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11 October 2024

DIGITAL 9 INFRASTRUCTURE PLC

(“D9” or the “Company” and, together with its subsidiaries, the “Group”)

Appointment of new investment manager and AIFM

The Board of D9 is pleased to announce that it has entered into an agreement to appoint InfraRed Capital Partners Limited (“**InfraRed**”) as the Company’s investment manager and AIFM in charge of implementing D9’s previously announced managed wind-down.

The appointment is subject to regulatory approvals and third-party consents. The Board anticipates the appointment will become effective in Q4 2024. Triple Point Investment Management LLP (“**Triple Point**”) will continue to manage the D9 portfolio until the management of D9 transitions to InfraRed.

Investment management review

The appointment of InfraRed concludes the investment management review commenced by the previous Board as announced on 25 March 2024. This included an extensive review of the Company’s existing management arrangements, engagement with a number of high-quality investment management firms, a rigorous selection process, and consultation with D9’s major shareholders. The Board wishes to thank all parties who participated in the process.

In reaching its decision, Panmure Liberum Limited (“**Panmure Liberum**”) provided the Board with an independent review of the investment management arrangements which included evaluating the options available to the Company, comprising: (i) continuing to be managed by Triple Point on different fee arrangements; (ii) being managed by a new investment manager; or (iii) becoming a self-managed alternative investment fund.

The Board firmly believes that the appointment of InfraRed will offer shareholders a variety of benefits, as set out below, as the Directors seek to realise value for D9 shareholders from the implementation of an orderly managed wind-down of the Company’s remaining portfolio of assets.

Background to InfraRed

InfraRed is an international infrastructure investment manager, with more than 160 professionals operating worldwide from offices in London, New York, Sydney, Seoul and Madrid. Over the past 25 years, InfraRed has established itself as a highly successful developer and custodian of infrastructure assets that play a vital role in supporting communities.

InfraRed is an experienced manager of listed investment trusts, having been the investment manager of HICL Infrastructure plc (“**HICL**”), a FTSE 250 core infrastructure investor with a market capitalisation of c.£2.7 billion, since 2006. InfraRed also manages The Renewables Infrastructure Group Limited (“**TRIG**”), a FTSE 250 constituent with a market capitalisation of c.£2.6 billion, and one of the first renewable energy investment companies listed on the London Stock Exchange, since 2013.

Benefits to D9 shareholders

The Board’s decision to appoint InfraRed as the Company’s new investment manager was guided by several criteria given the requirement for an orderly managed wind-down. The Board believes the appointment will provide the following benefits to D9 shareholders:

- Extensive listed companies experience, as the manager of two of the largest and longest-established UK-listed infrastructure investment companies, given a combined market capitalisation of over £5.3 billion and HICL’s listing dating back to 2006.

- Access to a team of highly specialised and experienced investment professionals for D9, headed by James O’Halloran, a Partner in the European investments team with over 20 years of infrastructure investment M&A experience across a range of strategies, including flagship investment companies.
 - James played a key role in the launch of HICL in 2006 and has been leading its investment and divestment activities for the last 18 years. James has been responsible for the delivery of £2 billion of new investments and £1 billion of divestments on behalf of HICL.
 - Richard Crawford, who was previously Fund Manager for TRIG for 11 years and also worked with James on HICL’s IPO, will be providing support to the InfraRed team managing D9 in his capacity as senior adviser at InfraRed. These professionals will be supported by a strong, well-resourced platform of over 160 employees and partners.
- Expertise in digital infrastructure having completed 8 digital infrastructure investments and bringing deep experience investing in and managing digital and telecoms operational assets and businesses, via core and value-add strategies.
- Specific knowledge of Arqiva Group (“**Arqiva**”) with existing knowledge of its business plan, management team, and co-shareholders to seek to achieve maximum value from D9’s investment in Arqiva.
- Strong track-record of accretive divestments, having disposed of £1.7 billion of assets since the start of 2023 at an 11% premium to carrying value, over five funds, three continents and across both core and value-add strategies. This also includes extensive experience of executing transactions on a stand-alone basis, drawing on deep relationships with a range of financial and strategic investors.
- Highly relevant experience in delivering debt solutions for both listed investment companies and growth-orientated portfolio companies, with an in-house treasury function and deep lender relationships.

Terms of appointment

Pursuant to the terms of the new investment management agreement (the “**new IMA**”), InfraRed will receive a fixed annual management fee of £3.75 million for the first 36 months of InfraRed’s appointment and a reduced management fee of £1.75 million per annum thereafter until the Group’s last asset is sold. InfraRed has committed to use 10% of its annual management fee (net of applicable taxes) to acquire ordinary shares in the capital of D9 in the secondary market, unless it would be unlawful to do so. Any ordinary shares acquired by InfraRed pursuant to these arrangements will be subject to lock-in and orderly market provisions. Following the sale of the final asset, a fee of £100,000 per month will be payable until the earlier of (i) the Company being delisted; and (ii) 6 months from the date of completion of the sale of the final asset.

To appropriately align InfraRed with D9 shareholder outcomes, InfraRed will also be entitled to receive a performance fee based on distributions made to shareholders in excess of £225 million. InfraRed will be entitled to a performance fee of 3.5% of any distributions above £225 million, when aggregate distributions are in excess of £225 million but less than £300 million, and 4.75% of any distributions above £300 million when aggregate distributions are in excess of £300 million.

The terms of the new IMA provide that distributions to D9 shareholders will be assessed only after repayment of the Company’s revolving credit facility, any third-party financing, and any accrued liabilities of the Company. InfraRed will also be entitled to receive certain fees in the event of the termination of its appointment in prescribed circumstances. Any performance fees payable to InfraRed shall not exceed, in aggregate, £15 million.

The new IMA shall be terminable by either party by serving 6 months’ notice, with such notice not to expire earlier than 24 months from the effective date of appointment of InfraRed.

The appointment of InfraRed under the new IMA is conditional upon, inter alia, the required approval of the Jersey Financial Services Commission and the Financial Conduct Authority’s regulatory clearances to act as the Company’s AIFM.

Expected timing of InfraRed’s appointment

InfraRed's appointment as investment manager and AIFM is currently expected to become effective in Q4 2024, subject to obtaining necessary regulatory approvals and certain third-party consents. The Board has considered the views expressed by D9's major shareholders during the investment management review and looks forward to confirming InfraRed's appointment once regulatory approvals and third-party consents are received.

In light of timing constraints surrounding certain key workstreams to progress the Company's orderly managed wind-down, and cognisant of the need for an orderly transition of responsibilities from Triple Point to InfraRed, the Company has also entered into an interim support services agreement with InfraRed pursuant to which InfraRed will be engaged to work on these key deliverables with immediate effect.

The interim support services agreement provides for InfraRed to be paid the same fixed annual fee that will be payable to it under the new IMA and the new IMA will replace this interim support services agreement once all required regulatory approvals and third-party consents are received.

As announced on 30 April 2024, the Company provided notice to terminate the investment management agreement with Triple Point to take effect on 31 March 2025 in line with its contractual terms. Triple Point continues to work cooperatively with the Company on its approach to an orderly handover of its obligations and an earlier transition to InfraRed. As stated in the Company's 2024 interim report, the Company is in discussions with Triple Point regarding revised commercial terms.

Eric Sanderson, Chairman of Digital 9 Infrastructure plc, commented: "We are pleased to welcome InfraRed as D9's new investment manager and look forward to working with the team during the managed wind-down. Sale processes for D9's wholly-owned assets are progressing, albeit at a slower pace than we had anticipated. I would like to thank Triple Point for cooperating with the Board in the transfer of responsibilities to InfraRed."

James O'Halloran, Partner at InfraRed, commented: "InfraRed's 25-year history as a value-add investor, including in digital infrastructure, coupled with its deep expertise as the long-standing manager of two pre-eminent listed infrastructure investment companies and successful disposal track record over the last 18-months, will be brought to bear as we seek to deliver for D9's shareholders. We are looking forward to working closely with the Board to maximise shareholder value."

ENDS.

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The person responsible for arranging the release of this announcement on behalf of the Company is Helen Richardson, Company Secretary.

About Digital 9 Infrastructure plc

Digital 9 Infrastructure plc (DGI9) is an investment trust listed on the London Stock Exchange and a constituent of the FTSE All-Share, with the ticker DGI9. The Company's investment objective is to undertake a managed wind-down of the Company and realise all existing assets in the Company's portfolio in an orderly manner. For more information, please visit www.d9infrastructure.com.