

# FINANCIAL REVIEW

**SE** Market Wrap - Street Talk  
**HD** **NSW to dispatch Endeavour Energy documents this week**  
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In an early Christmas gift for bankers, NSW is poised to send the information memorandum for the sale of a stake in its last power asset, Endeavour Energy, as first reported by Street Talk on Monday.

Interested parties are in the process of forming groups to bid for 50.4 per cent of Endeavour, the state's second-biggest electricity distributor. The auction is expected to raise about \$4 billion based on the prices paid for the earlier two sales, transmission grid owner TransGrid and the state's main distributor, Ausgrid.

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The sale documents, expected to land by the week's end, will outline more detail around the assets ahead of formal due diligence kicking off early next year.

Key members from the successful bid group for TransGrid, including Hastings Funds Management and Spark Infrastructure, are expected to re-form for the Endeavour process, although doubts surround the participation of their co-investors, funds from Canada and the Middle East.

QIC Ltd is also expected to table an offer, potentially together with AMP, although that group has yet to firm up. This column understands QIC fielded pitches from investment banks over the past week as firms seek to secure mandates ahead of year's end.

China's State Grid Corporation, one of the bidders for Ausgrid that was knocked back by the Foreign Investment Review Board, is understood to be interested in Endeavour, but requires a local partner. Cheung Kong Infrastructure, the other rejected Ausgrid bidder, is not expected to participate given its \$7.3 billion cash tilt for listed player DUET Group.

With more than 2500 employees and 0.9 million end customers, Endeavour owns a distribution network that supplies Sydney, the Blue Mountains, Southern Highlands and Illawarra regions. Its circa 35,000 kilometres of cables lie above and below ground.

Suitors will need to submit expressions of interest for the electricity distributor by January 16, state Treasurer Gladys Berejiklian said when kicking off the privatisation process last month.

Prospective bidders were informed of rules around overseas participation, with no single overseas bidder able to own more than half the 50.4 per cent stake being offered under a 99-year lease, as revealed by Street Talk.

Other rules stipulate that at least 20 per cent of Endeavour will need to be held by an Australian entity, and at least three senior managers need to be Australian citizens with requisite security

clearance, according to sources. Local board representation will also be closely scrutinised and the chair needs to be independent.

UBS and Deutsche Bank are advising the NSW government on the sale.

**CO** hasfml : Hastings Funds Management Limited | queeic : Queensland Investment Corporation | tastr : TransGrid | wstpac : Westpac Banking Corporation Limited

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