

Mergers & Acquisitions**Brookfield makes \$7bn takeover bid for Australian energy group AusNet**

Canadian asset manager's unsolicited offer follows series of infrastructure deals in the country



AusNet runs the electrical transmission network in Australia's state of Victoria. Its shares rose 20% on news of the takeover offer © Getty Images

William Langley in Hong Kong YESTERDAY

Brookfield Asset Management, the alternative Canadian asset manager, has made a A\$9.6bn (US\$7bn) takeover offer for Australian energy group AusNet Services, as global investment groups continued their sweep of the country's infrastructure.

AusNet said on Monday it had received an unsolicited bid of A\$2.50 a share, representing a 26 per cent premium on its closing price on Friday. The sweetened overture followed two previous proposals in August of A\$2.35 and A\$2.45 a share.

The deal would see Brookfield purchase AusNet in its entirety, buying out its two biggest shareholders, state-backed groups Singapore Power and China State Grid.

AusNet, which runs the electrical transmission network in the state of Victoria, said it would allow Brookfield to conduct due diligence on an exclusive basis, and that it considered the deal to be "in the best interests" of its shareholders and would recommend it unanimously.

AusNet's Sydney-listed shares rose 20 per cent on Monday.

Global investment groups have made a series of bids for Australian infrastructure in recent months, with acquisition attempts for the country's motorways, power networks and airports totalling more than \$26bn, according to data from Dealogic.

A consortium led by US private equity group KKR struck a \$3.7bn deal in August to [buy Spark Infrastructure](#), which owns stakes in power networks in Victoria and South Australia, while the board of Sydney's airport [accepted a bid](#) this month from Melbourne-based IFM investors.

The proposed AusNet takeover would also end a Chinese state-backed investment in a big Australian infrastructure group at a time of [heightened tensions](#) between the countries over trade and investment.

Any deal would be subject to a shareholder vote, which means it would have to be approved by at least one of the main shareholders, Singapore Power and China State Grid, which hold 32.2 per cent and 19.9 per cent stakes, respectively.

AusNet said it had related the terms of the bid to the two companies, but noted there was "no certainty" that granting Brookfield access would result in a deal, which would also be subject to approval from Australia's Foreign Investment Review Board.

Tim Buckley, an analyst at the Institute for Energy Economics and Financial Analysis said that with interest rates around the world at record lows, investors such as Brookfield were looking to infrastructure for steady, long-term returns.

"When you're investing in 20, 30 and 40-year timeframes for pension money, you've got to be patient, you've got to be low risk," he said.

AusNet said in a statement that it had an asset base of more than A\$11bn "as the owner and operator of 100 per cent of its assets", and it was "uniquely positioned for growth" as Australia transitioned to [lower carbon energy sources](#)."

"There is a huge amount of money flowing into decarbonisation globally," said Buckley, adding that electrical grids were an obvious target for net zero emission goals and that "the grid is fuel agnostic".

Brookfield declined to comment while the deal was pending. AusNet did not provide further comment for the same reason.

AusNet's financial advisers are Adara Partners and Citigroup, and its legal adviser is Allens.

