

FINANCIAL REVIEW

SE Market Wrap - Street Talk
HD **Banks snap up buy-side mandates for BG pipeline**
BY Edited by Sarah Thompson, Anthony Macdonald and Gretchen Friemann
WC 412 words
PD 22 July 2014
SN The Australian Financial Review
SC AFNR
ED First
PG 10
LA English
CY Copyright 2014. Fairfax Media Management Pty Limited.
LP

Finally, something new for cashed-up infrastructure investors to dig their teeth into.

Three months after the red-hot Queensland Motorways and Port of Newcastle auctions, BG has moved to fill the void in infrastructure land and released **sale** documents for its \$3 **billion** Queensland gas pipeline.

TD

BG, and adviser Goldman Sachs, released the information memorandum in stages late last week, and have asked bidders to take a look at the numbers and report back with indicative bids next month.

The time frame shouldn't be too stressful. Bidders have been studying the asset – BG Group's pipelines and other equipment linked to the \$20 **billion**-plus Queensland Curtis LNG Project – for more than 12 months, but were kept waiting on the IM so they could get into serious diligence.

Investment banks have also been called in to help, with most having been sitting on mandates for months.

Macquarie Capital is understood to be working with \$6 **billion** listed pipeline owner APA Group.

APA boss Mick McCormack flagged his interest in the pipeline some time ago and is considering whether to make a run now the numbers are out. Sources pointed to APA's co-investors in the unlisted **Energy** Infrastructure Investments – Marubeni and Osaka Gas – as potential bid partners.

Hong Kong's acquisitive Cheung Kong Infrastructure Holdings is believed to be taking counsel from Bank of America Merrill Lynch, while Morgan Stanley and RBC Capital Markets are tending to Canada's Borealis Infrastructure and local heavyweight, Hastings Funds Management.

QIC Ltd and IFM Investors have linked with Barclays Capital and another investment bank, while Citi's utilities team has also been working with a potential buyer for some months.

Elsewhere, Papua New Guinea-focused InterOil is expected to launch a share buyback of around \$US50 **million** (\$53 **million**) on Tuesday as management attempts to persuade the market the **company** is undervalued. InterOil, headed by Michael Hession, is in the midst of a recovery period after enduring a decade in the doldrums.

Earlier this year, the **company** sold down a majority **stake** in Elk-Antelope PNG assets to French giant Total and followed that up recently with a \$US300 **million** refinancing deal.

It is understood the share buyback will hit close to \$50 **million** with management wading into the market at the start of trade in New York on Monday.

CO austpi : APA Group | brgas : BG Group PLC | mcqbnk : Macquarie Group Limited

IN i1300006 : Pipeline Transportation | i1 : Energy | i13 : Crude Oil/Natural Gas | i1300014 : Natural Gas Extraction | i502 : Heavy Construction | i5020043 : Pipeline Laying | i814 : Banking | i831 : Financial Investments | i83101 : Investment Banking | ibnk : Banking/Credit | iconst : Construction | icre : Real Estate/Construction | iextra : Natural Gas/Oil Extraction | ifinal : Financial Services | iinv : Investing/Securities

NS ccat : Corporate/Industrial News

RE queensl : Queensland | apacz : Asia Pacific | ausnz : Australia/Oceania | austr : Australia

PUB Fairfax Media Management Pty Limited

AN Document AFNR000020140721ea7m0000x