through the acquisition and active management of a diversified portfolio of core European infrastructure assets in both the operating and greenfield space. The value of investments will fluctuate and investors may not get back the original amount they invested. Target sectors include essential transportation, utilities, renewables and communications infrastructure.

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About the consortium

The consortium is a newly formed company established to invest in Red Funnel as a long-term investment on behalf of a group of UK and Canadian pension schemes led by:

- The West Midlands Pension Fund, one of the UK's largest pension funds. Its investment is facilitated by Pensions Infrastructure Platform, which enables UK pension schemes' long-term investment into UK infrastructure.
- The Workplace Safety and Insurance Board of the Province of Ontario is responsible for administering a no-fault insurance scheme that provides benefits to local workers. Its investment is facilitated by Caledon Capital Management, a Canadian-based investment advisor and manager on behalf of institutional investors.

About Red Funnel

Red Funnel is the original Isle of Wight ferry company with roots tracing back to 1820. Today the company employs some 460 people. Based in the UK port of Southampton, Red Funnel carries 2.3 million passengers and over 873,000 vehicles on its ferry route between Southampton and East Cowes and over 1.1 million passengers between Southampton and West Cowes on its Red Jet Hi-Speed service.