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HD **$2.6bn rival bid shakes Stockland**

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AUSTRALIA'S largest developer, Stockland, has been thrown off-guard with a surprise $2.6 billion rival cash bid for its takeover target Australand, launched by a Singapore-listed **company** that is controlled by Thailand's third-richest man.

Frasers Centrepoint's conditional cash bid announced yesterday sent Australand's shares soaring by 5.57 per cent to $4.55, setting the stage for a dramatic bidding contest for some of the nation's most valuable **residential** developments as the housing market begins to turn the corner.

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But in a surprise twist, Stockland's shares also rallied 1.8 per cent to $4.01 yesterday, valuing its scrip bid at $4.51 per share, more than Frasers' $4.48-per-share cash offer, and leaving the market guessing if the business would end up in local or foreign hands.

The motivation by the Singaporean developer, which is 88 per cent-owned by the TCC **Group**, is to diversify away from the **Chinese** and Singaporean market.

It is also said to be attracted to Australand's experienced management team, led by Bob Johnston; a lucrative pipeline of **apartment** and housing developments; and opportunity to secure a stronger foothold in Australia.

"We already have an established platform and good brand recognition in Australia, but real **estate** is a business where scale and depth matters," chief executive Lim Ee Seng said.

Stockland's **board** and its advisers moved swiftly yesterday to regroup on the news, which will derail its plans to conduct due diligence. It issued a statement to the market that it would provide an update in due course.

On May 28, the diversified developer lifted its takeover offer for Australand to 1.124 Stockland shares for every Australand share, then valuing its target at about $2.5bn, but the offer is now valued at more than $2.6bn.

Australand said the reciprocal due diligence provided was no longer available to Stockland and Frasers would now have an exclusive due diligence and negotiating period of four weeks.

Chairman Paul Isherwood said the **board** believed the proposal was superior to Stockland's offer, which was final, subject to a rival approach. "Accordingly, the **board** has determined to progress the proposal with Frasers to determine whether an offer that is capable of acceptance can be presented to Australand securityholders," Mr Isherwood said.

Frasers' latest offer is a 19 per cent premium to Australand's three-month volume weighted average share price up to March 18, the day before Stockland announced it had **purchased** a 19.9 per cent stake in Australand.

Including the half-year dividend, Frasers will pay out $4.61 per share. Shareholders will also be paid any second-half distribution accrued when the offer becomes unconditional, which could be up to

12.75c a share. The deal is conditional on securing 50 per cent of shares and Foreign Investment Review **Board** approval.

Other **residential** developers, such as Mirvac, traded higher yesterday as the takeover news reinforced positive sentiment.

Continued on Page 30 Continued from Page 29 The reaction is a far cry from 18 months ago, when potential suitors shunned Australand's **residential** business when the sector was out of favour.

Potential buyers then entered Australand's dataroom after the GPT **Group** bid for its office and industrial properties.

Negotiations intensified in the past week with Frasers Centrepoint, the owner of $S10.5bn ($9bn) worth of **property** and backed by Thai billionaire Charoen Sirivadhanabhakdi. Analysts said the Frasers bid was superior, and had secured the backing of Australand shareholders.

JPMorgan analyst Richard Jones said he believed Stockland's shares rose in the hope the **group** would crystallise profits through a **sale** of its 19.9 per cent Australand stake."The market has been worried that it may overpay, and I think today the market is saying it has a better-than-even chance of walking away," Mr Jones said. "A cash offer gives investors certainty."

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