Motorways enjoy cash injection

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Global property developer and infrastructure group Lend Lease, the preferred tenderer to build Sydney's $3 billion NorthConnex motorway, will channel some of the $1 billion raised through the sale of its interest in the Bluewater shopping centre in Kent, England, to its $38 billion development projects, according to the company.

These included major urban regeneration projects in London, said Lend Lease's chief executive, Steve McCann.

"The competitive sale process started in March this year and the transaction exchanged and settled on June 25, delivering gross cash proceeds of about $1.22 billion. Both parties are working together to transition the ownership from Lend Lease to Land Securities Group PLC," he said.

At an analysts' briefing on the deal, Mr McCann said the vast amount of infrastructure upgrades planned by the state and federal government would stand the group in good stead to report a consistent profit stream.

However, he also confirmed that about 20 per cent of future profits would come from selling assets it had developed. "We always say everything we develop is for sale."

Morningstar analyst Tony Sherlock said as Lend Lease typically invested equity in the urban regeneration projects it undertook, asset recycling gains and losses would feature prominently in earnings.

Global property, infrastructure and advisory consultancy Rider Levett Bucknall (RLB) will also benefit from Australia's expanding infrastructure market, after being awarded the cost management role on the $11 billion, 33-kilometre WestConnex motorway. The project will link Sydney's west with the airport and the Port Botany precinct, and will include the M4 extension and duplication of the M5 East to King Georges Road.

The NSW government is investing $1.8 billion in WestConnex, while the Australian government has committed $1.5 billion to WestConnex over the next four years. This will allow work on the first stage to get under way in 2015.

Meanwhile, work on the M5 East section of WestConnex will increase after a funding agreement signed by the federal and NSW governments in May 2014. WestConnex will be progressively opened to traffic as each stage is completed, with the final stage due to open in 2023.

A director at RLB, Matthew Harris, said WestConnex was not just a road project, but a complex piece of integrated infrastructure. The firm would partner with MIEngineers on the project.

"Their cost engineering capability, coupled with RLB's ability to deliver on nation building projects proved to be the winning formula."

This story was found at: http://www.smh.com.au/business/property/motorways-enjoy-cash-injection-20140628-3b05r.html