

Media Release

Investors back sustainable infrastructure for pure-play energy transition

March 21, 2023: Demand for unlisted sustainable real assets has seen institutions join Federation Asset Management's Sustainable Australian Real Assets Fund (SARA) that invests in sustainable infrastructure including renewable generation, battery storage, bioenergy and waste-to-energy projects.

It is a pure-play energy transition fund targeting the deployment of up to \$1 billion of capital into SARA, with targeted risk-adjusted returns of 15%+ over the fund life.

The fund, designed for institutional investors, is targeting first close at the end of May 2023.

"The fund has access to a pipeline of sustainable energy infrastructure projects exceeding 20GW representing equity deployment of \$15 billion, with \$2 billion executable within 12 months," said Stephen Panizza, Partner, Federation Asset Management.

The Australian Energy Market operator (AEMO) forecast implies Australia's energy transition will require more than \$150 billion of capex on new sustainable energy infrastructure over the next 10 years .

"We are in midst of a once in a generation capital formation event in Australia. SARA's investment approach involves seeking a calibrated equity interest in project development companies to gain priority access to, and optionality over, quality energy transition projects.

"We have a pipeline of investment opportunities that meet our criteria with diversification in technology, geography and contracting. SARA will invest in developers, development projects and operating assets," noted Mr Panizza.

Among other sustainable assets the fund has the opportunity to invest in Windlab's substantial development pipeline.

Windlab, a leading Australian renewables developer, conducted a study on the amount of storage that would be required to support very high renewable penetration in the National Electricity Market (NEM). The study drew upon actual data from a 12 month period from August 2021 to August 2022. It concluded that with additional storage capacity of 24 GW and five hours duration, the NEM could have operated at 98.8% renewable generation in that year.

The opportunity for wind generation in Australia is particularly attractive, noted Mr Panizza.

"Wind resources across the NEM exhibit a low correlation, and a sometimes negative correlation with solar. Wind farms also have higher net capacity factors up to 45% onshore, versus maximum 28% for solar. Wind farm generation therefore commands higher dispatch-weighted prices than solar operators in the NEM.

"Australia has long been recognised as a leader in private infrastructure investment, both within our borders, and around the globe. We shall build on this legacy in the \$150 billion energy transition that is under way," he said.



About Federation

Federation invests in businesses that meet economic and social needs. We aim to become Asia-Pacific's leading investor in renewable energy, health and education real estate and operating companies with strong growth potential. Our team has a strong track record of working together over a number of years and offers unrivalled investment experience across these sectors.

The firm manages capital commitments of A\$1.4 billion for clients across the Asia Pacific region, including in Australia. Federation is a signatory to the United Nations Principles for Responsible Investing (UNPRI) and is certified by the Responsible Investment Association of Australasia (RIAA).

For more information please visit: <https://www.federationam.com/>

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For all media queries please contact

Simrita Virk

Capital Outcomes

simrita@capitaloutcomes.co