

Asset Management M&A Case Study – BlackRock’s Acquisition of GIP

On January 12, 2024, BlackRock and Global Infrastructure Partners (GIP), a leading independent infrastructure fund manager, jointly **announced** BlackRock’s agreement to acquire GIP

- ▶ The transaction highlights the broader market trend of asset manager M&A
- ▶ It was followed on January 16, 2024 by General Atlantic’s announced acquisition of Actis, a leading investor in sustainable infrastructure with ~\$12.5 billion in AUM

BLACKROCK



Overview

- ▶ Transaction creates a market-leading, multi-asset class infrastructure investing platform with combined client AUM of over \$150 billion across equity, debt and solutions and strengthens deal flow and co-investment opportunities
- ▶ Transaction structured for leadership continuity and alignment with BlackRock’s stockholders, with substantial majority of total consideration to be paid in BlackRock stock
- ▶ GIP’s management team will lead the combined infrastructure platform

Consideration

- ▶ BlackRock will acquire 100% of the business and assets of GIP for total consideration of \$3 billion in cash and ~12 million shares of BlackRock common stock
 - ~30% of the total consideration, all in stock, will be deferred and is expected to be issued in approximately five years, subject to the satisfaction of certain post-closing events
- ▶ Nominal value of ~\$12.55 billion (including deferred shares and \$650 million of retention – see below)
 - Implied acquisition multiple of ~25-29x 2024E P/FRE excluding \$650 million retention pool and future carry-in-line with premium private markets franchises now trading at 25-35x P/FRE*

Retention

- ▶ GIP owners/employees will retain carry in existing funds
 - ~\$650 million of retention, to be funded out of transaction consideration
 - ~60% of carried interest on future funds to be shared with combined infrastructure team

Governance

- ▶ Bayo Ogunlesi, GIP founder, Chairman & CEO, to join BlackRock Board of Directors following closing
- ▶ Each GIP owner-seller will execute a shareholders’ agreement requiring that shares be voted in line with recommendation of BlackRock’s Board of Directors

Source: Company press releases; BlackRock investor presentation

* Per BlackRock investor presentation; based on analyst price targets and 2024E FRE for selected publicly traded alternative peers as of January 9, 2024

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