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theaustralian.com.au/businessreview

BUSINESS REVIEW

S&P/ASX 200 8103.2	▼	-6.7
GOLD \$US2493	▼	-\$US4.50
DOLLAR US67.37C	▼	-US0.41c

DATA ROOM
Country Road results to put spotlight on retail sector { P14 }

ROBERT GOTTLIEBSEN
The Greens and Chalmers are a dangerous duo { P20 }

HAWAII BOUND
Qantas taps into pointy end of market { P17 }

Project Doubles: Virgin hopes for a break in Qatar takeover

TANSY HARCOURT

For those in the know inside Virgin Australia, the wait for "Project Doubles" – where top-tier carrier Qatar Airways takes a 19 per cent stake in the nation's second-biggest airline – is starting to drag on.

"We are just waiting for the government to sign off," said a Virgin executive late on Friday night.

The Australian understands the deal has been codenamed "Project Doubles," in reference to outgoing chief executive Jayne Hrdlicka, who chairs Tennis Australia and has a son studying overseas on a tennis scholarship.

For Virgin this would be a blockbuster deal on several fronts. For its customers it will mean greater links to the phenomenal Qatar network, joining Australians to Europe via Doha. It also will help the airline attract staff because it will come with significantly improved international staff travel benefits.

And last but definitely not least, it will give Virgin's majority-owner Bain Capital a valuation for the airline; it still hopes to sell down its shareholding through a several-times postponed initial public offering of shares.

The sticking point is the Australian government, which last year blocked the Qatari government from increasing flights to Australia, citing a variety of reasons on different occasions, in a ruling that Qatar first heard about from the Australian media.

Many pointed to the close relationship between Prime Minister Anthony Albanese and then CEO of Qantas Alan Joyce. A Senate inquiry explored if there were links between Qantas's support for the Yes vote on the Indigenous voice to parliament and the government blocking increased access from a fierce high-end competitor to the Flying Kangaroo.

Amid speculation what surfaced was an angry Australian public that had become sick of paying record high airfares and wanted increased competition.

The Australian government had misjudged community expectations.

So it's not surprising that Qatar and Bain have sought a preliminary green light from the Foreign Investment Review Board before announcing any deal.

Treasurer Jim Chalmers recently announced that the government would attempt to fast-track the takeover processes for foreign companies wishing to invest in Australian companies – with a carve-out requiring state-owned potential acquirers to

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QUEENSLAND MAY PROTECT JOBS

State in talks over a lifeline for Star

GLEN NORRIS

The Queensland government has signalled it may move to support thousands of jobs under threat at Star Entertainment's new \$3.6bn Queen's Wharf project, amid rising speculation the troubled casino operator could face an emergency break-up.

Deputy Premier and Treasurer Cameron Dick said on Tuesday the state government was considering a raft of options to support Star, which is scrambling to raise \$300m in short-term funding to keep its doors open.

"We are only at the preliminary discussion stage with Star and let's see how that goes," Mr Dick said. "We are looking at a whole range of things with Star to support their operations and importantly to protect 1400 new jobs at Queen's Wharf. They may not need the support."

The Star employs a total of 3000 people at Queen's Wharf in Brisbane, including those who were transferred from its existing casino in the heritage-listed Treasury building.

The potential lifeline from Queensland, where an election is due on October 26, comes as NSW earlier this week rejected any financial help for Star. The company has been suspended from trading on the ASX for failing to lodge its annual financial results and now faces losing its Sydney casino licence.

The NSW government said it was the responsibility of The Star to maintain the financial viability of its business and "any NSW taxpayer assistance would primarily support The Star's Queensland expansions".

Star is facing a cash crunch after Queen's Wharf opened last Thursday, two years behind schedule and with a massive cost blowout. The project, which takes up 10 per cent of Brisbane's CBD, faced cost overruns of at least \$260m and a threatened lawsuit from builder Multiplex that was narrowly averted last year.

The day after the opening of Queen's Wharf, the NSW Independent Casino Commission (NICC) released the findings of the Bell II inquiry: that the company was still unsuitable to retain its Sydney casino licence.

Star, which has seen its share price halve in the past 12 months, went into a voluntary trading halt on Friday morning after the NICC released the first two volumes of Adam Bell SC's second inquiry into Star's continuing regulatory failures.

NICC chief commissioner Philip Crawford on Friday said the Bell II report revealed a

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Why three-way split could be final act for casino group

ERIC JOHNSTON

Star Entertainment's board has sought ongoing advice from restructuring specialists FTI to make sure they were acting within the guard rails of safe harbour rules as part of efforts to keep the casino out of administration.

If Star can find a way forward, it will mark one of the biggest tests for the safe harbour rules since the Covid-19 pandemic.

Rather than the strict test of the previous regime, the new rules give boards the room to trade out of trouble or secure fresh financing if that is the best option for Star's investors while also protecting creditors.

The question is, with such a long and competing list of potential creditors, whether safe harbour rules work in this situation.

This makes it a more complicated path for Star's board – now led by former National Australia Bank general counsel Anne Ward – to navigate.

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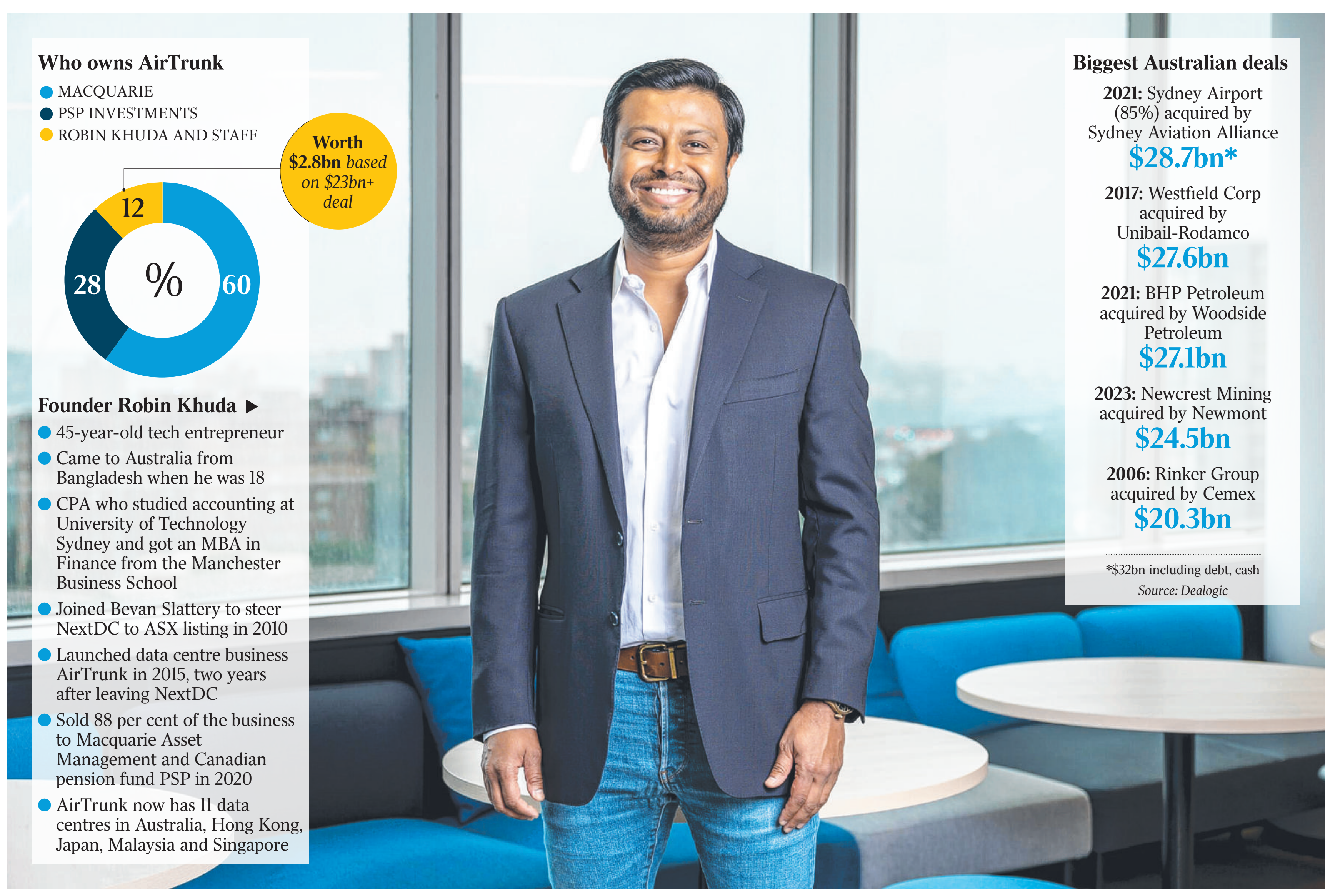
Blackstone, CPP set for \$23bn AirTrunk buy



JOSEPH LAM
JOYCE MOULLAKIS

Private equity behemoth Blackstone and its Canadian partner look set to clinch AirTrunk in a \$23bn-plus deal – among the largest-ever acquisitions of an Australian company.

The transaction, when consummated, will help New York-based asset manager Blackstone and the Canadian Pension Plan Investment Board (CPP) gain a stronghold in the rapidly expanding Asian and Australian data centre market. It will also mark a bumper payday for Macquarie Group, which owns the largest stake in AirTrunk.

Sources said a deal was set to be announced on Wednesday.

A spokesman for Macquarie and PSP Investments, which together own about 88 per cent of AirTrunk, declined to comment. Macquarie is thought to own about 60 per cent of the data centre group, while PSP holds about 28 per cent and AirTrunk founder Robin Khuda and staff the remainder. Macquarie's shares gained 1.3 per cent to \$219.81 on Tuesday as investors crunched the numbers on the potential proceeds that would be booked on AirTrunk in the second Macquarie Asia-Pacific Infrastructure Fund. A prior MST Marquee analyst estimate, at a lower valuation than \$23bn, put the performance fee that Macquarie's fund may earn at up to \$1bn in the 2028 financial year.

The mooted AirTrunk deal will rank among Australia's top five completed mergers and acquisitions behind deals such as the \$32bn takeover – including debt and cash – of Sydney Airport three years ago, according to Dealogic data. Other transactions among the nation's biggest include the takeover of shopping centre giant Westfield in 2017 by European group Unibail Rodamco, BHP's sale of its petroleum business, and the acquisition of Newcrest Mining by US group Newmont.

Demand for data centres has swelled globally, but important questions are also being raised about their immense consumption of power.

There's been a scramble to get a seat at the table as technology giants, investment houses and real estate groups look to increase their involvement in data centres.

Blackstone and CPP were thought to have muscled aside a consortium of five investment firms, including Global Infrastructure Partners, Silver Lake and IFM Investors to secure preferred bidder status, although bankers were not ruling out last-

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MARGIN CALL

YONI BASHAN & NICK EVANS

Only smart should lose their dough

Feeling unhappy with the returns offered by Wilson Asset Management? Perhaps you shouldn't be permitted to invest with them in the first place, says **Geoff Wilson**, the veteran fund manager who runs the place.

Turns out his fantasy is to make prospective shareholders fill out an aptitude test to screen their financial literacy; those who don't pass with a result of 90 per cent or higher would be turned away entirely.

We think he was joking, but this semi-serious clap-back was directed at a poor mom-and-pop investor, **Cheryl**, who expressed dismay during an investor call on Tuesday at how WAM's Strategic Value LIC has been performing.

Cheryl's story is that she kicked in \$43,300 during the IPO in 2021 and now her money

INSIDE MARGIN CALL
Wheels keep turning at the Amy Gillett Foundation

is down 0.63 per cent (as of last week). She says it would have made better sense just to whack the money into a term deposit account.

"I want to get out as soon as I reasonably can," she said, before asking why WAM was still charging management fees based on such crappy performance,

A reasonable question, Wilson conceded, before basically telling her to GTFO of his entity. Politely, of course.

"People like yourself, you need to sell," he said, going on to explain, softly, rationally, that LICs aren't suitable for people who know nothing about what they're supposed to do. By that he meant the tax benefits they provide, the franking credits, etc.

And that's when he floated his imaginative idea for incoming investors.

"It's probably a bit extreme," he began, "but everyone who buys shares should fill out a

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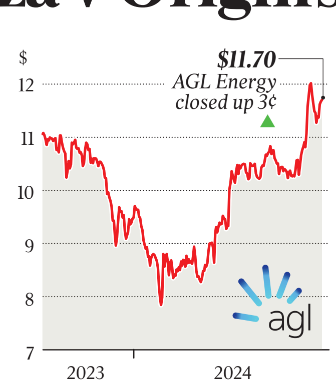
AGL's Kaluza v Origin's Octopus

COLIN PACKHAM

AGL Energy's new technology business Kaluza plans a fivefold expansion of customer accounts on its platform around the world to challenge Origin Energy's own investment – market leader Octopus Energy.

The target underscores emerging rivalry between Australia's largest electricity and gas retailers as they try to dominate the lucrative global energy technology market.

AGL earlier this year purchased a 20 per cent stake in Kaluza from Britain's OVO Energy for \$150m, as revealed exclusively by The Australian.



Source: Bloomberg

Speaking with investors from London, Melissa Gander – chief executive of Kaluza – said the business had set a target of 100 million customers on its platform – matching Octopus Energy's Kraken platform.

Ms Gander did not reveal the current number of accounts, but analysts estimate about 20 million customers are serviced by the technology after AGL's committed to migrate its four million households and businesses onto the platform.

"We do have an aim to reach 100 million households supported by the Kaluza platform," Ms Gander said.

"We have ambitious plans to support this through multiple markets. We have seen traction in the United States, we have the joint venture in Japan, and it's great to see increased interest

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Law firms oppose back-to-office push

ELLIE DUDLEY

Australian law firms firmly oppose mandatory full-time office policies – despite parts of the public sector pushing for just that – with many firms saying they "trust" their employees to manage work responsibly.

Firms quizzed as part of The Australian's Legal Partnerships survey said they did not track office attendance, but rather allowed workers to manage the split between office and home time.

"We don't track how many people work from the office full-time because we don't feel we need to. But on any given day, we estimate that more than 80 per cent of our people will be working in the office," Arnold Bloch Leibler managing partner Henry Lanzer said.

THE AUSTRALIAN
Legal Partnership Survey
See the full tables online at theaustralian.com.au

"We have never considered it necessary to have a policy on working from home. Our expectation, and the reality, has always been that people choose to work from the office to work collaboratively with colleagues and meet, indeed exceed, our clients' requirements.

"Our lawyers have always been afforded flexibility and we trust them to take responsibility for the way they work. We're not the kind of firm to set proscriptive policies around things like this."

The comments follow a heated debate about work-from-home provisions in the government sector, after NSW Premier Chris Minns announced public servants would be required to return to the office full-time.

Meanwhile, Victorian Premier

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