THE AUSTRALIAN

SE Business

HD DATA ROOM

BY BRIDGET CARTER, ANDREW WHITE

WC 1,146 words

PD 14 October 2014

SN The Australian

SC AUSTLN

ED Australian

PG 20

LA English

LP

Healthy contest for RNS hospital INDICATIVE bids for the buyout of Royal North Shore hospital in Sydney are due tomorrow, and among the groups to emerge as potential bidders are Cheung Kong Infrastructure Holdings, InfraRed and Queensland Investment Corporation.

Meanwhile, the National Australia Bank has been drafted in to work as an adviser for Palisade Investment Partners, which is also expected to lob a bid this week.

TD

Hong Kong-based CKI has been tipped as a likely contender for almost $100 billion worth of infrastructure to hit the Australian market this year, and is also believed to be vying for the British Gas-owned pipelines and water treatment plants worth $2bn-$4bn in Queensland.

Palisade, run by Roger Lloyd, was behind the Newcastle Mater Hospital PPP. Previously, The Australian named Capella Capital as an interested party. AMP, for which CIMB has been speculated as the likely adviser, and British-based John Laing have also been flagged as suitors.

RBS has InfraShore, which has a contract through to 2036 to finance, design and redevelop the Royal North Shore through a public-private partnership.

Sources have said they believe the asset is worth about $1bn, but others question whether RBS would achieve so high a price.

Some analysts are suggesting that margins are tighter than expected and there is a complex indexing swap arrangement linked to the debt on the asset.

The process is being handled by Goldman Sachs.

While RBS maintains a presence in Australia through its corporate and institutional banking operations, the financial giant distanced itself from the Australian market in 2012 when it sold its Asia-Pacific investment banking operation to CIMB for $267 million.

Bridget Carter

IFM seeks to land a Vienna airport stake DESPITE all the talk of infrastructure investment needed at home, a dearth of local opportunities looks to be driving Australian funds offshore.

IFM Investors, the $15bn group owned by super funds, has gone public with its intention to make a bid for a non-controlling 20-29.9 per cent stake in Flughafen Wein, the operator of the Vienna airport.

The bid is pitched at €80 a share, a premium of almost 30 per cent over the price of Flughafen Wein, whose shares were suspended on news of the bid in Europe early last night.

The price suggests an outlay of about €566m ($820.6m) for Airports Europe, the IFM-controlled entity that is bidding for the asset.

It follows the Westpac-backed Hastings Funds Management emerging over the weekend as part of a consortium with Canadian and European funds buying Porterbrook Rail Finance for $3.7bn.

IFM Investors owns assets including Anglian Water, Arqiva and Manchester Airports **Group** Andrew White

Takeover traumas give bankers the blues WITH the collapse of the potential takeovers of SAI Global and Treasury **Wine** Estates, the number of major deals failing to get across the line is sure to be trying the patience of investment banks. Macquarie Capital was working as SAI's adviser, while the initial suitor for the $1.1bn **business**, Pacific **Equity** Partners and US private **equity** giant Kohlberg Kravis Roberts, had Citi's private **equity** gun Aidan Allen in its corner.

Sources estimate Macquarie could have locked in an advisory fee worth as much as $10m had the **sale** of SAI proceeded, but now the payback was likely to be a few **million**.

This was based on a consensus among bankers that, typically, advisers secured between 0.5 and 1 per cent in fees on a **buy** or a sell side of a deal, depending on its size, if it proceeded.

Should the bid not eventuate, the bank typically is paid a far smaller retainer. The fees Citi would have been earmarked to earn would have been a lot less, sources said.

But the bank would have had more at **stake** as it would probably have capitalised on the opportunity to finance the deal as well.

Similarly, Goldman Sachs will be hoping to lock in the mooted $14bn BHP **Billion** demerger, for which it is an adviser.

Goldman was defence adviser for Treasury, likely to have also banked around $10m for its role in a takeover had it got it across the line.

The upside for Goldman is that the BHP deal is tipped to propel the bank to the top of the **M**&A league table with an estimated $20m haul of fees.

Last year, the Brambles demerger involving its $1.3bn logistics **business** Recall earned its advisers 1 per cent of the transaction value.

Packaging giant Amcor, however, paid advisers just 0.42 per cent of the transaction value when it demerged the $1.4bn Orora **business** the same year.

Bridget Carter

Investors on a roll as tech stocks rock TECHNOLOGY companies keep rolling on to the Australian Securities Exchange, and while some question how long the sector's run can last, many believe the strong appetite will remain.

Among them is corporate advisory **firm** Newport Capital, which is launching a fund offering investors exposure to tech stocks with an international presence.

It's the first fund launched by the advisory **firm**, which is chaired by George Bell, and it plans to target wealthy private families as investors. Among those on its hit list are the Myer family, the Libermans, the Pratts and the Smorgons. Some corporates, such as Virgin, have been targeted.

While some believe tech companies only attract investors in boom conditions and are about to fall out of favour in a weaker market, Newport's sales pitch is that the fund's lifetime will be long and the companies it invests in will be well regarded.

Initially, the fund was to be $250m in size when it was thought The Future Fund was an investor, but that has since been scaled back to $60m after the giant fund walked away.

Investments would be made in privately held venture companies that were already up and running.

Recently floated tech stocks have had some impressive results. The owner of Mathletics, 3P Learning, was branded as the most expensive float in the IT space after being given a listing price equating to 34.7 times 2015 forecast net profit.

Freelancer, which provides an online platform to connect businesses with freelancers looking for work, had a spectacular debut on the ASX last year, when its shares listed at 50c and ended its first day of trade at $2.50. The stock, however, has since retreated.

Bankers say tech stocks with international growth opportunities are more popular with investors.

They say the recent reporting season has seen companies with international growth outperform those with purely domestic operations, citing Seek, Ainsworth and CarSales as examples.

Among the numerous tech companies looking to list in the months ahead are Appen Holdings and Aussie Commerce, which owns the website deals.com.au.Bridget Carter

CO chkinf : Cheung Kong Infrastructure Holdings Ltd | queeic : Queensland Investment Corporation | hutwam : Hutchison Whampoa Limited

IN i502 : Heavy Construction | i81502 : Trusts/Funds/Financial Vehicles | iconst : Construction | icre : Real Estate/Construction | ifinal : Financial Services | iinv : Investing/Securities

NS c181 : Acquisitions/Mergers/Takeovers | c18 : Ownership Changes | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfcpin : C&E Industry News Filter

RE austr : Australia | queensl : Queensland | sydney : Sydney | apacz : Asia Pacific | ausnz : Australia/Oceania | nswals : New South Wales

PUB News Ltd.

AN Document AUSTLN0020141013eaae0003p