Adara Partners – Equity capital markets advisor (2020)

Adara Partners acted as independent advisor to Sydney Airport (SYD) on its A$2bn PAITREO

Snapshot

- August 2020, announced alongside HY20 results six days early to shorten risk window
- A$2bn PAITREO (Pro-rata Accelerated Institutional with Tradeable Retail Entitlement Offer)
- Adara Partners, led by Matthew Grounds AM and Guy Fowler, acted as independent advisor to management and the board
- Second largest primary issuance in 2020 (NAB raised $3.5bn)
- First renounceable entitlement offer for 2020, offering all securityholders equal opportunity to participate

Adara Partners provided the following services

- Independent advice on whether to raise equity (fee structure not linked to raise decision)
- Once a decision to raise was made, analysis and recommendations on size, structure, and timing
- Ongoing support to SYD throughout the process, including:
  - Underwriter engagement and fee structuring
  - Observer to the Due Diligence Committee
  - Daily check-ins with management and other advisors
  - Detailed review of all ASX documents and the investor presentation
  - Board papers and presentations to the Board
  - Ad hoc matters relevant to the above

Outcome

- A transparent and equitable offer structure to all shareholders, and enabling those opting not to participate to receive value for rights renounced to compensate for dilution
- “…we can only applaud the decision by Culbert, his board and advisers Adara Partners…the fact that a business so dramatically whacked by the pandemic can take the time to treat investors with respect says …plenty about the long-term way Sydney Airport thinks about its shareholder base.” James Thomson, AFR
- Fully underwritten at $4.56 (15.4% discount to last close of $5.39)
- 93% take up by institutional investors. Remaining 7% cleared above the theoretical ex-rights price of $5.26 at $5.30. 62% take up by retail investors. Remaining 38% cleared at $5.50, returning $0.94 per security (less expenses) to each securityholder who did not participate
- Confidentiality maintained through to launch, with no increase to stock shorting despite broker commentary highlighting the expectation that SYD would undertake an equity raise during results season¹

Sydney Airport’s capital raise had a demonstrably positive impact on the company’s share price, rising 5% over the raise period

Collectively our Panel Members have advised over 90% of the ASX100 and have worked on many of the largest and most critical transactions in Australia’s corporate history. Adara Partners ‘services are not limited to the ASX100 – our Panel Members have worked on a range of public and private corporate engagements, providing our clients with their expertise, through wise counsel, financial and strategic advice.

Our Panel Members provide their time and expertise pro bono. All profits are donated to Adara Development, Adara’s not-for-profit arm that delivers services directly to more than 50,000 people living in poverty each year in Uganda and Nepal, and touches countless more through knowledge sharing.