

20 May 2020

## **Merredin Energy successfully refinances existing bonds with new bank facility**

Sydney, Australia – Palisade Investment Partners (**Palisade**) is pleased to announce the successful refinancing of a tranche of bonds issued by Merredin Energy Pty Limited (**Merredin**) with a bank debt facility totalling AUD \$43.0 million.

Merredin is an 82MW peaking plant located 240km east of Perth, WA. Revenues are underpinned by availability payments from the Australian Energy Market Operator. Asset management is overseen by Palisade Integrated Management Services, with operations and maintenance outsourced to TW Power Services.

Merredin’s new debt facility has been provided by ANZ and includes a significant improvement in pricing and terms as well as an extension of the tenor of its debt to just over eleven years. The proceeds will be used to refinance existing bonds which were issued by Merredin in 2017.

The refinancing follows a favourable regulatory change implemented in February 2020 which provides a guaranteed revenue floor on reserve capacity pricing for Merredin until September 2031. As a consequence of these changes, Merredin has been able to implement a fixed financing solution that removes future refinance risk from the business.

Palisade CEO Roger Lloyd said: “This refinancing, combined with the recent favourable regulatory change, means that Merredin has secured long-term financing with an all-in interest rate at historic lows. This provides Merredin’s investors with certainty and stability of returns over the long term through a combination of fixed revenues and a permanent financing solution that fully amortises Merredin’s debt over its legal maturity.”

Merredin's refinancing has been executed in accordance with Palisade's broader treasury risk management framework, which seeks to manage refinancing risk by targeting diversity of funding tenor and source across the portfolio, enhancing risk adjusted returns to investors.

Palisade holds a 46.7% interest in Merredin, comprising 23.4% held by Palisade's Diversified Infrastructure Fund (**PDIF**) plus one other Palisade direct investment mandate client which holds a 23.4% stake. The balance of Merredin is held Hoperidge Capital and their affiliates.

PDIF has provided investors with a total return of 11.9% p.a., including 8.8% p.a. of income before fees over the five years to 31 March 2020.

Merredin was advised by Planum Partners and King & Wood Mallesons.

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**About Palisade Investment Partners**

Palisade is a specialist, independent infrastructure manager that provides institutional and wholesale investors with access to Australian infrastructure projects through tailored portfolios and co-mingled funds. Palisade's multi-disciplinary and experienced team focuses on attractive mid-market assets that are essential to the efficient functioning of the communities and economies they serve.

For further information, visit: <https://palisadepartners.com.au/>