

HERBERT SMITH FREEHILLS ADVISES AUSTRALIAN INDUSTRIAL ENERGY ON A\$250 MILLION LNG IMPORT TERMINAL

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News

Herbert Smith Freehills has advised Australian Industrial Energy (**AIE**) on the land arrangements for Australia's first liquefied natural gas (**LNG**) import terminal at Port Kembla in New South Wales.

AIE has entered into a long term agreement for lease with NSW Ports to construct and operate a gas terminal and pipeline at Port Kembla with an estimated capital cost of A\$250 million. The construction phase will see the creation of between 130 and 150 jobs and between 40 and 50 ongoing roles during operation.

The deal also involved a complex tripartite negotiation with the existing tenant to ensure delivery of a vacant, remediated site with separate utility services which will enable both sites to function independently.

AIE is now 100% owned within the Squadron Energy group, which is part of one of Australia's largest private investment groups, Tattarang, owned by Australian businessman and philanthropist Andrew Forrest and his family.

The project is the first of its kind in Australia and will involve the delivery of LNG to Port Kembla where it will be loaded in liquid form onto a floating storage and regasification unit (**FSRU**). The LNG will then be stored and, when needed, converted to gas on board the FSRU and then inputted, via pipeline, to the NSW gas transmission network.

The Herbert Smith Freehills team was led by partner [Nicholas Cowie](#), assisted by senior associates Japonica Sheridan and [Max Wu](#) and associate [Allison Cavanagh](#).

Mr Cowie said: “NSW currently imports more than 95% of the natural gas it uses from other states and AIE is expecting to deliver from this LNG terminal more than 75% of NSW’s annual gas needs by the end of 2022.

“We are delighted to have helped AIE to achieve such a significant milestone along the critical path for delivery of this ambitious project, and the Herbert Smith Freehills team looks forward to assisting AIE to build the terminal, lock in its customer supply contracts and achieve first gas in late 2022.”

K&L Gates advised NSW Ports and Ashurst were legal advisers to the adjoining tenant.

This deal is another example of Herbert Smith Freehills’ market-leading work in the real estate sector. Other recent examples include:

- advising Ampol on the establishment of an unlisted property trust that will own 203 core freehold convenience retail sites and the acquisition of a 49% minority interest in the trust by a Charter Hall and GIC consortium
- advising Link REIT on its A\$683 million acquisition of 100 Market Street, Sydney, from the Blackstone Group
- advising Macquarie on its unsolicited proposal to the NSW Government to undertake the station delivery and integrated over-station development at Martin Place