2018-22
POWERLINK QUEENSLAND REVENUE PROPOSAL

APPENDIX 6.04

KPMG
Debt and Equity Raising Transaction Costs

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Delivering better value

DEBT AND EQUITY RAISING TRANSACTION COSTS

Powerlink Queensland

January 2016

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1 Executive summary

Powerlink Queensland (Powerlink) is in the process of proposing its revenue allowance under the National Electricity Rules for the next regulatory control period, being the period 2017 – 2022. As part of its submission to the Australian Energy Regulator (AER), Powerlink has engaged KPMG Corporate Finance (KPMG) to undertake a review and provide recommendations relating to debt and equity raising transaction costs.

Specifically, Powerlink has requested that we estimate both the total debt and equity raising transaction costs that a benchmark efficient energy network service provider would be expected to incur over the course of its determination period.

For this review, KPMG has taken account of recent developments from the regulator in regards to these costs, the recent PricewaterhouseCoopers (PwC) analysis commissioned by the Energy Networks Association (ENA) and recent submissions and responses to the AER from other regulated energy network entities (refer Section 3.2 for detail on methodology). Further, we have used Powerlink's forecast benchmark debt (being 60% of its forecast RAB) and forecast cash flows in our analysis.

1.1 Debt raising transaction costs

Costs associated with benchmark debt-issuance transactions

For the costs associated with benchmark debt-issuance transactions, we have adopted the methodology and resultant costs identified through the recent market research conducted by PwC of debt raising transaction costs. Given Powerlink's opening RAB of $7,225.90 million, the opening benchmark RAB debt is calculated to be $4,335.54 million (at the assumed 60% gearing). Therefore, utilising Powerlink's nominal vanilla WACC of 6.04% and the PwC methodology, we have determined an allowance for the costs associated with benchmark debt-issuance to be 8.29 basis points per annum (bppa).

Costs associated with the liquidity requirement

PwC, and subsequently Incenta Economic Consulting (IEC) (who have conducted debt raising transaction costs studies for other regulated energy network service providers), have both included in their assessments the costs associated with liquidity requirements. Whilst differing slightly in methodology, both note the rating agency, Standard & Poor's (S&P), has a stated requirement that for a firm to achieve an investment grade credit rating it must maintain a given level of liquidity [1].

In our analysis, we have adopted the "direct" methodology applied by IEC. This methodology "estimates the required liquidity premium in the same way that it is done by S&P (and applies this) to the cash flows of the benchmark firm" [2].

Given Powerlink's cash flow forecasts, we have determined that the liquidity reserve required to satisfy the methodology is $309.43 million, or equivalent to 6.86% of the benchmark RAB debt. The cost of establishing and maintaining liquidity lines of this nature is determined at between 6.69 and 7.03 bppa over the forecast period. Given the benchmark RAB debt, this is equivalent to a levelised total of 6.85 bppa.

[1] Standard & Poor's (Dec-2014), *Methodology and Assumptions: Liquidity Descriptors for Global Corporate Issuers*

[2] Incenta Economic Consulting (June 2014), *Debt Raising Transaction Costs – Ergon Energy,* pp. 1

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Costs associated with refinancing three months ahead of maturity

PwC and IEC have included in their assessments the costs associated with refinancing three months ahead of maturity. We have adopted the precedent methodology, accepting that it is a standard market convention to manage or avoid market disruptions that may occur, and is further supported by commentary from S&P in regards to managing the issuer's credit rating [3] . Both PwC and IEC apply the same methodology, calculating the cost of refinancing the maturing debt balance three months ahead and investing these proceeds in a BBB rated bond for this period (so as to not change the overall benchmark BBB risk of the firm).

Given Powerlink's assumed maturing debt and cost of debt, we have determined an allowance for costs associated with refinancing three months ahead of maturity to be between 1.83 and 1.90 bppa on the RAB debt, equivalent to a levelised total of 1.86 bppa.

Total debt raising transaction costs

Given the stated assumptions, cash flows and benchmark debt balance, we have determined the total levelised [4] debt raising transaction costs to be 17.01 basis points per annum on the RAB debt.

Table 1: Total debt raising transaction costs

	2017-18	2018-19	2019-20	2020-21	2021-22
Costs associated with debt-issuance transactions (bppa)	8.29	8.29	8.29	8.29	8.29
Costs associated with the liquidity requirement (bppa)	7.03	6.92	6.83	6.76	6.69
Costs associated with refinancing 3 months ahead (bppa)	1.90	1.88	1.86	1.85	1.83
Total debt raising transaction costs (bppa)	17.23	17.10	16.98	16.90	16.82
Levelised debt raising transaction costs (bppa)	**17.01**				

Source: Powerlink data, KPMG analysis

1.2 Equity raising transaction costs

Costs associated with equity raising

Equity raising transaction costs have been assessed, however we note that Powerlink is not forecast to incur a capital expenditure funding shortfall over the forthcoming regulatory period. As such, the forecast does not require any equity to be raised and hence Powerlink is not expected to incur any equity capital raising costs over the forecast period.

[3] Standard & Poor's (2008), *Refinancing and Liquidity Risks Remain, But Australia's Rated Corporates are Set to Clear the Debt Logjam*
[4] We have assumed a discount rate of 6.04%, being the nominal vanilla WACC rate

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2 Terms of reference

As part of its Regulatory Revenue Proposal for the regulatory period of 5 years from 1 July 2017, Powerlink Queensland (Powerlink) has engaged KPMG Financial Advisory Services (Australia) Pty Ltd (of which KPMG Corporate Finance is a division) (KPMG) to conduct the following scope of works ('Services'):

- Review the AER's "Better Regulation" regulatory regime as it applies to the consideration and inclusion of debt raising transaction costs, the National Electricity Rules, as well as recent third party analysis undertaken for the development of the regulatory regime
- Review recent submissions to and responses from the AER in relation to debt raising transaction costs by other regulated energy network entities
- Estimate the total debt raising transaction costs that a benchmark efficient energy network service provider would be expected to incur in the course of the upcoming regulatory period
- Estimate the total equity raising transaction costs that a benchmark efficient energy network service provider would be expected to incur in the course of the upcoming regulatory period

Our work has been performed in accordance with the above Services, as documented between KPMG and Powerlink on 17 June 2015. Our work commenced on 17 June 2015 and our fieldwork was completed on 14 January 2016. We have not undertaken to update this report for events or circumstances arising after that date.

In undertaking this analysis, we have relied on Powerlink's benchmark debt and cash flow forecasts, in particular the Post Tax Revenue Model (PTRM) received by KPMG on 14 January 2016. We understand this to be the final version of this model and have undertaken the analysis on this basis.

The individuals responsible for preparing this report on behalf of KPMG Corporate Finance are David Heathcote, Scott Mesley, Conrad Hall and Peter Burns. KPMG Corporate Finance and the individuals responsible for preparing this report have acted independently. No part of the fee paid to KPMG Corporate Finance was contingent on the conclusions reached, or the content or future use of this report. Except for these fees, KPMG Corporate Finance has not received and will not receive any pecuniary or other benefit whether direct or indirect for or in connection with the preparation of this report. A copy of the curriculum vitae of the relevant personnel who performed on this engagement is provided in Appendix A.

2.1 Importance notice

The attached report should not be regarded as suitable for use by any person or persons other than Powerlink or the Australian Energy Regulator (AER).

If you are a party other than Powerlink or the AER, KPMG Corporate Finance:

- owes you no duty (whether in contract or in tort or under statute or otherwise) with respect to or in connection with the attached report or any part thereof
- will have no liability to you for any loss or damage suffered or costs incurred by you or any other person arising out of or in connection with the provision to you of the attached report or any part thereof, however the loss or damage is caused, including, but not limited to, as a result of negligence

If you are a party other than Powerlink or the AER and you choose to rely upon the attached report or any part thereof, you do so entirely at your own risk.

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The responsibility for determining the adequacy or otherwise of our terms of reference is that of Powerlink.

The Services have not been undertaken in accordance with any auditing, review or assurance standards. Any reference to 'audit' and 'review', throughout this report, is not intended to convey that the Services have been conducted in accordance with any auditing, review or assurance standards. As our scope of work does not constitute an audit or review in accordance with any auditing, review or assurance standards, our work will not necessarily disclose all significant matters that may be of interest to you, Powerlink, or reveal errors and irregularities, if any, in the underlying information.

This report may contain certain statements, estimates and projections of anticipated outcomes based off the PTRM as provided by Powerlink. We do not made any statement in this report as to whether any forecasts or projections included in this report will be achieved, or whether the assumptions and data underlying any prospective financial information are accurate, complete or reasonable. We do not warrant or guarantee the achievement of any such forecasts or projections. There will usually be differences between forecast or projected and actual results, because events and circumstances frequently do not occur as expected or predicted, and those differences may be material.

The information presented in this report is based upon publicly available information and the PTRM provided by Powerlink. We have relied upon the truth, accuracy and completeness of any information provided or made available to us in connection with the Services without independently verifying it.

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3 Regulatory & historical context (debt raising costs)

3.1 Regulatory context

The allowed rate of return objectives are described by the AER in the guidelines published and adopted in 2013 under the "Better Regulation" framework:

> *"The allowed rate of return objective requires the AER to set the rate of return for a distribution or transmission service provider, which is commensurate with the efficient financing costs of a benchmark efficient entity with a similar degree of risk as that which applies to the distribution or transmission service provider in respect of the provision of regulated services."* [5]

Further, we note that Chapter 6 of the National Electricity Rules, version 72, Clause 6.5.2(k)(4) states that the AER must have regard to the following factor in estimating the return on debt (as a component of the rate of return):

> *"any impacts (including in relation to the costs of servicing debt across regulatory control periods) on a benchmark efficient entity referred to in the allowed rate of return objective that could arise as a result of changing the methodology that is used to estimate the return on debt from one regulatory control period to the next."* [6]

Regulated network service providers (NSP's) have reviewed the regulatory framework and have considered it relevant to include the costs of raising debt (and equity where applicable) in their rate of return calculations. A discussion on the historical context of these submissions is provided below.

3.2 Historical context

The first national study into debt (and equity) raising transaction costs was conducted by ACG in 2004 [7], commissioned by the Australian Competition and Consumer Commission (ACCC). This analysis observed there were two major components of debt raising transaction costs:

- Arrangement fees paid to banks as compensation for their management of the bond issuance process; and
- Ancillary fees associated with a bond issuance process, including credit rating agency fees and legal fees.

In more recent years, PwC was commissioned by the ENA to report [8] on debt financing costs for a benchmark efficient NSP. In this analysis, PwC identified three major components of debt raising transaction costs:

- 'Direct' financing transaction costs, being predominantly the costs identified by ACG
- 'Indirect' financing transaction costs associated with maintaining a liquidity reserve to provide for minimum rating agency requirements as stated in their rating agency methodology

[5] AER (2013), *Better Regulation: Rate of Return Guideline,* pp. 7
[6] AEMC (2015), *National Electricity Rules Version 72,* pp. 586
[7] ACG (December 2004), *Debt and Equity Raising Transaction Costs – Final Report to the Australian Competition and Consumer Commission*
[8] PwC (June 2013), *Energy Networks Association: Debt financing costs*

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- 'Indirect' financing transaction costs associated with issuing new bonds three months ahead of the bonds that are being refinanced. The requirement to refinance outstanding debt three months ahead is a standard market convention to manage or avoid market disruptions that may occur, and is further supported by commentary from S&P in regards to managing the issuer's credit rating [9].

Following the release of the PwC report, recent submissions to the AER, predominantly issued by Incenta Economic Consulting (IEC), have made the following comments in regards to the PwC report and approach adopted therein:

- IEC consider the three costs identified by PwC to all be 'direct'. They note that both of these items represent cash costs that regulated utilities are required in to incur in order to meet and maintain the requirements for an investment grade credit rating [10].

- IEC consider the approach taken by PwC to determining transaction costs associated with maintaining a liquidity reserve to be an 'indirect' method rather than the alternative 'direct' approach. The PwC method infers the liquidity requirement from the observed level of committed but undrawn bank lines from a sample of firms. IEC note that this approach could lead to over or under estimation of the liquidity requirement as the undrawn lines may reflect other objectives of the business, be required for unregulated activities or not be required due to strong parent entity support. As such, IEC have adopted a 'direct' approach to the determination of the required level of liquidity requirements utilising the S&P rating agency methodology in regards to liquidity requirements.

We consider the comments and approach from IEC in these instances to be more appropriate and have adopted these in our analysis.

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[9] Standard & Poor's (2008), *Refinancing and Liquidity Risks Remain, But Australia's Rated Corporates are Set to Clear the Debt Logjam*
[10] For example, Incenta Economic Consulting (June 2014), *Debt Raising Transaction Costs – Ergon Energy*

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4 Costs associated with benchmark debt-issuance transactions

PwC [11] identified two components of costs associated with benchmark debt-issuance transactions:

- Arrangement fees charged by investment banks for their management of the capital raising
- Other costs associated with the capital raising, including credit rating and legal fees

4.1 Arranger fee

PwC observed that data on Australian firms issuing bonds in the Australian market is not publicly available [12]. As such, they assessed Australian firms issuing bonds into the US markets. This assessment found:

- the average arrangement fee was in the order of 8.52 basis points per annum (bppa); and
- the fees were unrelated to issuance size, term at issuance or credit rating

In determining the 8.52 bppa result, PwC adopted a notional discount rate of 10% [13]. In response to submissions that have utilised this notional discount rate, the AER has noted that in their assessment they have used the entities nominal vanilla WACC to determine this result – for example, see Ergon Energy response [14].

In our assessment, we have adopted the AER approach and utilised Powerlink's nominal vanilla WACC of 6.04% to determine the bppa result.

4.2 Other costs

PwC [15] agreed with ACG [16] in observing ancillary fees associated with a benchmark debt-issuance include the follow components:

- *Legal counsel – Master program:* Legal costs incurred for preparing a bond Master Program, which is used as the base document under which multiple issuances of bonds are undertaken over a period of time (usually 10 years)
- *Legal counsel – fees for the issuer:* Fees charged by legal firms for preparing documentation for the issue of bonds under the Master Program
- *Credit rating - Initial credit rating:* Fee to establish a credit rating for the bond
- *Credit rating – Annual surveillance:* Fee to maintain the credit rating of the firm each year
- *Credit rating – Up-front bond issue fee:* Fee charged by the credit rating agency when a new bond is issued
- *Registrar – Up-front fee:* Initial set up costs compensating for establishing a registry service for a bond

[11] PwC (June 2013), pp. 14
[12] PwC (June 2013), pp. 14
[13] PwC (June 2013), pp. 19
[14] AER (April 2015), *Preliminary decision – Ergon Energy distribution determination 2015-16 to 2019-20, Attachment 3 – Rate of Return,* pp. 3-484
[15] PwC (June 2013), pp. 17
[16] ACG (December 2004), pp. xvii

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- *Registrar – Annual fee:* Annual fee charged by the registry service
- *Agent's out-of-pocket fees:* Out-of-pocket expenses charged by the bank undertaking the bond issue

Following interviews with market participants, PwC compiled the following list of bond issuance transaction costs:

Table 2: Other bond issuance transaction costs

Cost item	Unit	Estimated value	Source
Legal counsel – Master Program	Per 10 years	$56,250	Legal firms
Legal counsel – Fees for the issuer	Per issue	$15,625	Legal firms
Credit rating – Initial credit rating	Upfront	$77,500	Rating agencies
Credit rating – Annual surveillance	Per annum in total	$35,500	Rating agencies
Credit rating – Up-front bond issue fee	Per issue	5.2bps of issue size	Rating agencies
Registrar – Up-front fee	Per 10 years	$20,850	Banks
Registrar – Annual fee	Per annum per issue	$7,825	Banks
Agent's out-of-pocket fees	Per issue	$3,000	Estimated

Source: PwC (2013), pp. 18

4.3 Total costs associated with benchmark debt-issuance transactions

We have adopted the above costs associated with benchmark debt-issuance transactions, and have applied these to Powerlink's benchmark debt level. Given:

- Powerlink's opening regulated asset base (RAB) of $7,225.90 million [17];
- benchmark gearing assumption of 60%; and
- benchmark bond issuance size of $250 million

It is implied that Powerlink's benchmark debt level is $4,335.54 million, which would require the benchmark firm to undertake 18 bond issues of $250 million.

Utilising the above results, and assuming a nominal vanilla WACC of 6.04%, we have applied PwC's observations outlined in Table 2 to estimate benchmark debt-raising transaction costs for the estimated 18 benchmark bond issues.

[17] Powerlink Queensland PTRM

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Table 3: Powerlink – benchmark debt-raising transaction costs (bppa)[18]

Cost item	Estimated value	1 bond issued	18 bonds issued
Amount raised		$250 million	$4,500 million
Arrangement fee		7.12	7.12
Legal counsel – Master Program	$56,250 each 10yrs	0.31	0.02
Legal counsel – Fees for the issuer	$15,625 per issue	0.09	0.09
Credit rating – Initial credit rating	$77,500 upfront	0.42	0.02
Credit rating – Annual surveillance	$35,500 per annum	0.14	0.01
Credit rating – Up-front bond issue fee	5.2bps per issue	0.71	0.71
Registrar – Up-front fee	$20,850 each 10yrs	0.11	0.01
Registrar – Annual fee	$7,825 pa per issue	0.31	0.31
Agent's out-of-pocket fees	$3,000 per issue	0.02	0.02
Total (bppa)		**9.22**	**8.29**

Note: The difference between PwC's 8.52 bppa and the stated 8.29 bppa is due to the difference in discount rate applied (being 10.00% compared to 6.04%).
Source: Based on PwC (2013), pp. 18

[18] The costs noted are expressed in bppa, and as such will vary each year in proportion to the benchmark debt that is forecast for the regulated business.

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5 Costs associated with the debt liquidity requirement

In its 2013 report, PwC appropriately raised and discussed the requirement for an efficient NSP to maintain a liquidity reserve in the form of committed funding lines [19]. To determine the liquidity requirement, PwC assessed the liquidity lines maintained by peer entities as a proxy for the given regulated utility. In their subsequent analyses, IEC have adopted a different approach, utilising the S&P methodology for assessing liquidity – a so-called "direct approach". In our analysis, we have adopted the IEC "direct" approach.

5.1 Understanding the S&P liquidity requirement

S&P require at least an "Adequate" level of liquidity in order to support an investment grade credit rating [20], which aligns with the benchmark efficient credit rating of BBB+ as prescribed by the AER. In determining the liquidity result, S&P considers a forward looking ratio of Sources of Cash Flow (A) and Uses of Cash Flow (B) (which includes debt refinancing).

To achieve an "Adequate" result, S&P consider the following two ratios:

i. A / B is at least 1.2x for firms generally, and at least 1.1x for utilities [21]

ii. A / B is at least 1.0x in the situation where the firm's EBITDA is assumed to decline by 15% compared to the base case forecast

(collectively, the liquidity requirements).

5.2 Debt refinancing assumption

The majority of inputs for the calculation of the liquidity requirement are derived from Powerlink's Post Tax Revenue Model (PTRM). The exception is the quantum of debt to be refinanced in each period.

Under the IEC methodology [22], the amount of debt that was required to be financed 10 years prior is determined through the average of two proxies:

- Limb 1: The sum of new debt raising in year *t-10* (being capital expenditure and net change in the RAB for that year), and 10% of the opening RAB for that year; and
- Limb 2: 10% of the closing RAB for year *t-10*

The methodology effectively averages the assumed opening and closing debt balance from 10 years prior, and assumes that the average of these will need to be refinanced in the current period (given the assumed 10 year tenor of the benchmark bond issuance).

5.3 Determining the quantum of the required liquidity reserve

We have estimated the required quantum of committed but undrawn bank lines required to meet S&P's liquidity requirements. For the forecast period, the requirement ranges from $219.81 to $309.43 million as shown in Table 4 below. We note the approach required to meet S&P's liquidity requirements, and the

[19] PwC (2013), pp. 20
[20] S&P (2014), *Methodology and Assumptions: Liquidity Descriptors for Global Corporate Issuers*
[21] IEC (June 2014), pp. 10. For the purposes of this analysis, Powerlink has been considered a Utility and the rate of 1.1x has been adopted
[22] IEC (June 2014), pp. 12

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method that corporates use to access the bank markets, i.e. for a 3-year facility (as per section 5.3 below), a facility is not re-sized annually with the banks. Therefore the size of the required undrawn committed bank line is the maximum figure (D1 or D2) over the regulatory period as shown in Table 4, which is $309.43 million.

Table 4: Determination of the bank lines required to satisfy S&P's liquidity requirements

PTRM model outputs		2017-18	2018-19	2019-20	2020-21	2021-22
Total Sources (not incl. committed but unused bank lines)	A1	308.80	309.34	305.82	303.32	319.56
Total Sources (not incl. committed but unused bank lines), EBITDA falls 15%	A2	223.95	223.69	219.34	216.47	229.87
Total Uses	B	480.56	496.43	491.61	525.90	523.88
To determine liquidity requirement for A1 (to generate 1.1x)	C = B x 1.1	528.61	546.07	540.77	578.49	576.26
Undrawn committed bank lines refer 5.1.i above	D1 = C - A1	219.81	236.73	234.95	275.17	256.71
Undrawn committed bank lines for when EBITDA falls 15% refer 5.1.ii above	D2 = B - A2	256.60	272.75	272.27	309.43	294.01

Note: 1) Sources of cash flow is calculated as Funds from Operations (FFO) less proceeds of asset sales. FFO is calculated as EBITDA less interest paid and tax paid.
2) Uses of cash flow is calculated as the sum of: expected capital spending, debt repayments, dividend payments
Source: Powerlink data, KPMG analysis

Note: In determining the dividend payments, we have assumed a 70% dividend payout ratio on after tax earnings based on the Powerlink PTRM.

5.4 Commitment fee rate

In addition to the upfront fees required to establish these committed funding lines (which are dealt with in Table 7 below), there are ongoing costs associated with maintaining a committed but undrawn bank liquidity line, and these are termed commitment fees. These are fees applied by the bank to compensate for maintaining the limits for the borrower (including the relevant regulatory capital and associated credit charges) and for the flexibility to draw these at the borrower's discretion as required.

In regards to commitment fees, we have adopted the PwC assumption that the commitment fee is determined as 50% of the margin over the swap rate that the bank would charge for lending the funds (we note that we are seeing strong investment grade credits receive slightly improved rates to this level, however the historical market standard has been 50%).

We have adopted the PwC and IEC assumption that the liquidity line has a 3 year tenor. We note that in our experience liquidity lines can be for tenors of 1 to 3+ years, however there has been limited publicly available evidence in the last two years of liquidity lines with tenors shorter than 2 years. An assessment of regulated utility peer entities, including DUET Group, Envestra, Spark Infrastructure and SP Ausnet, show these entities have 3 to 5 year tenor revolving facilities and as such we have adopted the 3 year tenor for our liquidity line as advocated by PwC and IEC.

Further, we have adopted the PwC (and IEC) approach, which is considered common practice, to determining the relevant margin (proxy margin), being the spread between the Bloomberg BBB 3 year corporate credit curve and the 3 year swap rate.

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Given the recent market rates for the BBB 3 year corporate credit curve and the 3 year swap rate, we estimate the commitment fee to be as shown in the table below.

Table 5: Calculation of commitment fee

	Rate p.a.
Bloomberg 3 year BBB corporate curve yield	4.02%
AUD 3 year swap rate	2.24%
Implied 3 year margin	1.78%
Commitment fee (as 50% of implied margin)	0.89%

Note: The above BBB credit rated interest income rate has been calculated as the simple average of the rate for the 20 days to 8 January 2016. We note that this 20 day period includes the Christmas and New Year's period and is typically a period of low liquidity in the Australian credit markets, which may impact the resultant rate, but the result is not considered to be materially different to rates prior to this date.
Source: Bloomberg, KPMG analysis

5.5 Commitment fee amount

Given the required undrawn committed bank line of $309.43 million as per Table 4, and the commitment fee of 0.89% per Table 5, we have calculated the commitment fee on a total dollar and bppa basis.

Table 6: Benchmark committed bank facility commitment fees

	2017-18	2018-19	2019-20	2020-21	2021-22
Opening RAB	7,225.90	7,338.22	7,435.28	7,515.83	7,589.92
Debt (60% of RAB)	4,335.54	4,402.93	4,461.17	4,509.50	4,553.95
Committed bank lines required ($m)	309.43	309.43	309.43	309.43	309.43
Commitment fee ($m)	2.75	2.75	2.75	2.75	2.75
Commitment fee (bppa)	6.35	6.25	6.17	6.11	6.05
Average commitment fee (bppa)	6.19				

Source: PwC (2013), KPMG analysis

5.6 Transaction costs associated with establishing the committed bank lines

To establish the committed bank lines, the benchmark efficient entity will be required to incur transaction costs, in a similar fashion to the costs incurred in raising the bond requirements as noted above.

We have adopted PwC benchmark assumptions regarding these transaction costs, noted below. In regards to the establishment fee, this has been assumed to be 5.67 bppa. We note that in recent transactions the level of establishment fees is slightly elevated to this rate, however we have retained this level as advocated by PwC in their assessment.

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Table 7: Transaction costs associated with establishing the committed bank lines

	Basis	Cost	Annual	Bppa
Establishment fee	Up-front	$524,910	$196,519	0.45
Legal counsel – borrower	Up-front	$86,667	$32,447	0.07
Legal counsel – bank	Up-front	$90,000	$33,695	0.08
Syndication fee	Per annum	$30,000	$30,000	0.07
Bank's out of pocket fees	Up-front	$3,000	$1,123	0.00
Total annual equivalent			**$293,784**	**0.68**

Note: 1) The establishment fee is calculated as 5.67 bps per annum of the liquidity line required in 2020-21 (being $308.77 million)
2) Annualised rate based on assumed nominal vanilla WACC of 6.04%
3) The bppa result shown above represents the annual cost as a basis point of the RAB debt balance (i.e. for the establishment fee, the bppa calculation is $196,519 against the RAB debt of $4,343.43 million)
Source: PwC benchmark values, Incenta benchmark values

We present below the costs over the forecast period, given the required bank facilities.

The annualised cost is $0.29 million, and the average bppa is 0.66.

Table 8: Transaction costs (bppa)

	2017-18	2018-19	2019-20	2020-21	2021-22
Establishment fee (annual equivalent)	$196,940	$196,940	$196,940	$196,940	$196,940
Other bank transaction costs	$97,265	$97,265	$97,265	$97,265	$97,265
Total annual equivalent costs ($)	$294,205	$294,205	$294,205	$294,205	$294,205
Total annual equivalent cost (bppa)	0.68	0.67	0.66	0.65	0.65
Average cost (bppa)	**0.66**				

Source: PwC (2013), KPMG analysis

5.7 Total costs associated with the liquidity requirement

The table below sets out the total costs associated with the liquidity requirement. We have found that this cost to be $3.05 million, equivalent to a levelised cost of 6.85 bppa on RAB debt.

Table 9: Total costs associated with the liquidity requirement

	2017-18	2018-19	2019-20	2020-21	2021-22
Commitment fee (annual equiv.) (m)	$2.75	$2.75	$2.75	$2.75	$2.75
Establishment fee & other costs (m)	$0.29	$0.29	$0.29	$0.29	$0.29
Total annual equivalent costs (m)	$3.05	$3.05	$3.05	$3.05	$3.05
Total annual equivalent cost (bppa)	7.03	6.92	6.83	6.76	6.69
Levelised cost (bppa)	**6.85**				

Source: PwC (2013), KPMG analysis

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6 Costs associated with refinancing debt three months ahead of maturity

In its 2013 report, PwC appropriately raised and discussed the requirement for an efficient NSP to refinance three months prior to maturity [23]. The requirement to refinance outstanding debt three months ahead is a standard market convention to manage or avoid market disruptions that may occur, and is further supported by commentary from S&P in regards to managing the issuer's credit rating [24].

In our analysis, we have applied the PwC methodology [25], adopted by IEC [26], to determine the costs associated with refinancing three months ahead. This methodology assumes the benchmark entities refinances three months early, incurring the entities cost of debt for that period (negative carry costs). We set out below this analysis, being the three month incurrence of:

- Interest cost of 5.20% (Powerlink's cost of debt); and
- Investment income of 4.02% (the interest income that could be earned on 3 year BBB rated debt)

This will result in a "negative carry" cost of 1.18%, equal to a cost of $0.74 million if $250 million is assumed to be refinanced three months ahead.

Table 10: Bond refinancing cost summary

	Relevant rate	Upfront cash cost for $250m (m)
3 month interest cost on new bond	5.20%	$3.25
3 month BBB credit rated interest income	4.02%	($2.51)
Total cost if invested in BBB credit risk and no redemption / buy back	**1.18%**	**$0.74**

Note: The above BBB credit rated interest income rate has been calculated as the simple average of the rate for the 20 days to 8 January 2016. We note that this 20 day period includes the Christmas and New Year's period and is typically a period of low liquidity in the Australian credit markets, which may impact the resultant rate, but the result is not considered to be materially different to rates prior to this date.
Source: Bloomberg, Powerlink data, KPMG analysis

Using the same methodology as outlined in Section 5.6 in regards to establishment and other costs and in determining the maturing component of the debt portfolio, we detail below our estimate of the total cost of refinancing 3 months early. Our estimate of the costs range from 1.83 to 1.90 bppa, equivalent to a levelised total of 1.86 bppa on the regulatory debt over the period.

[23] PwC (2013), pp. 9
[24] Standard & Poor's (2008), *Refinancing and Liquidity Risks Remain, But Australia's Rated Corporates are Set to Clear the Debt Logjam*
[25] PwC (2013), pp. 9
[26] IEC (2014), pp. 18

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Table 11: Total cost of refinancing 3 month ahead

	2017-18	2018-19	2019-20	2020-21	2021-22
Maturing component of debt portfolio ($m)	$235.63	$236.45	$236.62	$237.96	$237.85
Negative carry cost ($m)	$0.70	$0.70	$0.70	$0.70	$0.70
Establishment fee & other costs ($m)	$0.13	$0.13	$0.13	$0.13	$0.13
Total costs ($m)	$0.83	$0.83	$0.83	$0.83	$0.83
Total annual equivalent cost (bppa)	**1.90**	**1.88**	**1.86**	**1.85**	**1.83**
Levelised cost (bppa) on regulatory debt	**1.86**				

Note: 1) The maturing component of debt portfolio is calculated using the same principles as the maturing debt assessment in Section 5.3, assessed on the current year RAB debt balance
2) Negative carry cost is calculated as the negative carry percentage (1.18%) assessed against the maturing component of the debt portfolio for the given financial year, assessed over a three month period
3) Establishment fee & other costs are calculated utilising the transaction cost items noted in Table 7 as applicable to the maturity component of debt for that financial year
Source: PwC (2013), KPMG analysis

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7 Summary of total debt raising transaction costs

We present below a summary of the three sources of debt raising transaction costs. We assess these on a total cost and on a bppa level, assessed against the forecast regulatory debt values per Powerlink's PTRM.

Table 12: Total debt raising transaction costs

	2017-18	2018-19	2019-20	2020-21	2021-22
Costs associated with debt-issuance transactions ($m)	3.60	3.65	3.70	3.74	3.78
Costs associated with the liquidity requirement ($m)	3.05	3.05	3.05	3.05	3.05
Costs associated with refinancing 3 months ahead ($m)	0.83	0.83	0.83	0.83	0.83
Total debt raising transaction costs ($m)	7.47	7.53	7.58	7.62	7.66
Costs associated with debt-issuance transactions (bppa)	8.29	8.29	8.29	8.29	8.29
Costs associated with the liquidity requirement (bppa)	7.03	6.92	6.83	6.76	6.69
Costs associated with refinancing 3 months ahead (bppa)	1.90	1.88	1.86	1.85	1.83
Total debt raising transaction costs (bppa)	17.23	17.10	16.98	16.90	16.82
Levelised debt raising transaction costs (bppa)	**17.01**				

Source: Powerlink data, KPMG analysis

In the table above, we show that the estimated dollar value of debt raising transaction costs range from $7.47 to $7.66 million. On a basis point per annum, based on the regulatory debt, we estimate a range of 16.82 to 17.23 bppa.

On a levelised basis, we estimate the rate to be 17.01 bppa. This has been determined by taking the estimated $31.83 million net present value (NPV) of total debt raising transaction costs, against the outstanding benchmark debt over the regulatory period. For this calculation, we have assumed a discount rate of 6.04%, being Powerlink's nominal vanilla WACC rate.

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8 Assumptions – debt raising transaction costs

For the purposes of the debt raising transaction cost analysis, we have utilised the following assumptions:

- A benchmark credit rating of BBB+ [27]
- A benchmark debt term of 10 years [28]
- A benchmark efficient regulated entity has a gearing of 60% (debt to regulated asset base) [29]
- Benchmark size of debt issuance of $250 million [30]
- Nominal vanilla WACC of 6.04% [31]
- Cost of debt of 5.20% [32]
- A 20 day simple average of the BBB corporate curve and swap rate has been utilised to assess the applicable interest rates (yield curve and swap rate) [33]
- Dividend payout ratio of 70% of NPAT [34]
- Liquidity line has a term of 3 years [35]
- Commitment fee on liquidity line at 50% of margin [36]
- Upfront fee on bank lines at 5.67 bps per annum [37]
- The individual amounts of each ancillary fee as outlined in table 3 [38]

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[27] AER (December 2013), _Better Regulation – Explanatory Statement Rate of Return Guideline,_ pp. 126
[28] AER (December 2013), _Better Regulation – Explanatory Statement Rate of Return Guideline,_ pp. 126
[29] AER (December 2013), _Better Regulation – Explanatory Statement Rate of Return Guideline (Appendices)_, pp. 126
[30] PwC (June 2013), pp. 4
[31] Powerlink PTRM
[32] Powerlink PTRM
[33] In line with prior submissions to the AER (see Transgrid "Total Debt Raising Costs" report, May 2014 pp. 15), and in line with market convention
[34] Powerlink PTRM
[35] PwC (June 2013), pp. 20
[36] PwC (June 2013), pp. 20
[37] PwC (June 2013), pp. 21
[38] PwC (June 2013), pp. 18

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9 Equity raising costs

Equity raising costs are a function of any required equity capital raise. For the purposes of Powerlink's regulatory submission, the calculation of equity raising costs will depend on (i) the methodology to attribute the costs to the equity being raised, and (ii) the amount of equity required to be raised.

(i) Equity raising costs considerations

- The types of equity raising costs to consider in the calculation may include legal, brokerage, marketing, due diligence and/or underwriting fees. The AER recognised equity raising costs in its December 2010 amendment of its PTRM by including a new "Equity raising cost-capex" worksheet for calculation of equity raising costs by a benchmark entity.
- The AER refers to equity raising costs that would be incurred by a benchmark efficient business as opposed to the actual costs that a given electricity transmission company may (or would) incur, similar to the approach adopted for debt raising costs.
- Following the December 2010 amendments, we note that further changes have been made to the calculation of equity raising costs (we refer to AER's third version of the PTRM released in January 2015).

(ii) Amount of equity to be raised

- The amount of equity required to be raised is a function of the quantum of new equity required to fill any shortfall in Capex Funding Requirement once all available retained cash flow (excluding dividend reinvestment) has been exhausted.
- The quantum of new equity required may be sourced by either a Dividend Reinvestment Plan (DRP), raising of external (or secondary) equity, or a combination of the two sources.
- The respective proportion of equity from these capital sources will be dependent on the capital expenditure funding shortfall and the "Dividend Reinvestment Plan Take Up" rate over the regulatory period. AER's current guidance refers to a 30% Dividend Reinvestment Plan Take Up rate.

The calculation of equity raising costs

In order to establish the overall equity raising cost, the respective equity capital to be raised (via DRP and/or external equity) is multiplied by the relevant cost of raising equity in percentage terms.

AER's current guidance on the cost of equity raising is:

- 1% for equity raised through the DRP; and
- 3% for equity raised through external sources.

With the release of the third version of the PTRM, AER acknowledged that the respective cost of equity raising from the two sources "should be updated from time to time". Therefore, although the latest PTRM maintains the 1% and 3% values as inputs to the model, AER's comments can be taken to mean that these may be revised during the regulatory submission process (presumably based on an independent expert assessment). It is noted that these rates have not been independently assessed for the purposes of this report.

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Equity raising costs for Powerlink

A review of Powerlink's PTRM demonstrates that Powerlink is not forecast to incur a capital expenditure funding shortfall over the forthcoming regulatory period, meaning that equity is not forecast to be required to be raised. This has been analysed based on forecast capital expenditure funding requirements, the debt component proposed and retained cash flow balances, which highlighted sufficient cash flow to manage capital expenditure requirements without the requirement of raising equity. Hence Powerlink are not expected to incur any equity capital raising costs over the forecast period.

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10 Declaration

I confirm that I have made all the inquiries that I believe are desirable and appropriate to complete the scope of work agreed with Powerlink and no matters of significance that I regard as relevant have, to my knowledge, been withheld from the Report.

____

David Heathcote
National Head of Deal Advisory, KPMG

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11 Glossary

Word	Definition
ACCC	Australian Competition and Consumer Commission
ACG	Allen Consulting Group
AER	Australian Energy Regulator
AUD	Australian dollar
bppa	Basis points per annum
DRP	Dividend reinvestment plan
EBITDA	Earnings before interest, tax, depreciation and amortisation
ENA	Energy Networks Association
IEC	Incenta Economic Consulting
NPAT	Net profit after tax
NPV	Net present value
NSP	Network Service Providers
Powerlink	Powerlink Queensland
PwC	PricewaterhouseCoopers
PTRM	Post Tax Revenue Model
RAB	Regulated Asset Base
S&P	Standard & Poor's
WACC	Weighted Average Cost of Capital

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A KPMG team CVs

See over page.

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Function and specialization

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Education, licenses and certifications

Masters of Applied Finance, Macquarie University, Melbourne; Graduate Diploma in Applied Finance & Investment, Securities Institute of Australia; Bachelor of Economics, Monash University, Melbourne

Background

David joined KPMG's Debt Advisory business in 2009 and has over 20 years of international banking experience.

Prior to KPMG, David spent 10 years with ABN AMRO working predominantly in Australia however, moved to the UK in 2006 where he held Global and European regional Executive responsibilities including:

- Head of Sourcing and Structuring Special Situations and Distressed Debt – EMEA
- Global Head of Debt Distribution Structured Capital
- Chief Operating Officer Structured Lending

David has been involved in a wide suite of debt products including, vanilla corporate financing and refinancing, project finance, leverage finance, acquisition finance, commodity and export finance, structured and infrastructure financing and syndications.

Professional and industry experience

Some of David's relevant experience includes:

- Laureate Education – advised on acquisition finance in relation to the acquisition of Think Education
- Lloyds International – providing transaction support to Lloyds International on the sale of Capital Finance Australia and Bank of Scotland International
- Royal Bank of Scotland – advised on the successful sale of RBS' Australian residential mortgage portfolio
- Silver Chef – financial advisory and options analysis
- Palm Lakes – debt options analysis and capital structuring
- Clayton Utz – capital structuring and financial modelling
- Ardent Leisure – market analysis and benchmarking
- American Express – counterparty risk assessment and benchmarking
- Mitsubishi Development – benchmarking and arms length debt testing
- Ausbao – debt arranging in relation to residential property development in Haymarket
- Minter Ellison – debt options analysis
- Qenos – advised on the new senior debt facilities for capital expenditure and plant expansion.
- Talent International – advised on the successful establishment of a new A$45m asset backed financing facility
- Port of Brisbane – capital management advice and preliminary ratings advisory
- CopperString – advised project sponsors on the financing of CopperString, a major greenfield power transmission project.
- FleetPartners – advised FleetPartners on establishing a large warehouse funding facility, public term ABS issue and first ever publicly rated operating lease ABS and subsequent refinancing strategies
- FlexiGroup – acted as advisory on the private placement of structured rated notes to an institutional investor and the refinance of existing warehouse funding lines
- Transfield Services - advised Transfield on their debt strategy, credit profile management and refinancing options
- Murray Goulburn – acted as advisor to Murray Goulburn in relation to its capital strategy and refinancing of its senior debt facilities
- Uniting Church in Australia (Queensland SYNOD) – provided financial due diligence services to Uniting Church in Australia Queensland Synod and advised on the successful refinancing of its debt facilities

Prior to KPMG

- BHPB – acted as joint Lead arranger and underwriter of US$6.5b bridge and term facilities for the WMC acquisition
- San Miguel – acted as lead arranger and underwriter in support of acquisition funding for National Foods Limited
- BlueScope Steel – acted as lead arranger and underwriter of the A$650m financing when initially spun off from BHPB
- Loy Yang A – acted as lead arranger and underwriter of project financing facilities associated with the privatisation of LYA powerstation
- CKI/HKE – acted as lead arranger of term acquisition bridge facilities on behalf of ABN AMRO in relation to Cheung Kong Infrastructure and Hong Kong Electrics acquisition of Victorian electricity retail and distributor, Powercor
- Transurban - Sole lead arranger and underwriter of Corporate debt facilities for Transurban including bridge to capital markets issue
  - Lead Manager on initial project financing for Melbourne City Link.

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Education, licenses and certifications

Bachelor of Commerce, University of Melbourne; Associate, Institute of Chartered Accountants in Australia; Graduate Diploma, Securities Institute of Australia

Background

Scott joined KPMG in 2002 following previous roles in industry and professional services. Scott has over 17 years of corporate finance and advisory experience, including in the areas of financial due diligence, valuations, financial modelling, transfer pricing, infrastructure project advisory, privatisations, restructuring and debt advisory. Scott is a Partner in KPMG's specialist Debt Advisory team that provides advice to corporates, not-for-profits, GBE's and government departments in relation to capital management strategies, benchmarking, funding options, debt structuring / restructuring and arranging.

Professional and industry experience

At KPMG Scott has undertaken a number of advisory engagements including:

- QLD Treasury – capital structure, dividend benchmarking analysis and ratings advice in respect of the stated owned regulated electricity networks, water infrastructure, power generation and bulk port facilities
- United Energy – comprehensive financial benchmarking review of comparable regulated utilities
- State Government – adviser to a State government in relation to the likely ratings treatment by S&P and Moody's in relation to an infrastructure project financed with third party debt via a wholly-owned SPV
- Melbourne Water – capital management and benchmarking advice to Melbourne Water within the S&P and Moody's ratings methodology frameworks
- Sydney Water – credit rating and benchmarking advice to Sydney Water within the S&P and Moody's ratings methodology frameworks
- South East Water – completed a capital management and benchmarking review for South East Water within the S&P ratings methodology framework
- ACTEW – advice in respect of dividend policy undertaken within an S&P ratings methodology framework
- RMIT University – advised RMIT in relation to its refinancing strategy and implementation of a $296m long term financing
- Swinburne University – provided capital management and structuring advice, debt documentation and debt strategy review
- Haileybury – advised Haileybury in relation to raising a $60m new debt facility to fund the acquisition of the City Campus
- Mentone Grammar – advised Mentone in relation to implementing a new $8m debt facility to fund Arts Centre Project
- Australian Catholic University – provided strategy refinancing advice in relation to ACU's corporate facilities and options for funding student accommodation projects
- University of Canberra – provided capital management and funding options advice in relation to funding student accommodation
- ACT Treasury – credit risk assessment of proposed funding by ACT of a student accommodation Project for an University of Canberra
- Curtin University – credit ratings and debt market advice to Curtin University
- Notre Dame University – completed a funding strategy review, including assessing options and strategy for refinancing existing debt facilities
- St John of God Healthcare / Generation REIT – currently advising the JV in relation to the development financing of a new private hospital
- Woodlea (VIP / Mirvac JV) – advised the JV in relation to raising a $55m development facility for the Woodlea master planned residential community
- Barristers Chambers Limited – adviser in relation to the refinancing of $60m bank debt facilities secured against its property portfolio
- Caydon Property Group – senior and mezzanine debt raising of $80m to fund the development of a $100m residential apartment project
- Vital Healthcare – provided advice and analysis in relation to alternative funding structures to pursue greenfield development opportunities
- Pegasus Apartments – advised on the refinancing of a $35m construction facility with a term funding facility
- Argyle Community Housing – advised in relation to the development of a long-term capital management strategy
- Haven – advised on securing $50m debt funding for the development of its social housing portfolio
- Aboriginal Housing Company – adviser to AHC in relation to delivery and financing options for proposed Pemulwuy Project

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Education, licenses and certifications

Graduate Diploma in Applied Finance and Investment, FINSIA

Bachelor of Commerce, University of Queensland

Prince 2 accreditation

Background

Conrad has 20 years experience in financial organisations, including the last 12 years in the position of Director. Prior to joining KPMG in January 2015, Conrad enhanced his significant global corporate loan origination experience, with exposure to Infrastructure financing (PPPs) and M&A Advisory for the Queensland Government, in particular in relation to the procurement phases for New Generation Rollingstock and TSRC transactions. During this time, he also leveraged his vast background in financing to consider various forms of alternative finance for Government, including securitisation of future royalties, PPPs, on and off balance sheet leasing arrangements, hybrid capital etc

Prior experience structuring loans for corporates was primarily generated during a 9 year stint in London, working for ABN AMRO and Merrill Lynch (Investment Banking), with a focus on Western European clients with global exposure or aspirations

Professional and industry experience

Conrad has significant experience in debt market transactions having completed deals of over A$300 billion. His relevant KPMG experience since joining in Jan '15 includes:

- currently arranging debt finance facilities totalling $285mln for a privately owned specialist accommodation provider in the retirement living sector
- currently advising the Commonwealth Government on a value for money assessment of private sector financing provided for Navy vessels
- currently advising a Government owned funds management company on the benchmark pricing and structure of a shareholder loan used to finance the purchase of a major infrastructure asset
- provided detailed independent ratings advisory services to the Queensland Government on ports, power generation and water infrastructure providers
- advised the Queensland Government on the benchmarking of relevant gearing levels and dividend policy of various energy transmission and distribution companies
- advised a privately owned infrastructure provider on a detailed counterparty risk analysis and introduction of appropriate benchmark credit protections and enhancements
- arranged the refinancing of a securitisation of receivables and amendment to corporate facilities for a print and communication solution specialist
- advised a number of Government owned regulated entities on aspects of financing associated with or related to formal regulatory submissions
- developed finance options for the privatisation of a Government owned business including social capital instruments
- benchmarking of comparative debt alternatives for a large diversified property group in Australia and for equipment finance for the mining services sector
- financing options and ratings advisory advice for a major greenfield infrastructure project
- advised a Gold Coast based listed property developer on a debt finance raising and increase to $180mln including the addition of a new financier

His relevant experience prior to joining KPMG includes:

- Preparation of the Queensland Government Network assets, prior to an approach to market (not proceeded with), including debt market soundings of circa.$30bln
- Toowoomba Second Range Crossing PPP – project managed the initial phases of the $1.6bln availability payment public-private partnership on behalf of the Qld govt
- New Generation Rollingstock PPP – project managed the procurement for $4.4bln via an availability payment public-private partnership
- Gateway Upgrade North – was principal lead at QTC as the Financial and Commercial Advisor during the early Business Case stage
- Queensland Government transport entity – detailed financial modelling tool for their annual financial assessment of private sector transport operators servicing Government
- SunWater – detailed credit assessment of each private sector industrial counterparty seeking to obtain access to water rights from a potential new dam proposed to be built
- BHP's acquisition financing of US$55-70bln to support the bid and subsequent share buy back of Rio Tinto (not proceeded with)
- Bacardi acquisition financing of US$10.5bln for (attempted) purchase of V&S – including underwriting of a mezzanine instrument of US$2.0bln
- Standard Life – largest life assurer in UK – acquisition financing of £3.8bln
- PKN Orlen (major Polish oil refiner and petrol retailer) financing of EUR1.6bln for the US$2.5bln acquisition of Mazeikiu Nafta, including debt capital markets bridge facility
- Xstrata – sub-underwriting of a US$12.0bln financing supporting the US$14.6bln cross-border acquisition of Falconbridge
- VW corporate revolver of EUR12.5bln – secured 1 of 4 Bookrunner roles
- Yell Group's post-IPO financing of £1.2bln to support the VC's exit – crowned Euroweek Deal of the Year – including structuring the transaction to retain High Yield Notes

Conrad has undertaken various roles in the Queensland Government (QTC and Projects Queensland), Merrill Lynch Investment Banking (London), ABN AMRO (London), St George Corporate Banking (Brisbane) and CBA Business Banking (Brisbane)

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Property, education, financial services, professional services, and industrial services

Education, licenses and certifications

Chartered Financial Analyst, Level II completed, Level III candidate

Graduate Diploma of Chartered Accounting, Institute of Charted Accountants in Australia

Bachelor of Economics (Financial Econometrics, Accounting), UNSW

Background

Peter has 10 years professional experience across corporate finance, transaction services and business advisory. He has worked in Corporate Finance for four years, advising on capital raisings, corporate refinancings, capital management advice and funding options analysis. Further, Peter has worked on operating model restructurings, buy-side due diligence analysis and capital market due diligence reporting.

Prior to commencing in Corporate Finance, Peter worked in the Private Enterprise division where he undertook financial and tax advisory services.

Professional and industry experience

Some of Peter's recent client engagements include:

- Confidential real estate / retirement living: advising on $285m corporate financing transaction
- ARA Group: advice on capital management, funding options analysis
- Dooleys Lidcombe Catholic Club: advised on $38m corporate financing transaction
- Laureate Education: advised on a $65m acquisition facility for the purchase of an Australian education college
- Villa World Limited: refinancing strategy advice and analysis
- Australian Catholic University: Student accommodation modelling and funding analysis, capital management and market strategy
- Confidential education provider: restructuring and refinancing advice for a distressed education provider, incl. consideration of mezz. and unitranche financing structures
- Lloyds International: vendor assistance in the divestment of Australian operations to Westpac Bank, and the sale of a non-core loan portfolio
- Singapore Government: advice on structure and application of a reverse mortgage programme
- AME Pty Ltd: refinancing advice and structuring, including operating and financial model construction
- St Marys Rugby League Club: project financing funding analysis and structuring
- Clean Energy Finance Corporation: advice in relation to target operating model and considerations regarding loan portfolio
- Port of Brisbane: advice in relation to funding options and capital structure considerations
- Amalgamated Holdings: advised on $380m refinancing of corporate debt and guarantee facilities
- Confidential Oil & Gas contractor: advising in relation to a corporate and property financing transaction
- Murchison Resources: advice in relation to development financing for Murchison's 20% stake in the Andy Well Project
- The Quay Haymarket: advised on $130m debt facilities for property development financing
- Minter Ellison: advice on capital management and refinancing activities
- Clayton Utz: advice on capital management and loan negotiations
- AJ Lucas: advice on refinancing options and financial modelling analysis
- Coffey Limited: advice on refinancing options, including consideration of a retail bond offering
- Ardent Leisure Ltd: advice on capital management and funding options
- Southern Cross University: advice in relation to debt transactions and hedging position
- AssetSecure: advice on debt facility and structure to support receivables financing
- American Express: advice on expansion of new lending product into the Asian market
- SG Fleet: due diligence / investigating accountant in support of ASX listing
- Confidential global pension fund: advice in regards to structuring shareholder loans for its property portfolio to ensure optimal taxation outcomes
- Confidential renewable entity: advice on rationalisation of global debt facility

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