

Aussie contractor pockets £20 million from retail project as order book hits £800 million

Multiplex ditches White City but will stay in UK

By DAVID ROGERS

MULTIPLIX said it is not turning its back on the UK after pulling out of the £800 million White City retail scheme last week.

The firm began work on the west London project in August 2004 but has now handed over responsibility for finishing the centre to the project client, Australian shopping centre developer Westfield.

Multiplex UK construction boss Martin Tidd said the move had been taken against a backdrop of the huge problems it faced rebuilding Wembley stadium.

He added: "It is a good business decision. We want to take the business forward and it gives us more certainty."

The project has already experienced a change in client, a number of delays and a further £100 million of design changes. Multiplex is believed to have made a £20 million profit on the contract, having carried out nearly £400 million-worth of work.

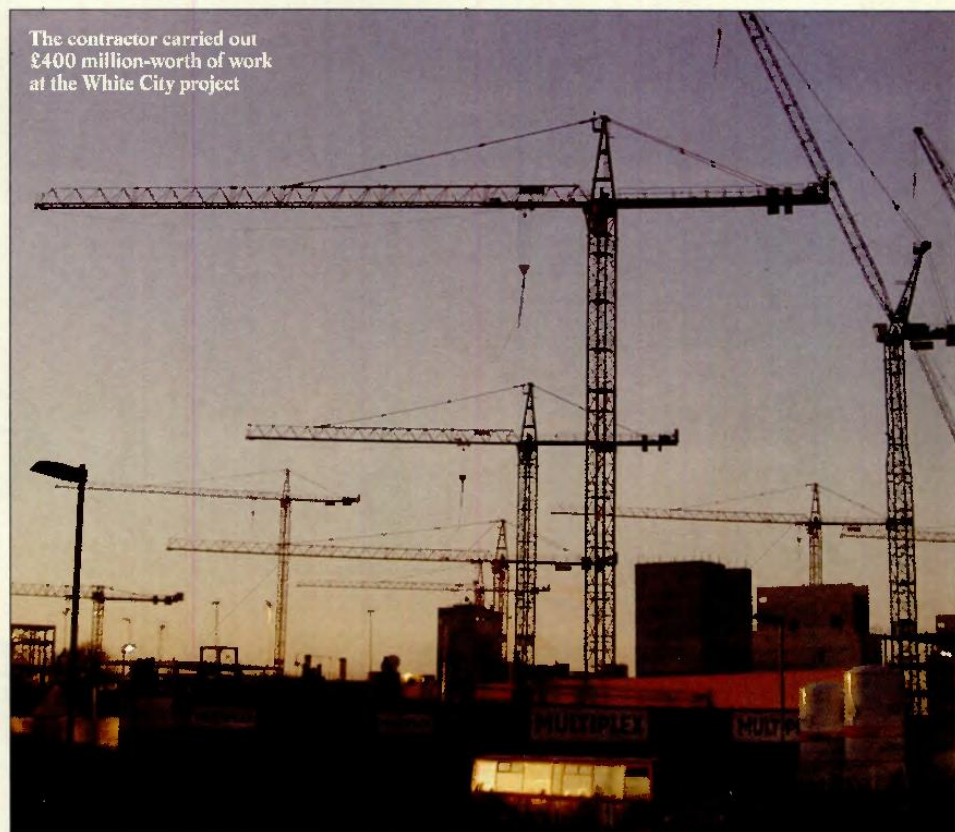
The change in builder means that around 75 Multiplex staff have been transferred across to Westfield's payroll, with a further number, including project director Simon Cook, remaining at the site on secondment.

Trade contractors were due to meet with Westfield management as *Construction News* went to press. A site source said: "I can't see there being any problems, it's just a case of sitting down and explaining exactly who is in charge now."

"The subbies don't really care who they work for as long as they get paid."

Mr Tidd said Multiplex has a UK forward order book of £800 million

The contractor carried out £400 million-worth of work at the White City project



and said it intended to carry out the bulk of its future UK contracts for its development arm.

Multiplex has already pulled out of competitive tendering. Mr Tidd added: "We don't want to be in a situation. We're better off working for the development team."

Multiplex is planning to start work on a 43-storey residential tower in

south London later this year and is also hoping to reach financial close on the Peterborough PFI hospital scheme, which has a construction value of £300 million.

Other projects the firm has in the pipeline include a 27-storey residential tower at West Cromwell Road in west London, regenerating the Cricklewood area of north-west

London and revamping Newcastle upon Tyne city centre.

In the year to June, the Australian company said net profits had doubled to £87.6 million on revenue of £1.3 billion.

The firm said that its losses on the Wembley contract remained at £180 million.

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Legal latest at Wembley

THE NUMBER of adjudications Multiplex has issued against Wembley National Stadium Limited has gone into double figures.

The firm had already issued seven against its client and there had been predictions of more to come. It is understood decisions on four adjudications have been made, with Multiplex privately believing it has gained the initiative.

One source said: "The process is continuing and, if Multiplex had taken a bloody nose on this,

then it would have been plan B time."

WNSL has issued its first adjudication against Multiplex and more are expected to follow.

The adjudication decisions are expected to continue into next year, and are thought to be the forerunners of High Court legal action between the pair.

Multiplex has said it will accept £80 million in an out-of-court settlement for what it believes are legitimate extensions of time. If it goes to court,

Multiplex will demand £150 million in compensation.

This week the firm's UK construction boss, Martin Tidd, admitted publicly for the first time that relations with WNSL had plummeted. He said: "I have to say relations are strained."

He added: "The bottom line is that we will pursue our final entitlement. We are looking at every single aspect of the contract and leaving no stone unturned."