

THE AUSTRALIAN

SE PrimeSpace
 HD Goodman deal will turn **park** to homes
 BY BEN WILMOT, LISA ALLEN, ACQUISITIONS
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LP GOODMAN **Group** has struck one of Australia's largest **residential site** deals with an agreement pending for the **sale** of its holdings in Sydney's Ashmore Precinct urban renewal area.

The industrial **property** powerhouse has secured a **purchaser** for the business **park** in Erskineville for a price estimated at more than \$350 million.

TD The **group** holds industrial parks that have the potential to be converted into more than 35,000 unit blocks in strategic inner-city locations across Australia and has been selling since last year.

Given the scale of the anticipated **transaction**, it is likely an offshore **group** will be involved. But a **group** that has done business with Goodman — **China**'s Country Garden, which bought a **park** in North Ryde for an **apartment project** — has distanced itself from any **transaction**.

Michael Crombie of Colliers International is rumoured to be brokering the deal but was uncontactable.

Goodman last night declined to comment on the **site**. Last month the **company** said it had \$500m of urban renewal sites on the market, under due diligence or **sold** in Australia and Britain.

Goodman chief executive Greg Goodman last week confirmed the **group**'s strategy to sell sites to **residential** developers rather than undertaking projects itself. With the **residential property** boom in Sydney's inner west boosting the value of Goodman's holdings in Erskineville, the looming deal is expected to be struck at a multiple of the **site**'s value as an industrial **park**.

The **site**, which includes 57 Ashmore Street and 165-175 Mitchell Road, Erskineville, has its own planning controls.

The properties span about 7ha of the 17ha Ashmore Precinct. The precinct is expected to produce about 3300 homes when fully redeveloped and the Goodman properties are to hold about 1765 dwellings.

CLSA analysts expressed confidence in the **group**'s sales strategies after a tour of Goodman's Sydney and Melbourne **assets** last month. "We now expect up to \$2 billion in **assets** sales in fiscal 2015 and Goodman **Group**'s **residential** conversions to deliver up to \$247m profits in fiscal 2015," CLSA analyst Sholto Maconochie said.

He saw the potential for a special dividend of up to 14c per share and CLSA estimated value creation of about 50c per share.

Goodman has already **sold** two sites for 3.6 times book value and CLSA expects the industrial **property group** to sell its next six active sites for between two to three times book value, realising \$587m to \$1bn in net proceeds. CLSA sees immediate benefit this year from the **sale** of Epping, Erskineville and Alexandria sites in NSW, with significant value to come from 9917 units in Port Melbourne in fiscal years 2018-2020.

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