



KordaMentha

### **Sold: \$700m Cross City Tunnel**

Receivers yesterday sold Sydney's failed Cross City Tunnel toll road to a consortium led by Dutch bank ABN Amro and construction group Leighton Holdings for almost \$700 million, a higher price than expected for the road. The sale was expected to fetch substantially less than the tunnel's \$620 million debt burden. ABN and Leighton are believed to have beaten competition for the road from Macquarie Bank, Babcock & Brown and Transurban. Other interested buyers are thought to include Westpac's Hastings Funds Management unit, Colonial First State, Toll Holdings and Spanish toll-road group Cintra.

The partnership will see ABN oversee finances and Leighton take over the tunnel's operations. The Cross City Tunnel, which cost nearly \$1 billion to build, was placed in receivership late last year after failing to meet traffic forecasts thanks to motorist boycotts.

Equity investors including CKI Holdings, Deutsche Bank and Westpac Bank are expected to get a return between 10¢ and 20¢ for every dollar invested in the road. Westpac has since written down the carrying value of its \$40 million investment, and will now be able to recoup that amount. Australia and New Zealand Banking Group's exposure to the toll road is thought to be about \$35 million. Receiver KordaMentha appointed UBS as sale adviser in December to placate the group of 16 local and global banks owed money from the tunnel.

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