

Private capital: the movers and shakers of 2022

Star dealmakers The two dozen women and men behind a surge of activity, with the keys to billions of dollars in capital and the need to invest it.

Sarah Thompson and Anthony Macdonald

Mark 2022 as the tipping point in Australian deals. Volatile equity markets, uncertain public company boards and skittish investors meant the main game in dealmaking was in private capital land.

Private capital suitors were responsible for the year's biggest bids (Ramsay Health Care, Origin Energy, AGL Energy), second biggest completed deal (Sydney Airport), biggest fundraisings, and most frantic activity.

The growing war chests in private equity and superannuation funds' hands, an often long-term investment horizon and flexibility around deal structures helped private capital's change makers overtake public markets as the hottest spot for deals.

While momentum has been growing for the past decade, it's at the point where private capital teams inside the major investment banks, law firms and transactions services firms are bigger and busier than their public markets-focused peers.

No longer are private equity buyouts and direct super fund investment the cream on top of public markets M&A activity; they're driving the M&A cycle. And it's no longer just super funds buying ports or poles and wires companies and PE buying retailers: there's activity across the economy.

Australian and offshore private equity funds, for example, are scrapping over unprofitable or barely profitable listed software companies; energy hopefuls are snapping up the big electricity retailers and generators.

With that comes a shift in the gatekeepers of capital and power.

A new generation of private capital dealmakers has emerged, charged with deploying private equity's \$26 billion dry powder, a large chunk of Australian super funds' \$3.3 trillion in assets, and offshore pension funds' investment programs. Each has their niche – some prefer to buy small founder-led businesses, for example, while others invest in turnarounds or businesses with regulated cash flows – but together, they're changing the face of Australia's capital markets.

The deal advisers – bankers, lawyers, accountants, technical experts – have also pivoted to where the action is. (Caveat: we are light on the service providers this year but watch No.1 power banker **Jarrod Key**, who's slowly knocking off the big listed infrastructure players; Allen & Overy's incoming leveraged finance boss **Marlie Fels**; Johnson Winter Slattery duo **James Rozsa** and **Byron Koster**. And go-to sponsors bankers **Dragi Risteovski**, **Aidan Allen** and **Marc Rubinstein**.)

This year also saw the emergence of a new source of private capital activity: family offices. The Forrests' Tattarang,

Mike Cannon-Brookes' Grok Ventures and his Atlassian co-founder **Scott Farquhar's** Skip Capital (run by his wife, former infrastructure dealmaker **Kim Jackson**) each hit the headlines, often trying to invest alongside a better-known institutional investor like Canada's Brookfield or Stonepeak Partners. While their behaviour was often surprising, their conviction was unwavering.

The private capital wave is at the point where there's no stopping it. Perhaps that comes when Australia's defined contribution funds enter redemption phase, as more of their members draw pensions, and money managers can't afford to be sitting on illiquid assets. Still, private capital players seem to be resolving that problem among themselves; they seem pretty comfortable trading illiquid assets to their peers, or even rolling assets into continuation funds and selling them to new sets of investors. Both methods take away the need for a public market exit.

This list is not about explaining who runs the various private equity managers, superannuation funds' direct investment teams, or the like. It's not here to say **Chris Hadley** has created a local powerhouse at Quadrant Private Equity, that **Peter Cook's** franchise at Gilbert + Tobin is ageing like a fine wine, or point out KKR and Blackstone (hot tip for 2023: **Michael Blickstead** blowing the listed space wide open with \$US11 billion to deploy) are huge players globally. And it's not supposed to be a comprehensive who's who: private capital is a broad – and getting broader – church.

Rather, it has been compiled after dozens of conversations with dealmakers over the past 12 months, and is about unearthing often hidden stars behind the surging wave of private capital deals, or shining a light on those influential dealmakers who would often prefer to operate in the shadows. Some are at the private equity end of private capital, others at the super fund/infrastructure end. The best straddle both.

So, here's this year's private capital movers and shakers: two dozen women and men behind the surge of activity, with the keys to billions of dollars in capital and the need to invest it. These are the dealmakers you cannot afford to ignore. Because whatever transpires in Australian deals in 2023, whatever happens with interest rates or asset valuations, private capital players are sure to lead the way.

In no particular order:

Nik Kemp, AustralianSuper

AusSuper is the most effective infrastructure investor in the country. The \$260 billion money manager has gone from investing behind bigwigs such as Transurban Group or IFM



Macquarie Asset Management's Ani Satchcroft, above, and Adamentam Capital's Georgina Varley have both risen rapidly through the ranks. MAIN PHOTO: NICK MOIR



Investors to finding and executing on its own ideas. This year, AusSuper beat a strong field to secure a controlling stake in SingtelOptus' mobile phone towers, on its own.

It doubled down months later to add Macquarie-backed Axiom, another major telco tower owner. Kemp runs AusSuper's private infrastructure investments, and is a big part of that transition to investing directly where appropriate. Bankers and lawyers reckon he's easy to deal with, decisive, good at engaging strategic partners, and delivers what he promises. With AusSuper growing like a weed (assets under management have increased 2½ times in the past six years), Kemp and his team are hungry for more deals.

Ani Satchcroft, Macquarie Asset Management

Satchcroft has quietly built the best digital infrastructure portfolio of any fund in the Asia-Pacific region. She's flown through the ranks at Macquarie Asset Management (formerly MIRA) to be running the Australian investment team.

Her rapid rise over the course of only six years comes as she has helped re-establish Macquarie as a major private capital investor on these shores. She's anchored MAM's investments in VicRoads (\$7.9 billion), Vocus Group (\$4.6 billion) and AirTrunk (\$3 billion), among others. Seasoned dealmakers

reckon she's arguably the most impressive investor in Australia's infrastructure, with the support of Macquarie HQ to keep pushing for more deals. Satchcroft is described as decisive, energetic and consultative. She's tipped as a future global head of MAM.

Kellee Clark, Morrison & Co

Trans-Tasman group Morrison is arguably the local infrastructure sector leader, jumping first into businesses that don't fit the traditional infrastructure bill (radiology, data centres, renewable energy) and watching its rivals cotton on once asset prices have popped years later. Kellee Clark is Morrison's head of legal, and is highly regarded internally (CEO **Paul Newfield** reckons she's first among equals) and externally for her ability to drive transaction execution on most of the firm's largest deals. She is also on Morrison's investment committee, ensuring she has her finger on the pulse.

Kevo Sahagian, OMERS

Another banker turned infrastructure investor, Sahagian has helped turn big Canadian pension fund OMERS into a busy Australian

dealmaker.

Since he arrived at OMERS in October 2019, it has acquired a stake in NSW electricity transmission company Transgrid and a half-share in FRV Solar's Australian arm, and outmanoeuvred rivals to acquire TPG's telco towers and a bolt-on acquisition (Stilmark). Sahagian is well-liked, and described as a masterful tactician and dealmaker. He cut his teeth at Credit Suisse, Bank of America and RBC Capital Markets, and maintains strong relationships with former colleagues who now bank him as a client.

Daniel Timms, Igneo Infrastructure Partners

Igneo (formerly First Sentier/

Colonial First State GAM) has a newfound zest for deals, outlasting long-time rivals AMP Capital, Palisade Investment Partners and Infrastructure Capital Group to emerge as the busiest of Australia's mid-market set. Timms, head of asset management, is the face of the recent investment spree, which has seen Igneo acquire NZ's biggest rubbish business, Waste Management NZ, and buy a bunch of solar and wind farm assets for its new Atmos Renewables platform. Bankers reckon Timms is pragmatic and good under pressure.

John Hartman, Tattarang

John Hartman's comeback story from fund manager and insider trader to run the Forrest family's Tattarang is remarkable. Since turning up at

Tattarang in 2012, Hartman has raced up the ranks and was appointed CEO in October. In that time he's overseen more deals and more types of transactions than just about anyone in the country, putting him in the top echelon of Australian dealmakers.

He can consider deals of all sizes – \$10 million to \$5 billion – across the capital structure and just about all sectors, and does it 3500 kilometres away from the Collins Street/Pitt Street banker bubble. The culmination was Tattarang portfolio company Squadron Energy's \$4 billion acquisition of CWP Renewables in November. Hartman made sure the team stayed below the radar throughout the auction, gazumping rivals with a surprise bid. With Fortescue Metals' dividends likely to keep flowing into Tattarang, and his boss' appetite for assets showing no sign of easing, Hartman should have the bullets to land a few more surprises.

Ben Gray, BGH Capital

Ben Gray's been calling the shots in Australia's PE fishbowl for 15 years. He

graduated from being a big fish at TPG Capital to starting BGH with friends/colleagues Simon Harle and Robin Bishop five years ago. BGH is now on to its second fund and has had little trouble finding targets.

This year alone, it acquired Virtus Health before moving on to Kiwi fintech Pushpay and KKR's pubs group Australian Venue Co. We're still waiting on BGH to show it can make money for investors on the way out – although investors seem happy enough for now. Gray's influence now extends beyond investment bankers and corporate lawyers into politics and business more broadly. He's demanding to work for – but always in the thick of the action.

Jenny Newmarch, Aware Super

Newmarch is a senior portfolio manager at Aware, a top-five fund in the country by assets and one of the most active. She is methodical and participates

well in consortiums, which is where Aware mostly plays. Lawyers, bankers and rivals reckon she's pragmatic and easy to deal with, but has excellent deal instincts and pushes the right points.

Aware has a big private equity portfolio, tipping capital into PE funds run by 40-plus managers, and directly into deals via co-investments. Aware's name is coming up more and more in transactions; this year, for example, it was part of Potentia Capital's syndicate to buy Tyro Payments, and was given a look at KKR's proposed run at Ramsay Health Care before opting to stay out. Newmarch is ex-Macquarie and ROC Partners, before jumping to Aware in 2016 and into a position that ensures her front-row seats to a lot of PE action.

Gautam Rao, Commonwealth Bank of Australia

Rao has use of the country's biggest balance sheet, CBA, as head of private equity and structured finance. The former Deutsche Bank and HSBC leveraged finance banker jumped to CBA last year, and is said to have added a bit of an investment banker's mindset to the big four lender. While plenty of deals shown to CBA may be out of scope, Rao's the sort of banker who thinks about how a deal could get done within his bank's parameters rather than flat out rejecting proposals as they come in the door. It means CBA's popping up in more financing packages, and sponsors are taking notice.

Martin Cox, Milford Asset Management

The surprise of the list, this is one to watch. Kiwi fund manager Milford has been investing in Australian equities for decades, and we expect it'll be an emerging player in the local private capital market. Milford already has a private equity fund in NZ headed up by its private markets boss Cox, who's said to be smart and well-connected, and is starting to catch people's attention in Australia. Should Milford have a crack, it would be the latest in a line of Kiwi first/Australia second private capital managers, following in the footsteps of Morrison & Co and **Clark Perkins'** Mercury Capital.

Joel Thickins, TPG Capital

Thickins was a bold choice when plucked from CHAMP Private Equity to run TPG Capital's Australian team six years ago. He worked hard to put his stamp on TPG's team and portfolio early on. However, some swashbuckling investments in Novotech and Greencross soon had

him promoted to TPG partner and handed regional responsibilities. Thickins has introduced some select private capital investors to Novotech and Greencross, injecting funds into the respective businesses to support growth and provide some impressive valuation markers. TPG's investors are still waiting on their big paydays – but it's looking very much like a matter of when, not if.

Michael Lukin, ROC Partners

ROC's managing partner and co-founder is at the centre of Australia's PE universe. The firm has private capital covered from all angles – advising big super funds on which managers to invest in, overseeing secondary portfolio sales and running its own direct growth equity and agri funds. So Lukin has strong relationships with the underlying investors (limited partners) and PE fund managers (general partners), as well as his own band of dealmakers which source and execute the firm's own deals. Lukin knows everyone in the local industry, and sits on a bunch of boards on behalf of his firm's deals and clients.

Chris Allen, Corrs Chambers Westgarth

Lawyer Allen – who clients reckon is proactive, across the detail and highly responsive – led a team walkout at MinterEllison and into Corrs last year, to instantly propel Corrs back into the private capital game. Allen and his crew are a part of call for PE bigwigs PEP, EQT, Allegro, Bain Capital, Partners Group and KKR, and major investment banks including Barrenjoey, Credit Suisse and Greenhill. Corrs' team has some momentum, and when inertia eventually gives way to more successful deal executions, you can be sure Allen and his band of former Minters colleagues including **Ricky Casali**, whose fingerprints were all over David Jones, and banking partner **John Mosley** will be at the centre of the next wave of private capital M&A.

Beau Dixon, Anchorage Capital Partners

David Jones was perhaps the PE surprise of the year. Long talked about as a private capital target, Australia's oldest retailer was a costly basket case

for South Africa's Woolworths, and is in desperate need of attention.

PE funds have run numbers on it for decades, but it took specialist Aussie turnaround and corporate carve-outs investor Anchorage Capital to pull all the pieces together. Beau Dixon, a partner and investment committee member, had it wrapped and ready for Christmas. The deal bolstered Dixon's reputation for originating deals and winning over management teams. It capped a busy 12 months; he also acquired global wealth management technology business GBST and exited Rail First, which was turned into a core-plus infrastructure asset under his stewardship and sold for four-times investment money.

Jeremy Leibler, Arnold Bloch Leibler

The lawyer, affectionately known as "the gunslinger" for his aggressive letter writing and tactics, has plenty of experience advising founders and entrepreneurs on what to do with their business. He's now taking that into the world of private equity, spearheading his firm's new PE team with the promise to help investors win founders' backing for deals. He's sure

to pop up around Melbourne's rich listers – ABL just helped set up Danny Besen's new fund Arcus Partners, for example – and is already on BGH Capital's panel.

Luke Edwards, Brookfield

Edwards has transitioned from investment banking to investor with aplomb. Since landing at Brookfield last year, Edwards has been promoted to head of renewables and transition, which is a huge focus for the Canadian giant given its need to deploy a \$US15 billion global transition fund. That meant going after AGL Energy earlier this year, before changing tack with an \$18.4 billion bid for Origin Energy (where Edwards is heavily involved alongside Asia Pacific CEO **Stewart Upton**). Edwards learnt to work hard and fast at Goldman Sachs and Citi, and has retained that investment banking urgency and competitiveness at Brookfield. If Brookfield gets Origin Energy, as expected, he'll quickly emerge as a major player in Australia's energy sector.

Joanne Spillane, Macquarie Capital

Macquarie Group was quick to see the private capital wave, and assigned Australian investment banking team stalwart Joanne Spillane to cover private capital as a sector team. Spillane's been holding the super funds' hands as they dipped into direct investments and co-investments in the past decade or so, and is still there as they get more active and look to deploy bigger cheques. She works with bankers in infrastructure/utilities and financial sponsors on the advisory side, while Macquarie's making the most of the private capital's tailwinds as an asset manager and investor.

Tom Hodgkinson, QIC

Hodgkinson has helped get QIC ahead of the curve, taking its global infrastructure money down the healthcare path and redefining what investors would traditionally classify as infrastructure. This blurring of infrastructure and private equity hunting grounds typifies what's happening as super funds turn to private capital players to fuel returns, and the private capital funds chase assets to put that money to work.

Hodgkinson helped put QIC's infrastructure investors into Evolution Healthcare, a private hospital group formerly owned by PEP, and bolt Healius' Monserrat into QIC's Nexus to create the largest day hospital operator in the country. It capped a busy year with a partnership to invest in New Zealand-based Vector's smart meters business – the precise details of which are still to be determined. QIC's **Grace Harnwell**, **Michael Angelini** and **Patrick Mulholland** did that deal.

Michael Stock, Jefferies

US investment bank Jefferies has gone from a start-up in Australia to quickly become the go-to adviser for private equity exits worth \$500 million-plus. Deal-hungry country head Michael Stock is both in the engine room and front-of-house, and has the back-up in managing director **Paul Griffiths** to pull it all off. Jefferies' sell-sides include PEP's Autopacific Group, PEP/Carlyle's iNova, Quadrant's Icon Cancer Care and KKR's Australian Venue Co. Stock has also had his fingerprints on infrastructure deals, including AustralianSuper's big telco towers play.

Georgina Varley, Adamantem Capital

Varley's quickly emerged as a leader in the private equity community, busting into the traditionally blokey

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