



\$135.5m from Market City sale



[Matt McKenzie](#) | Friday, 12 February, 2016 - 14:26

The state government has completed the first in a series of planned asset sales, announcing that it has concluded negotiations with an industry consortium to purchase the [Perth Market Authority's Market City](#).

The consortium, [Perth Markets Limited](#), was selected as preferred bidder in December and is led by the [Chamber of Fruit and Vegetable Industries in WA](#).

The chamber represents fruit and vegetable wholesalers, including those that currently operate in the facility.

Other key investors included Brisbane Markets, Adelaide Produce Markets, [United Crate Co-operative](#) and ASX-listed Rural Funds Group, with the latter saying in an ASX release today it had invested \$5.3million for a 9 per cent stake, implying all of the shareholders have invested a total of \$60 million equity, with the balance being debt.

United Crate is a WA-based grower cooperative, owned by 116 shareholders, which supplies plastic crates and bins to [Market City](#).

There are 60 individual investors in the PML consortium, which is led by former state opposition leader [Paul Omodei](#), while [Sumich](#) Group owner [Nick Tana](#) is an independent director.

It is understood [Mr Tana](#) has taken a small stake.

Other directors include chamber president [Trish Skinner](#), vice president Rick Smith and Brisbane Markets chief executive Andrew Young.

The chamber was advised by [Azure Capital](#), while the state government had appointed [EY](#) and Jones Lang Lasalle.

About \$136 million will be raised from the sale, a win for the state government as potential proceeds had not been included in budget forecasts.

Treasurer [Mike Nahan](#) said it was an outstanding result.

"It marks a major achievement as the first completed sale under the government's asset sales program, and affirms that state-owned assets present a great investment opportunity to the private sector," he said.

"[Perth Markets](#) Ltd has demonstrated a strong commitment to the continuation of the market function.

"The consortium's experience in local and interstate markets will be a key to the ongoing success of [Market City](#) and WA's fruit and vegetable industry."

The sale agreement comes just days after the state government's credit rating was downgraded to Aa2 by international agency Moody's, with the Treasury forecasting a peak debt level of around \$39 billion before the end of the decade.

To rein in that number, the government has announced a series of other sales which are at varying degrees of completion.

Earlier this week, [Gresham Partners](#) was appointed as lead manager for the sale of a portion of the affordable housing financier [Keystart](#)'s loan book.

Others that have been considered include gambling agency the [TAB](#) and [Fremantle Ports](#).

In total, the sales program is expected to earn \$3-\$5 billion.

The most significant potential option, and one which the state government has so far been reluctant to embrace, would be a sell of the electricity network owner [Western Power](#).

That could earn the government up to \$15 billion, reducing debt and providing a financial opportunity for capital reinvestment.

It would also put substantial downward pressure on electricity prices, if the experiences of Victoria and South Australia hold true.

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