

SE Business
HD **Caltex and Goodman attract close scrutiny for block trades**

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THE largest shareholders of **oil** refiner Caltex and property developer Goodman Group are under close scrutiny for potential block trades worth a collective \$3.8 **billion** after Shell's \$6.1bn exit from Woodside Petroleum this week.

Should sovereign wealth fund **China** Investment Corporation and **energy** giant Chevron exit Goodman Group and Caltex, they will follow Royal Dutch Shell's sell-down of its 19 per cent **stake** in Woodside Petroleum on Tuesday, \$3.2bn of which was subject to a block trade.

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The value of block trades to date this year is close to \$5.2bn, according to figures from investment bank Citi, which was one of the banks involved in the **sale** of the Shell **stake**.

The bank's managing director of Capital Markets Origination, John McLean, said Shell's sell-down demonstrated that there was a lot of liquidity in the system.

"Conditions are certainly good," he said.

"Our market is interesting. There are good interest rates and high yields and the currency ... all it does is strengthen at the moment." Adding to the deals could be sales by vendors of interests in companies they have recently floated.

Private **equity firm** Pacific **Equity** Partners alone has close to \$2.3bn tied up in its recently listed companies, including Spotless and Veda.

Its 69 per cent **stake** in **Energy** Developments, worth about \$592 **million**, is not believed to be subject to escrow, and while some have suggested that **company** could be the next to sell, others are sceptical because the share price has stagnated.

With **China** Investment Corporation's 9.75 per cent of Goodman Group and Chevron's 50 per cent holding in Caltex, investment banking advisers were likely sounding them out about selling down their interests, according to market sources.

CIC's \$870m-odd interest in the industrial property giant Goodman has been subject to speculation for some time, but despite the share price trading strongly, an analyst questioned where the **Chinese** sovereign wealth fund would reinvest the money, given it was partial to Australian exposure.

Senior resources analyst Mark Taylor from Morningstar said the Caltex block was much larger than Shell's and a block trade was possible depending on tax arrangements.

"I think Chevron would be quite happy to exit that position if the price was right." One Caltex analyst, who did not want to be named, said Caltex would also not have the money to buy back stock, as was the case with Woodside, and the size of Chevron's **stake** (around \$2.95bn) would make it challenging to sell down in its entirety.

A foreign trade buyer could face issues from the Foreign Investment Review Board.

Given Chevron's Asian refining presence, it had a strategic interest in Caltex, where the **company** wanted to have a route to market. Caltex's share price had recently increased, and with the currency currently favourable, it would be a good time to sell from a trading perspective.

CO chinvm : China Investment Corp. Ltd. | magmgrp : Goodman Group | wodpet : Woodside Petroleum Ltd | social : Chevron Corporation | rnlp : Royal Dutch Shell PLC

IN i1 : Energy | i13 : Crude Oil/Natural Gas | i1300003 : Crude Petroleum Extraction | i81502 : Trusts/Funds/Financial Vehicles | i8150206 : Investment Trusts/Funds | i815020602 : Real Estate Investment Trusts | icre : Real Estate/Construction | iextra : Natural Gas/Oil Extraction | ifinal : Financial Services | iinv : Investing/Securities | ireest : Real Estate | isover : Sovereign Wealth Fund

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