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# Prasarana: LRT 3 construction cost won't top RM9b

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**KUALA LUMPUR:** Prasarana Malaysia Bhd has given an assurance that the construction cost for the light rail transit line three (LRT 3) project will be contained at RM9 billion amid the weakening of the ringgit, which has sparked concerns over higher imported material cost.

"We're looking to capitalise the usage of the equipment that is available here, so that we can minimise direct imports," Prasarana president and CEO Datuk Azmi Abdul Aziz told a press conference last Friday when announcing the appointment of Malaysian Resources Corp Bhd (MRCB) and George Kent (M) Bhd as the project delivery partner (PDP) for the LRT 3 project.

While he acknowledged that the design of the project "will be a bit more challenging" in view of current developments such as the weakening ringgit, he said the project cost will not

be overrun with the appointment of the PDP.

"One of their (PDP) KPIs (key performance indicators) is managing the VOs (variation orders); if they cannot manage it, then we'll deduct a certain percentage of their fee," he said.

The PDP will receive a fee of 6% of the total aggregate work package contract value. Should the eventual total cost of the project be less than or equal to the target cost, the PDP will be entitled to the full fee.

If the project cost is more than the target cost, then the PDP fee will be reduced in accordance with an agreed formula.

The RM9 billion construction cost does not include land acquisition cost, which Azmi said will be announced later pending the confirmation of the land size to be acquired.

Prasarana is the project owner of LRT 3. It was reported that other individual and joint-venture bidders for the project were Gamuda and MMC Corp Bhd, UEM Group Bhd, Naza Group and China-based CSR Zhuzhou Electric

Locomotive Co Ltd, Sunway Bhd as well as WCT Bhd and AlloyMtd Group.

The 36km-long LRT 3 line will link Bandar Utama to Johan Setia, Klang, and is expected to transport around 70,000 passengers every day.

Azmi said prequalification for the construction packages will be called by year-end to ensure that the project will be completed by Aug 31, 2020 as scheduled.

He also said the alignment of LRT 3 will be confirmed within the year upon the submission to the Land Public Transport Commission. Construction is expected to begin early next year.

On project financing, Azmi said Prasarana has given approval for a sukuk issuance, but he did not disclose the issuance size, except to say that "we raise as we require".

"I can tell you that local financial institutions are very excited to participate in this issuance," he added.

MRCB shares rose 15 sen or 17.65% to RM1.00 last Friday, while George Kent shares soared 21 sen or 17.8% to RM1.39 on news of their appointment as PDP.