



**Brookfield**



**Media Release:**

## **ADNOC Announces \$20.7 Billion Energy Infrastructure Deal**

*Joint venture will yield \$10.1 billion in foreign direct investment in one of the largest global energy infrastructure transactions*

*Largest transaction in ADNOC's strategy to proactively manage its assets and maximize value, launched in 2017*

*Foreign investment into ADNOC's infrastructure unlocks significant capital to reinvest in ADNOC's strategic growth projects and reinforces the UAE as an investment destination of choice*

*Landmark transaction creates a further benchmark for large-scale energy infrastructure investment into the UAE and wider region from leading global institutional investors*

**Abu Dhabi, UAE – June 23, 2020:** The Abu Dhabi National Oil Company (ADNOC) announced today that it has entered into an agreement with some of the world's leading infrastructure investors and operators, sovereign wealth and pension funds. A consortium of investors comprising Global Infrastructure Partners (GIP), Brookfield Asset Management, Singapore's sovereign wealth fund GIC, Ontario Teachers' Pension Plan Board (Ontario Teachers'), NH Investment & Securities and Snam (the Consortium), will invest in select ADNOC gas pipeline assets valued at \$20.7 billion.



In one of the largest global energy infrastructure transactions, the Consortium will collectively acquire a 49% stake in ADNOC Gas Pipeline Assets LLC (henceforth referred to as “ADNOC Gas Pipelines”), a newly formed subsidiary of ADNOC with lease rights to 38 pipelines covering a total of 982.3 kilometers, with ADNOC holding the 51% majority stake. The innovative transaction structure allows ADNOC to tap new pools of global institutional investment capital, whilst at the same time maintaining full operating control over the assets included as part of the investment.

Under the terms of the agreement, ADNOC will lease its ownership interest in the assets to ADNOC Gas Pipelines for 20 years in return for a volume-based tariff subject to a floor and a cap. The transaction will result in upfront proceeds of over \$10 billion to ADNOC and is subject to customary closing conditions and regulatory approvals.

The gas pipeline network connects ADNOC’s upstream assets to local UAE off-takers. Ownership of the pipelines, management of pipeline operations, and all responsibility for associated operational and capital expenditures will remain with ADNOC. For ADNOC’s partners, this transaction represents a unique opportunity to invest in quality energy infrastructure assets with a low-risk profile that generate stable cash flows.

Commenting on the transaction, His Excellency Dr. Sultan Al Jaber, UAE Minister of State and ADNOC Group CEO, said: “We are pleased to once again partner with some of the world’s leading global infrastructure and institutional investors in what marks the region’s largest energy infrastructure investment. This milestone transaction demonstrates the trust and confidence placed in ADNOC by the global investment community and unlocks significant value from our pipeline portfolio, following last year’s groundbreaking oil pipeline infrastructure investment partnership. Today’s landmark investment signals continued strong interest in ADNOC’s low-risk, income-generating assets, and sets another benchmark for large-scale energy infrastructure investments in the UAE and the wider region. It solidifies ADNOC’s position as an attractive partner and reinforces the UAE’s track record as the region’s go-to foreign direct investment destination, even during the current unprecedented circumstances.”

Adebayo Ogunlesi, Chairman and Managing Partner of GIP commented: “We are delighted to be entering into this strategic partnership with ADNOC, one of the world’s leading energy companies. ADNOC’s gas network is a core piece of midstream infrastructure in the UAE and this transaction presents a unique opportunity to invest in an asset of this quality and importance, while also supporting ADNOC in their smart growth strategy. This transaction underscores GIP’s strategy of



investing in high quality infrastructure assets and developing long term strategic partnerships with industry leaders.”

“We are pleased to invest in this strategic pipeline system, which serves as the critical link between UAE low-cost natural gas supply and robust in-country demand,” said Bruce Flatt, CEO, Brookfield Asset Management. “This transaction aligns with our strategy of investing in high quality, essential assets generating stable and predictable cash flows in a sector we know well. ADNOC has established itself as one of the world’s leading natural gas producers, with an exemplary operational record. We look forward to partnering with them in support of this critical asset and sector.”

“This strategic transaction is attractive to Ontario Teachers’ as it provides us with a stake in a high-quality infrastructure asset with stable long-term cash flows, which will help us deliver on our pension promise,” said Ziad Hindo, Chief Investment Officer, Ontario Teachers’. “This new partnership with ADNOC and a group of world-class institutional and infrastructure investors expands our global presence and provides further geographic diversification to our portfolio.”

“Investing into ADNOC’s gas infrastructure and supporting Abu Dhabi’s energy initiatives reinforces our investment diversification strategy and demonstrates Korea’s growing presence in the global infrastructure space. I am confident this milestone transaction can become a stepping-stone to broaden Korean investments in the region,” remarked Young-Chae Jeong, Chairman & CEO of NH Investment & Securities.

Snam CEO, Marco Alverà, said: “With this strategic transaction, we strengthen our international footprint by entering a country and a region that are key to our sector. Our aim is to promote further cooperation opportunities, particularly in the energy transition. We will work with ADNOC and the Consortium partners by leveraging our industrial skills, know-how and innovative solutions in natural gas infrastructure management and provide our contribution to the UAE’s energy system. This transaction was carried out remotely over the past months, testifying the resilience of our company and its willingness to continue its growth path.”

This agreement is the largest transaction since ADNOC announced the expansion of its partnership and investment model in 2017, which aims to unlock value for ADNOC. Since then, ADNOC has entered the debt capital markets for the first time, issuing a \$3 billion bond backed by the Abu Dhabi Crude Oil Pipeline; partially floated ADNOC Distribution, the first-ever IPO of an ADNOC Group company; and entered into several strategic partnerships in its drilling, refining, fertilizer and trading businesses, amongst others. These transactions and today’s landmark announcement are part of ADNOC’s ongoing delivery of its value creation strategy.



This milestone agreement reinforces ADNOC's focus and role as a catalyst for responsible and sustained investment and value creation for Abu Dhabi and the UAE in this challenging period. The partnership unlocks significant capital that can be deployed into strategic initiatives to support ADNOC's smart growth strategy.

### **Additional Transaction Details**

The strategic joint venture will see ADNOC pay ADNOC Gas Pipelines a volume-based tariff for the use of pipelines that transport sales gas and natural gas liquids (NGL) from ADNOC's upstream assets to Abu Dhabi's key outlets and terminals. The tariff will be charged on the total volumes transported through the pipelines, together with liquefied natural gas (LNG) flows, subject to a volume cap. The new subsidiary will distribute 100% of free cash to the investors in the form of quarterly dividends.

Bank of America Securities, First Abu Dhabi Bank and Mizuho Securities acted as financial advisors to ADNOC while Moelis & Company acted as an independent financial advisor to ADNOC.

### **ADNOC's Gas Strategy**

The UAE holds the world's sixth-largest natural gas reserves. ADNOC's gas strategy aims to meet in-country gas demand and support the UAE in achieving gas self-sufficiency. Dynamics for the UAE gas market are attractive, driven largely by domestic utilities and growing industrial production, in addition to the demand created by ADNOC's own upstream and downstream activities.

### **ADNOC's Sustainability Strategy**

ADNOC has a legacy of responsible oil and gas production and long-standing commitment to environmental stewardship. Earlier this year, it announced a comprehensive set of sustainability goals, which included plans to decrease its greenhouse gas (GHG) emissions intensity by 25% by 2030, strengthening its position as one of the least carbon-intensive oil and gas companies in the world.

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### **About ADNOC**

ADNOC is one of the world's leading diversified energy and petrochemicals groups. With 14 specialist subsidiary and joint venture companies, ADNOC is a primary catalyst for the UAE's growth and diversification. To find out more, visit [www.adnoc.ae](http://www.adnoc.ae)

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### **About Global Infrastructure Partners**

Global Infrastructure Partners ("GIP") is an independent infrastructure fund manager that makes equity and debt investments in infrastructure assets and businesses. GIP targets investments in the energy, transport and water/waste sectors in both OECD and select emerging market countries. GIP's 40 equity portfolio companies employ approximately 62,000 people in over 50 countries. GIP's teams are located in 10 offices: London, New York, Stamford (Connecticut), Sydney, Melbourne, Brisbane, Mumbai, Delhi, Singapore and Hong Kong. For more information, visit [www.global-infra.com](http://www.global-infra.com).

### **About Brookfield Asset Management**

Brookfield Asset Management Inc. is a leading global alternative asset manager with over \$515 billion of assets under management across real estate, infrastructure, renewable power, private equity and credit. Brookfield owns and operates long-life assets and businesses, many of which form the backbone of the global economy. Utilizing its global reach, access to large-scale capital and operational expertise, Brookfield offers a range of alternative investment products to investors around the world – including public and private pension plans, endowments and foundations, sovereign wealth funds, financial institutions, insurance companies and private wealth investors.

Brookfield Asset Management is listed on the New York and Toronto stock exchanges under the symbol BAM and BAM.A respectively.

### **About Ontario Teachers'**

The Ontario Teachers' Pension Plan Board (Ontario Teachers') is the administrator of Canada's largest single-profession pension plan, with C\$207.4 billion in net assets (all figures at December 31, 2019). It holds a diverse global portfolio of assets, approximately 80% of which is managed in-house, and has earned an annual total-fund net return of 9.7% since the plan's founding in 1990. Ontario Teachers' is an independent organization headquartered in Toronto. Its Asia-Pacific region office is located in Hong Kong and its Europe, Middle East & Africa region office is in London. The defined-benefit plan, which is fully funded, invests and administers the pensions of the province of Ontario's 329,000 active and retired teachers. For more information, visit [otpp.com](http://otpp.com) and follow us on Twitter @OtpplInfo.

### **About NH Investment & Securities ("NH I&S")**

NH I&S is the second largest investment bank in Korea, offering a broad range of financial services, encompassing wealth management, investment banking, brokerage and merchant banking through 79 domestic branches. Since its founding in 1969, NH I&S has been a trusted partner of Korea's capital markets. As of September 2019, NH I&S has total assets of US\$46bn and shareholders' equity of US\$4.5bn. NH I&S, together with NongHyup Financial Group and its affiliates, forms NH Financial Group. For more information, visit [www.nhqv.com](http://www.nhqv.com)



## About Snam

Snam is one of the world's leading energy infrastructure operators and one of the largest Italian-listed companies in terms of market capitalization. Through its international subsidiaries, it operates in Albania, Austria, China, France, Greece and the UK. The company has the largest natural gas transmission network and storage capacity among European peers and is also one of the main operators in regasification. As part of a €6.5 billion plan to 2023, Snam invests €1.4 bn in the SnamTec project, focused on innovation and new energy transition businesses, from sustainable mobility to biomethane and energy efficiency. Snam also aims to enable and promote the development of hydrogen to encourage the decarbonisation of the energy sector and industry. Snam's business model is based on sustainable growth, transparency, the promotion of talent and diversity and the social development of regions through the initiatives of Fondazione Snam. To find out more, visit [www.snam.it](http://www.snam.it)

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