

SE Business
HD **Suitors run eye over Devine**
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Exclusive Japan's two largest home builders and AVJennings have emerged as potential bidders for the listed Queensland **residential property group** Devine as part of the \$1 billion-plus asset sell-off by Leighton Holdings.

Sources have confirmed that Daiwa House and Sekisui House have been investigating a potential **purchase** of the \$162 million developer.

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Leighton is also preparing to offload Leighton Properties, which is believed to have drawn interest out of Singapore, where major developers such as the Ascendas **group** could be in the frame as a suitor.

The appetite for Australia's top **apartment** developers is gaining momentum, as Singapore-based Frasers Centrepoint bids \$2.6bn for Australand and **Chinese** giant Greenland Holdings embarks on a \$600m high rise complex in the heart of Sydney.

A return of home building volumes to near record levels is also adding favour to the previously shunned **property** sector.

Devine recently upgraded its annual net profit guidance to between \$12m and \$14m, from \$7m to \$10m, on the back of rising demand for its apartments.

Operating in Queensland, Victoria, South Australia and more recently NSW, Devine has built 24,000 apartments since its 1993 listing and has a \$3bn project pipeline for 13,700 homes.

It is half-owned by Leighton, and was originally founded in 1983 by Queensland developer David Devine.

Its shares have risen from about 74c a year ago to close at \$1.02 last night. The **company** last month confirmed Leighton had launched an expressions of interest process for its stake.

Housing and **apartment** developer AVJennings had previously been speculated as a potential suitor for Devine, while Japan's largest home builder, Daiwa House, has a presence in Australia and is thought to have been eyeing potential acquisition opportunities for some time.

Sekisui House is Japan's second-largest developer and already has joint ventures on various projects with Frasers Centrepoint in Singapore and Australia, including the \$2bn Central **Park** project in Sydney's inner-city suburb of Chippendale.

The **company** has \$1bn of annual turnover here and while it first came to Australia as a developer, it branched into contract home building through the acquisition of AVJennings' contract building business for \$18.5m in 2010.

Leighton's asset sell-off follows a proportional takeover bid for the **group** by its parent **company** Hochtief, which is controlled by Spanish construction giant ACS.

The potential **sale** of Leighton Properties is being handled by Bank of America Merrill Lynch. Its most attractive asset is thought to be joint venture rights with Mirvac to develop Sydney's Green Square Town Centre mixed use project, which has an end value of \$1.1bn.

Some have suggested the assets could be **sold** individually.

Macquarie Capital is handling the **sale** of Leighton's John Holland construction business, with initial bids expected to close at the end of this month.

Global groups are expected to show strong interest for Holland, which advisers have been pitching as an opportunity to get a foothold in the Australian market.

Commonwealth Bank analyst Ben Brownette previously said in a research note that John Holland would be attractive to a buyer such as US-based KBR, Korea's Samsung C&T or French construction giant Bouygues.

Bouygues, among other groups, had already shown interest, sources said. John Holland generates close to a quarter of Leighton's \$22.5bn of annual revenue, and its **sale**, along with the divestment of other assets, could generate billions of dollars for the construction giant

CO leiho : Leighton Holdings Ltd | sekho : Sekisui House Ltd | hocht : Hochtief AG | ocisa : ACS
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