

HD **CapitaLand Sells Australian Developer**

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

The Singapore **property** developer, Southeast Asia's largest by market value, is completely exiting from Australand **Property Group**. Australand, which has a market capitalization of 2.3 billion Australian dollars (US\$2.1 billion), develops and owns **residential** and **commercial** properties mostly in Australia's largest cities -- Sydney, Melbourne and Brisbane.

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Its tenants include Commonwealth Bank of Australia Ltd., Australia's largest bank by market value, and Qantas Airways Ltd., the country's biggest airline,

"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, CapitaLand's president and chief executive officer, said in a statement on Wednesday.

CapitaLand, which is 39% owned by state investment **firm** Temasek Holdings Pte. Ltd., has been looking to sell Australand for more than a year. Both CapitaLand and Australand sought potential buyers for Australand in January 2013, but concluded the effort in July after failing to receive proposals deemed to be "superior to business as usual."

Last November, the Singapore developer **sold** a 20% stake through a placement that fetched A\$434 million, reducing the **company's** stake from 59.1%.

CapitaLand is selling the remaining 39.1% stake, or 226.2 million securities of Australand, at an average price of A\$3.75 each, a 3.6% discount to Australand's closing price of A\$3.89 on Tuesday. Shares of Australand have gained 15% in the past 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 it has acquired 20% of Australand for around A\$435.3 million.

Mark Steinert, 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 note to clients.

CapitaLand intends to use the proceeds of the deal to explore opportunities in its two core markets and repay some debt.

At a briefing about its fourth-quarter earnings last month, CapitaLand said that the **group** was optimistic about its prospects in **China** and that it believed the outlook for long-term demand for homes, shopping malls and offices in Singapore remains positive.

CapitaLand's **China** unit is shifting its focus to low-cost homes because 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 the coastal city of Ningbo, planning to build 1,100 small and medium-size homes.

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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