

Unsolicited Proposal: Partial Long Term Lease of Ausgrid Summary of Assessment

The NSW Government has accepted an unsolicited proposal from IFM Investors Pty Ltd and AustralianSuper Pty Ltd to acquire a 50.4 per cent interest in the 99 year lease of Ausgrid. The Unsolicited Proposal was received following a competitive process for Ausgrid that did not proceed to completion due to a decision of the Commonwealth Treasurer not to provide foreign investment approvals.

Proceeding with the proposal has been assessed as in the interest of NSW citizens and consistent with the State's policies on Unsolicited Proposals and major transactions:

- The unsolicited proposal assessment process takes into account the alignment of proposals with Government plans and priorities. The Ausgrid Unsolicited Proposal serves the Government's objective of unlocking value from electricity networks to invest in other forms of infrastructure.
- The proposal was assessed in accordance with the NSW Government's *Unsolicited Proposals Guide for Submission and Assessment (February 2014)*, as well as the evaluation criteria used in the recent Ausgrid bidding process. The Assessment Panel and Steering Committee determined that the proposal satisfied the assessment criteria.
- The transaction does not require Foreign Investment Review Board approval. This provides greater transaction execution certainty and an accelerated timeframe for completion of the transaction.
- The final binding offer is unconditional and reflects the governance, regulatory and commercial arrangements sought by the State.
- The price reflects an enterprise value for Ausgrid of \$20.7 billion and a multiple of 1.41x the June 2016 actual Regulated Asset Base (expected to be published in November 2016). This is a strong result and represents value for money for NSW, having regard to:
 - relevant valuation benchmarks, including offers received in previous bidding processes for electricity networks; and
 - the State's retention value.
- Early completion of the Ausgrid transaction delivers results for NSW taxpayers far earlier than undertaking a new competitive bid process and allows the Endeavour Energy process to be launched sooner.
- The proposal by the proponents will support the value of the State's retained interest in Ausgrid.

Assessment of the unsolicited proposal was undertaken by:

- an Assessment Panel comprising executives from the Department of Premier and Cabinet (Chair), NSW Treasury and the Department of Industry, Skills and Regional Development; and
- a Steering Committee comprising the Secretary of the Department of Premier and Cabinet (Chair), the Secretary of NSW Treasury, the Secretary of the Department of Industry, Skills and Regional Development and the Crown Solicitor.

NSW Department of Premier and Cabinet
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