

# Leighton and Mirvac airport development company stumbles

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### **A DISPUTE over land at Sydney's Bankstown Airport has sparked the collapse of a \$300 million development backed by property giants Leighton Holdings and Mirvac Group.**

KordaMentha was appointed as receiver and administrator to the Bankstown Airport Corporation development company, known as BAC Devco, about a week ago. A loan worth almost \$60m is understood to be owed to the Commonwealth Bank of Australia.

The BAC Devco joint venture was set up almost seven years ago by Mirvac, Leighton Holdings and Western Australia-based superannuation fund Westscheme. All three own equal shares in BAC Devco, a company that initially owned up to 104ha surrounding Bankstown Airport with \$300m worth of development potential. Almost two years ago, it was estimated the land was worth about \$100m, but now the 70ha left is expected to sell for about \$50m, with an end development potential worth up to \$100m.

The actual Bankstown Airport is not in receivership and is separately owned by another consortium that includes the Mirvac-controlled company James Fielding, a fund managed by Colonial First State and Westscheme.

The federal government sold Sydney's three general aviation airports -- Bankstown, Hoxton Park and Camden -- for \$211m to that consortium in November 2003. As a result of that deal, land surrounding the airport was carved off and BAC Devco was formed to own that.

At that time, the general manager of James Fielding, Greg Paramor, noted how the airport-owning consortium would control 150ha of "extremely attractive development land in strategic locations" and that the company "had some exciting plans".

Mirvac now owns most of Hoxton Park and is building a \$200m distribution centre for Woolworths there.

BAC Devco's collapse comes after the joint venture parties tried to subdivide the land into smaller lots to attract more buyers.

However, the move was not well received by the market, with the smaller buyers deterred by complexities surrounding the leasehold land.

Previous ructions have also occurred over lease agreements on Bankstown Airport land.

About four to five lots have sold. Last year, local owner-occupier Southern Steel, the largest privately owned steel distributor in Australia, purchased 2.4ha of the development land for \$7.5m.

There was also understood to be an element of shareholder dispute between the consortium that owned Bankstown Airport and the parties involved in BAC Devco. Receivers were believed to be working on a resolution between the two groups before attempting to re-launch a sales campaign for the land.

Some suggest that the dispute centres on last year's collapsed attempts to sell the development land and the airport together.

Appointed receiver David Winterbottom of KordaMentha, did not comment yesterday.

Mirvac said the collapse of BAC Devco would not have any direct impact on its balance sheet.

Leighton did not return a call yesterday.

Adviser for Westscheme, Access Capital Advisers chief executive Alexander Austin said BAC Devco was part of the group's \$1.1 billion Target Return Portfolio and was written off as an investment some time ago.

Unsuccessful attempts were made by the superfund last year to offload the 33 per cent stake in the BAC Devco investment. Colliers International real estate agents Gavin Bishop and Jon Orsborn launched an official campaign. "They (Westscheme) were concerned about the outlook . . . didn't want to put more money in and moved to exit the agreement," Mr Austin said.

Since that time, it is understood western Sydney commercial development land values have fallen by up to 30 per cent

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