# Changing financing course

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**COMMENT: Before the financial crash in 2008, port finance got very sexy - a spate of deals done circa 2006-2007 saw all manner of 'privatisations' where port operators sold their crown jewels to investment funds for vast sums, and leased them back, writes Barry Parker.**

For insurance companies, seeking to lock in returns over decades-long tenors, it was never better, with ports being seen as long-term cash generators.

Though a few big players in the sector had serious problems with property assets, the port investments continued to chug along, much like the vessels.

But the course may be changing. Even though this column looks inward at happenings in the States, the ripples from across the pond were wave-like in New York, when it was noticed that Goldman Sachs, a 2006 investor in Associated British Ports, was cashing in ships…whoops, I meant cashing in its chips, seeking to sell its one third stake in ABP.

This is what investors do, they take profits and turn over investments; Goldman Sachs' infrastructure fund had sold its stake in SSA Marine earlier in the year.

Turning back to New York, this past summer, HighStar Capital - an offshoot of insurance behemoth AIG and the owner of Ports America - announced that its deal-making team was decamping over to Oaktree Capital. Oaktree, meanwhile, named a new chief executive early in October, who had recently departed AIG after nearly 20 years there.

Oaktree is well known in shipping circles as the largest Private Equity (PE) investor in the sector, known to get is hands dirty at times. Financial investors claim to be hands off; with ports, that's likely true - investors don't direct the stackers and the RTGs. However, watch for subtle changes in tone and strategy.

These days, ports and trade growth are less appealing than sectors such as energy infrastructure. PE investors - who have avoided post-crisis financial regulation - cannot get enough of such projects.

Regulated entities, like the white-gloved Goldman Sachs, are distancing themselves from physical commodity businesses (SSA's portfolio included coal export terminals). It's no surprise then, to see Wespac, an entity owned by Oaktree/HighStar, raise something like $3bn for an interest in an LNG fuelling and, later on, export project in Alaska's Cook Inlet- near Anchorage.

Wespac's LNG projects, which will support LNG marine bunkering, a cresting wave with synergies to ports' abilities to attract carriers, are found in Jacksonville, Pt. Arthur, Long Beach, Oakland and British Columbia.

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