

SE News  
 HD Newcastle coal exports port sold to China-backed group for \$1.6 billion  
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A China-backed consortium has outbid four other groups to acquire a 98-year lease on the coal exports port of Newcastle in the Australian state of New South Wales for A\$1.75 billion (\$1.62 billion), said New South Wales premier Mike Baird in a ministerial statement Wednesday.

Port of Newcastle Investments, a 50:50 joint venture between Hastings Funds Management and China Merchants Group, emerged as the successful bidder from a competitive tender that attracted international and Australian bidders, said the NSW premier.

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China Merchants Group is a Hong Kong-based conglomerate with interests in ports, property and energy that was founded in China in 1872, and is presently a state-owned enterprise of the government of China, said the company on its official website.

Australia-based Hastings is a specialist fund manager of infrastructure assets worth A\$7.4 billion including airports in Perth and Queensland and power and water utilities in Australia, according to the company's website.

Competitor bidders for Newcastle port included China's Cheung Kong Infrastructure, Australia's ATEC Rail Group, Global Infrastructure Partners and Deutsche Bank, and Macquarie and China Construction, according to unconfirmed reports.

"A private sector lessee will bring a range of benefits to the port including greater access to capital to support the development and growth of the port over time, and specialist infrastructure expertise," said the New South Wales premier in his statement.

Newcastle port shipped 142.6 million mt of coal exports in the financial year ended June 30, 2013, an increase of 17% on the previous 2011-12 financial year, according to Newcastle Port Corp. on its website.

The 98-year lease is granted over 700 hectares of state-owned land at Newcastle port including plots at Carrington and Kooragang precincts presently occupied by three coal terminals operated by Port Waratah Coal Services and Newcastle Coal Infrastructure Group, together with roads, wharves and infrastructure within the port's boundary, said Baird in his statement.

The port's land holding and assets will revert to the state government at the end of the 98-year lease period.

The coal terminals and other privately owned businesses at Newcastle port are unaffected by the transfer of the port's lease from the New South Wales government to Port of Newcastle Investments, said the NSW premier's statement.

Around A\$1.5 billion of the sale's proceeds are to be invested in new infrastructure including schools and hospitals in New South Wales, including A\$340 million to revitalize the town of Newcastle, said the premier's statement.

The government of New South Wales netted A\$760 million last April from auctioning a 99-year lease on Port Kembla port, also a conduit for coal exports, to NSW Ports Consortium. And the Queensland government sold 99-year leases on Brisbane port in late 2010 and Abbot Point port in May 2011.

Q Port Holdings a consortium comprising Global Infrastructure Partners, Credit Suisse, General Electric and two Australian pension funds paid A\$2.1 billion for the lease to Brisbane port, and India-based coal trader Adani acquired the lease on Abbot Point port for A\$1.829 billion.

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**CO** hasfml : Hastings Funds Management Limited | wstpac : Westpac Banking Corporation Limited

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