

# John Laing announces the sale of its 30% interest in InterCity Express Programme Phase 2 for a total cash consideration of up to £421 million

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John Laing Group plc has announced that it has entered into an agreement to sell its 30% interest in the InterCity Express Programme Phase 2, the UK rolling stock project for the East Coast Main Line, to AIP Management P/S, on behalf of certain of its managed or advised funds, for a total cash consideration of up to £421 million (before disposal costs).

The consideration represents a strong uplift on John Laing's valuation of £333 million as at 30 June 2020.

The transaction will complete in two stages. The first stage, which represents the sale of a 15% interest in IEP East, will generate consideration of £203.4 million. Completion is expected shortly, following customary consents from the senior lenders to the project.

Completion of the sale of the Group's remaining 15% interest, which is not subject to any further

conditions, will take place up to 12 months later at John Laing's election, and will generate additional consideration of £203.4 million plus interest, calculated at a rate of 7% per annum, earned during the period between completion of the first and second stages of the transaction. The consideration for the second stage of the transaction would therefore be up to £217.6 million.

Under the Group's dividend policy, shareholders will share in the success of this realisation, whereby the Group will pay approximately 5-10% of gross proceeds from the sale of investments on an annual basis.

Ben Loomes, Chief Executive of John Laing, said: "We are delighted to have successfully completed the sale to AIP of this high-quality, availability-based asset at a strong uplift to book value. This is an excellent example of how John Laing creates value through developing greenfield infrastructure, working closely with its partners to manage its projects through to operation, and then delivering strong realisation results for the Group's shareholders.

"High quality transport infrastructure is critical to society and John Laing is proud to have partnered with Hitachi Rail on both phases of IEP to deliver a project with significant benefits for passengers, the environment and communities.

We continue to make good progress in developing our investment pipeline. The prospects for infrastructure investment are stronger than ever. I am confident that our greenfield investment capability and partner relationships mean that John Laing is ideally placed to capitalise on the opportunities that lie ahead of us."

The InterCity Express Programme was designed to support growth and improve some of Britain's busiest intercity rail routes, and covered the finance, design, manufacture and delivery into daily service and maintenance of a fleet of 122 IEP trains. The contract awarded in 2012 consisted of two phases: IEP West, which John Laing fully realised in 2018; and IEP East, which closed financially in 2014, and covers 65 trains for the East Coast Mainline and the construction and refurbishment of four depots.

IEP East has been successfully delivered by Agility Trains East, a consortium formed between Hitachi (70% shareholder) and John Laing (30% shareholder). The bid consisted of a flexible, innovative and future-proofed solution, including bi-mode trains to accommodate the ongoing electrification of parts of the UK rail network and an efficient approach to maintenance, which makes use of existing depots as well as building new facilities. Members of the John Laing team have played key roles in the day-to-day running of the project. The Agility team has worked closely with Hitachi and other stakeholders to de-risk the project during the implementation phase, and also to identify and deliver value enhancements, including cost savings which have created value for both the project's client, the Department for Transport, and for its investors.

*Photo credit: John Laing Group plc*

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