

## QUAYLE MUNRO HOLDINGS PLC (“QMH”)

### THE PFI INFRASTRUCTURE COMPANY PLC (“PFICo”)

Quayle Munro Limited (“QM”), a wholly owned subsidiary of QMH, is the manager of PFICo, an AIM listed company dedicated solely to investment in equity in Public Private Partnerships, particularly projects launched under the Private Finance Initiative. It has been announced today that the Board of PFICo is to recommend a cash offer of 308p per share by a subsidiary of Infrastructure Investors LP (“I<sup>2</sup>”) for its entire issued share capital. If accepted by the shareholders of PFICo, the offer will result in the company becoming a wholly owned subsidiary of I<sup>2</sup>.

QM’s management contract of PFICo runs for a minimum of a further two years, until June 2009, unless terminated earlier by mutual agreement. Annual management fees are currently running at the rate of £1.1 million per annum.

In terms of the QM management contract the bid price determines additional performance fees due to QM in 2009. At the offer price of 308p per share this additional fee would amount to approximately £7.5 million payable in December 2009.

QMH has a holding of 1,214,286 shares in PFICo, acquired at an aggregate cost of £2.0 million and their sale at the offer price will result in a cash receipt of £3.7 million. QMH has agreed irrevocably to accept the I<sup>2</sup> offer in respect of its shareholding.

PFICo has performed well since its flotation in July 2004. For a shareholder who came in at the flotation price of 140p, the internal rate of return based on the exit price of 308p and including all dividends paid will be approximately 34% per annum – an excellent performance which reflects QM’s success in making primary and secondary PFI investments for PFICo. If there was early termination of the QM management contract QM would seek to raise a new fund for infrastructure investment.

### TRADING UPDATE

Excluding any impact of the transaction described above QMH profits before tax for the financial year which ends on 30 June 2007 are expected to be higher than for the previous year. However the pipeline of new PFI advisory mandates - whether acting on behalf of bidders or for public authorities - is shorter than it has been, reflecting a general slowdown in the industry in the UK. Any early termination of the PFICo management contract would reduce repetitive fee income, offset by the

associated compensation and, in 2009 or earlier by agreement, by the payment of the additional performance fee.

### **THE UNLISTED PORTFOLIO**

Since the QMH interim statement issued on 27 February 2007 Morris Group has completed its financial year which ended on 31 March 2007. Unaudited management figures suggest operating and pre-tax profits will be in line with those which were referred to in the QMH interim statement.

Both Submersible Television Surveys Limited and AMG Systems Limited are continuing to trade satisfactorily and have started their new financial years with performances in excess of their budgetary expectations.

### **CONTACTS**

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