

The Sydney Morning Herald

Business

BBI invites even more to its selling-out party

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456 mots

26 décembre 2008

[The Sydney Morning Herald](#)

First

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INFRASTRUCTURE

THE debt-laden **infrastructure** fund offshoot of Babcock & Brown is set to give up majority control of its European ports business as a part of the sale of its 100 per cent ownership, to which it had just brought two outside investors.

BBI is casting around for more partners after the move to sell nearly 30 per cent of Euroports to a consortium of new backers, one of which is the unlisted European **infrastructure** fund run by its one-time mothership, B&B.

The shuffling of share stakes will see the latest manifestation of a B&B managed fund acquire just under 10 per cent of its sister sharemarket-quoted vehicle.

B&B European **Infrastructure** Fund (BBEIF) was launched by B&B midway through last year and raised EUR2.2 billion from a number of investors, primarily pension and superannuation funds.

Its biggest investment has been the joint purchase of one of Britain's largest train leasing companies, Angel Trains, earlier this year.

BBEIF has joined another **infrastructure** fund specialist, the BNP Paribas-backed **Antin** IP, to subscribe for EUR121.5 million (\$250 million) of new shares in Europort that puts a combined equity and debt value of just over EUR1 billion on the business.

The two partners have the right to take their combined holding of 29.7 per cent to 49 per cent within 18 months of the deal, which was announced by BBI on Christmas Eve.

The ASX-listed BBI, which is run by its chief executive, Jeff Kendrew, said in a statement that it was also looking for other investors to take stakes in Euroports which would eventually see the fund's shareholding drop to between 25 per cent and 50 per cent.

The initial share sale will leave BBI with EUR35 million in cash after using part of the proceeds to fund further investment in some of the 20 ports around continental Europe and China that the company either owns or operates.

The sale of its investment is part of a reduction in BBI's size and its direct ownership of assets as the fund seeks to reduce its massive debts. This has included its just-agreed disposal of a 50 per cent holding in its New Zealand energy transmission division, Powerco.

The overhang of borrowings and a change in investors' attitude against such debt-funded business models has contributed to a collapse in BBI's share price over the past year, down from \$1.60 in January to just 6 cents. Its securities rose 1.4 cents to 8.9 cents on the news of the Euroports deal.

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