

BABCOCK & BROWN

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ASX Release

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NATURAL GAS PIPELINE ACQUISITION REACHES FINANCIAL CLOSE

International investment and specialised fund and asset management group Babcock & Brown (ASX: BNB) announced that together with Babcock & Brown Infrastructure (ASX: BBI) and a syndicate of investors and Babcock & Brown managed accounts, it completed the acquisition of an 80% investment in MidCon LLC (“MidCon”), which owns the Natural Gas Pipeline Company of America (“NGPL”) and related businesses. NGPL has a 100% enterprise value of US\$6.6 billion¹ (A\$7.6bn). BBI has acquired a 32% direct stake in MidCon.

Babcock & Brown’s direct commitment is 6% of the 80% of NGPL (4.8% direct interest) acquired. In accordance with its previously stated intention, Babcock & Brown has commenced a syndication process in relation to its commitment with strong interest received from major wholesale investors reflecting the strategic nature of the asset and the quality of the underlying cashflows.

The vendor, Knight Inc. (“Knight”) will retain the remaining 20% interest in MidCon and will continue to operate the pipelines under a 15-year operating agreement.

Peter Hofbauer, Global Head of Infrastructure at Babcock & Brown said, “We are extremely pleased to reach financial close on this transaction with a well supported syndicated funding package in place reflecting the debt markets ongoing support for assets with proven management teams and strong, transparent cashflows.

“We look forward to working closely with Knight, one of the premier pipeline operators in the US market, and look at this acquisition as a platform for the further development of our presence in the North American infrastructure market.”

ENDS

¹ excluding transaction costs and reserves

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Houston
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About Babcock & Brown

Babcock & Brown is an international investment and specialised fund and asset management group with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown was founded in 1977 and is listed on the Australian Securities Exchange.

Babcock & Brown operates from 30 offices across Australia, North America, Europe, Asia, United Arab Emirates and Africa and has in excess of 1,250 employees worldwide. Babcock & Brown has four operating divisions including real estate, infrastructure, operating leasing, corporate and structured finance. The company has established a funds management platform across the operating divisions that has resulted in the creation of a number of focused investment vehicles in areas including real estate, renewable energy and infrastructure.

For further information about Babcock & Brown please see our website:
www.babcockbrown.com