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Origin to renegotiate $6.6bn bank loan facility ORIGIN **Energy** is seeking to renegotiate a $6.6 **billion** bank facility secured last year in an effort to capitalise on benign credit markets and the bullish outlook for its Australia-Pacific LNG project in Queensland, which is due to start production in mid-2015.

The **company** has appointed National Australia Bank, ANZ, Commonwealth Bank and the Japanese lender, Mizuho, as **lead** arrangers to this latest deal, that will reduce the lending margin and extend the tenor of the debt.

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All four institutions hold large stakes in the facility, with the typical loan size ranging between $500 **million** and $700m.

Origin declined to comment on the negotiations but the fresh terms are expected to be finalised by the end of the year. According to sources, the loan margin on the facility will be cut by 25 to 30 basis points while the four- and five-year repayment horizons will be reissued, effectively extending both tranches by over a year.

Origin's aggressive move to cut its debt costs, less than 18 months after negotiating one of the biggest corporate refinancing deals in Australia's history, highlights the intensifying competition among banks as borrowers take advantage of record low interest rates and resurgent investor demand in the higher-yielding US term loan **B** markets. One source claimed Origin is likely to receive uniform acceptance from its 30-odd lending syndicate, with only one offshore institution so far in doubt.

Yet while the dearth of corporate deal flow is one factor driving lenders to accept less favourable terms, much of the support for Origin stems from the **company**'s bullish earnings prospects. Once in full production, the APLNG project in Gladstone is projected to increase distributable income by around $US1bn ($1.16bn) a year, according to recent management forecasts. As one source pointed out, "virtually every bank will want to roll over this debt. It's not just the low deal flow, this is also a **company** specific situation given the amount of money APNG will be pumping out from next year".

Origin will have to pay a repricing fee of around 15 basis points, as well as an extension fee on the facility which hit $8.6bn last year. That figure was whittled down by $2bn after the **company** issued two separate debt tranches. At the time, Origin's refinancing ranked as the second largest ever structured in Australia, with ANZ, Bank of America Merrill Lynch, Goldman Sachs, J.P. Morgan and UBS all underwriting the deal. It has since been eclipsed by the gargantuan $22bn Westfield refinancing.

Origin's decision to change its bank facility follows the issuance of a €1bn ($1.4bn) hybrid note in September to help finance the $US600m Poseidon gas reserve off the coast of Western Australia.

Goodman back on top SPECULATION on the timing of block trades has always been a favoured sport in financial circles. A steady share price increase often signals an imminent move and so it's no surprise listed warehouser Goodman Group is back at the top of the watch list.

China's sovereign wealth fund, China Investment Corporation, owns almost 9.9 per cent of the stock and has little interest in holding it for the long term, given its stated preference for direct real estate exposure. An exit then is inevitable. The question is when.

According to investor sources two banks pitched CIC for a mandate last week but were rebuffed.

While this may reflect CIC's determination to retain the exposure in the short-term, others believe the fund may already have drafted in a bank. Goldman Sachs, which executed a $521 million exit in December 2012 for CIC, remains in pole position for a second trade.

That deal, equating to 6.9 per cent of Goodman's register, more than doubled the Chinese funds' initial investment made in 2009 when the ructions unleashed by the global financial crisis forced the property landlord into a deeply discounted equity raise. CIC also helped prop up the trust with the purchase of a hybrid note that converted to equity.

Goodman's share price rise has been substantial. Goodman's security price closed last night at $5.73 and many in the market expect the trust to breach the next psychological price barrier of $5.80. If it breaches that level talk about a looming exit by CIC is likely to hit fever pitch.

Hedge funds are also keeping a watching brief on Spotless, the cleaning and catering contractor that was listed earlier this year by Pacific Equity Partners. While the private equity firm agreed to lock up its stake until the release of the 2015 financial year results, in-built trigger points mean part of the escrow may lapse next week.

Strong market debut APN Outdoor's solid debut yesterday marks another successful IPO for Quadrant Private Equity but has sparked concerns in some corners about the depth of investor appetite for the sector.

Shares in the stock closed at $2.65 yesterday, up from the issue price of $2.55. While the listing drew a strong line up of long-only fund managers, some in the industry questioned whether the appetite would extend to APN's rival oOh Media, owned by Champ private equity. A float has been mooted for early next year although Nine Entertainment has also been circling as it aims to diversify its media portfolio.

Quadrant has retained a 20 per cent stake in APN and has signed up to an escrow until the release of next year's results.

Recall's defensive play RECALL Holdings may use its mooted conversion to a US-based real estate investment trust as part of a play to pump up the company's value if Iron Mountain decides to push the button on a takeover approach.

If it moves ahead with the conversion, Recall would be going down the same path as Iron Mountain, its biggest competitor in the storage and information-management industry, which received approval from US authorities to become an REIT in June. The proposed REIT conversion could also be used as a defence lever by Recall.

Bloomberg reported in September that the Boston-based Iron Mountain was considering an offer to buy Recall for more than $US2 billion ($2.3bn). But Recall said it was not in takeover discussions with any potential buyers.

However, many still believe there is a logical and compelling deal for Iron Mountain to take over Recall in terms of market share and cost synergies. Therefore, it certainly makes sense for Recall to lift its value before sitting down at the negotiation table.

REITs pay out a large proportion of their earnings to investors in the form of dividends, but can also benefit from related tax exemptions.

The conversion to REIT adds at least 30 per cent to Iron Mountain's value, according to estimates by CBA analysts.

Macquarie said in a note earlier this month that a REIT conversion could add as much as $1.40 per share to the company's valuation, but also warned the transformation could be complex.

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