

HD **CapitaLand Sells Australand Property Stake**

WC 644 words

PD 19 March 2014

ET 15:30

SN Dow Jones Institutional News

SC DJDN

LA English

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CapitaLand Ltd. has **sold** its entire stake in an Australian **residential** and **commercial property** developer for US\$767 million, as the Singaporean **property** developer focuses on its core domestic and **China** market.

Southeast Asia's largest **property** developer by market value is completely exiting Australand **Property Group**. Australand, which has a market capitalization of 2.3 billion Australian dollars (US\$2.1 billion), develops and owns properties mostly in Australia's largest cities--Sydney, Melbourne and Brisbane. Its tenants include Australia's largest bank by market value, Commonwealth Bank of Australia Ltd., and Australia's largest airline, Qantas Airways Ltd.

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"We have decided to divest our remaining stake in Australand now as market conditions are favorable and Australand's share price has performed strongly in the past few months. This divestment would allow us to reallocate capital to our core businesses in Singapore and **China**," Lim Ming Yan, President & **Group** chief executive, CapitaLand said in a statement Wednesday.

CapitaLand, which is 39% owned by state investment **firm** Temasek Holdings Pte. Ltd., has been looking to exit from Australand for over a year. Both CapitaLand and Australand sought potential buyers in January 2013, but concluded the effort in July after failing to receive proposals deemed to be "superior to business as usual." Among the bidders, GPT **Group** withdrew its proposal to **buy** Australand's **commercial** and industrial assets in May, while Mirvac **Group** Ltd. appointed an adviser to consider a potential takeover of Australand. But that deal was never announced. In November last year, the Singapore developer first **sold** a 20% stake through a placement that fetched A\$434 million.

CapitaLand is selling its entire 39.1% stake, or 226.2 million securities of Australand at an average price of A\$3.75 per security in a secondary placement, which is a 3.6% discount to Australand's closing price of A\$3.89 on Tuesday. Shares of Australand have gained 15% in the last 12 months, outperforming the benchmark S&P/ASX200 index, which has gained 7% over the same period.

In a separate filing, Stockland, another Australian **property** developer, said that it has acquired 20% of Australand through the placement for around A\$435.3 million. Mark Steinert, the chief executive of Stockland, said that "over time this holding will enable us to explore strategic opportunities with Australand." Stockland is a diversified **property** developer and manager with assets including shopping malls, **residential** housing communities and retirement villages.

"Ultimately, we believe Stockland will look to undertake a full takeover of Australand, which suggests a meaningful equity raising to fund the deal," analysts at Macquarie **Group** in Sydney said in a client note.

CapitaLand intends to use the proceeds of the deal to explore opportunities in its two core markets and repay some debt. At its fourth-quarter earnings results briefing last month, CapitaLand said that it believed that the long-term demand for homes, shopping malls and offices in Singapore remained positive and that the **group** was optimistic about its prospects in **China**. CapitaLand's **China** unit is shifting its focus to low-cost homes as it expects the country's urbanization drive will boost demand for **residential property**. Earlier this year, the developer paid US\$181 million to **buy** a **residential site** in a government tender in the **Chinese** coastal city of Ningbo with plans to build 1,100 small-and-medium-size **residential** units.

CapitaLand's real **estate** portfolio primarily includes homes, offices, shopping malls, and serviced residences. The listed entities of the CapitaLand**Group** include, CapitaMalls Asia, Ascott Residence Trust, CapitaCommercial Trust, CapitaMall Trust, CapitaMalls Malaysia Trust and CapitaRetail **China** Trust.

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(END) Dow Jones Newswires

March 19, 2014 01:30 ET (05:30 GMT)

CO ahlaus : Australand Property Group | dbsl : CapitaLand Limited

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