

Subject to Copyright. See Copyright information at the end of this article.

BBI sells ports stake at discount

Jeffrey Hutton

The Australian Financial Review | 29 Jul 2009 | Page: 51 | Companies and Markets

KEY POINTS · B&B Infrastructure is selling its stake at 14pc off the originally agreed price, to save the sale.

· Antin Infrastructure Partners and Arcus European Infrastructure Fund will take up to 40pc of the business.

Babcock & Brown Infrastructure has had to sell a bigger stake of its Euroports portfolio at a greater discount to stave off investor moves to pull out of the business that would have jeopardised the sale process.

Antin Infrastructure Partners and Arcus European Infrastructure Fund scrapped a December agreement with B&B Infrastructure and will now take as much as 40 per cent of its Europort business for EUR141.5 million (\$242.5 million), a discount of almost 14 per cent on the original price. B&B Infrastructure had agreed in December to sell only a 29.7 per cent stake.

With cargo volumes falling as much as 20 per cent through key European ports such as Antwerp during the first half of 2009, B&B Infrastructure may need to give up 65 per cent of the Euroports business to Antin and Arcus if the assets do not meet undisclosed performance criteria.

Chief operating officer Russell Smith denied the track record bodes badly for the planned spin-off of its Dalrymple Bay Coal Terminal in Queensland and PD Ports in Britain, as the fund struggles to pay down some \$10 billion in debt.

"It's horses for courses," Mr Smith said. "Those are separate businesses in different environments.

"You have to be flexible to the buyer's needs or wishes to the extent you can. It's an extremely difficult market to be selling assets."

B&B Infrastructure expects to complete talks between four banks to refinance £100 million (\$198 million) in debt at its PD Ports business that matures this week, Mr Smith said. The company was in talks with "a number of parties" for both Dalrymple Bay and PD Ports.

Complicating the sale of the Euroports business were put and call options held by some investors that could unravel the ownership structure if the sale process failed, he said.

Under the agreement, Euroports increases its ownership to 100 per cent for five of the seven

Subject to Copyright. See Copyright information at the end of this article.

European ports, helping improve transparency, the company said. "The overall nature of this business is simplified as a result of this transaction. We would anticipate a much more efficient management of these assets."

Mr Smith denied the Europort sales conditions resembled the Powerco spin-off in February when a looming debt deadline forced BBI to sell a majority stake in the New Zealand power generator for 9 per cent less than agreed a year earlier.

"We were happy to give the buyers time to access the performance of the assets during the recession. It wasn't a situation where the terms of the transaction changed at the last minute. The market has changed considerably since the announcement."

© TM © | afr.com material is copyright & is published by Fairfax or under licence. Except for the temporary computer cache copy & a single permanent copy for personal reference, it may not be used, copied, reproduced, published, distributed, sold or resold, stored in a retrieval system, altered or transmitted in any form or by any means in whole or part or otherwise disseminated to others (except by fair dealing) without the prior written approval of Fairfax or the relevant licensor. AFR, afr.com, the AFR logo & the newspaper mastheads are trademarks or registered trademarks of Fairfax & its related bodies corporate. Other trademarks & logos of a third party may be displayed from time to time, but no display grants any licence or right of use of any such trademark or logo without the express written permission of the relevant owner.