



Media Release

September 15, 2016

Quadrant buys majority stake in Great Southern Rail from Allegro

Private equity firm Quadrant has entered into an agreement to acquire a majority stake in iconic tourism rail company Great Southern Rail (GSR), operator of luxury Australian transcontinental passenger rail services, The Ghan, The Indian Pacific and The Overland, from private equity fund manager Allegro.

Turnaround specialist Allegro initially acquired GSR in May 2015, a 16-month ownership period that saw it stabilise the business and more than double earnings.

Backed by institutional investors, including Australian superannuation funds, Allegro invests in private mid-market businesses within Australia and New Zealand, with more than \$650 million of funds under management. The company's current fund, Allegro Fund II, has successfully invested in a range of businesses, with more than \$100 million of funds available to invest.

Allegro Founding Partner and Managing Director, Adrian Loader, said when Allegro acquired GSR it needed capital and dedicated focus to grow. "It wasn't the right fit under its previous owner but it had a strong management team in place, iconic assets and was well positioned to capitalise on the forecast growth of the luxury experiential tourism sector in Australia," he said.

"We helped stabilise the business through targeted investment and allowed it to begin to fulfil its potential. As a result, GSR has since launched a suite of highly successful new service offerings and it is close to fully booked for this season with strong sales in place for next year.

"The transformation of GSR in a short time-frame is a testament to all involved and now is the right time to transition the business to its next phase under the majority ownership of a well-established growth facilitator."

Quadrant, which recently launched its eighth fund valued at \$980 million, is a leading mid-market private equity firm investing in companies in Australia and New Zealand. Quadrant has raised in excess of \$3.6 billion since inception in 1996 and its investors include Australian and global superannuation funds, investment funds and sovereign wealth funds.

"With the growing trend towards experiential travel by domestic and inbound leisure travellers, we believe GSR is well placed to benefit. We have been very impressed with Chris Tallent, GSR management and staff, and their passion and focus on reinvesting in and continually improving the quality of the guest experience," said Quadrant Managing Partner Marcus Darville.

“We look forward to partnering with Chris and the team to capture the growth opportunities in the market, further develop the rail experiences offered and enhance the brand,” said Quadrant Investment Director Simon Pither.

Key GSR management personnel, including Chris Tallent (CEO), Steve Bushaway (CFO), Steve Kernaghan (CRO) and Ian Ladd (COO) will continue under the proposed ownership arrangements.

The transaction is expected to be finalised in early October.

Media Enquiries

Please contact Paul Tierney, Managing Director, Porter Thomas.

0415 900 891 or paul.tierney@porterthomas.com.au

About Allegro Funds Pty Ltd

Established in 2004, Allegro is an independently-owned Australian private equity fund manager with over \$650 million of funds under management, investing primarily in private mid-market businesses within Australia and New Zealand.

Backed by a team of experienced investment professionals, Allegro deploys capital, expertise and a distinctly hands-on approach to investing in businesses requiring transformation.

The firm is based in Sydney, New South Wales.

About Quadrant Private Equity

Established in 1996, Quadrant is a leading mid-market private equity firm investing in companies in Australia and New Zealand. The company has raised in excess of \$3.6 billion and eight funds since inception.

Quadrant’s investments cover retail, healthcare, media, consumer foods, financial services and other sectors.

Quadrant’s investors include leading Australian and global superannuation funds, investment funds and sovereign wealth funds. Many of these investors have been investors across multiple Quadrant funds.