

SE Business
HD **Devine confirms Leighton stake for grabs**
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LEIGHTON Holdings has pushed the button on its **property sale** program with its majority-owned listed **residential** developer Devine announcing the construction giant was looking to offload its \$76 million stake.

Speculation is already rife that the **sale** process could result in a rival developer such as AVJennings or Cedar Woods making a bid for the Devine business.

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AVJennings chief executive Peter Summers and Cedar Woods managing director Paul Sadleir declined to comment.

Sources said a larger developer like Stockland and Mirvac would be only outside chances at making an offer for the **company**.

The **sale** of Leighton's Devine stake was flagged to the market last week in a flyer sent out by the construction giant that included the strategic review of the Leighton Properties and the Devine interests in the one document.

The four-page **sale** flyer contained two pages on the former and two on the latter. Leighton Properties has a development pipeline with an end value of \$6.5bn. Mirvac and Lend Lease are seen as potential buyers for assets within that business that include the massive Perth City Link project where Mirvac is the **group**'s joint venture partner.

Confirmation of the Devine **sale** comes as French **company** Bouygues Construction is understood to have expressed interest in acquiring John Holland. Lend Lease has teamed up with Bouygues to design and construct the \$3 billion NorthConnex tunnel linking Sydney's M1 and M2 freeways.

Another interested player is said to be Spanish construction giant Ferrovial. Leighton chief executive Marcelino Fernandez Verdes has been meeting with managers across the **group** in Sydney, Brisbane and Melbourne over the past 10 days to brief them on the review process and reassure them about the future of the **company**.

Mr Fernandez Verdes has often staged the meetings on his own with groups of up to 15 managers.

There is ongoing uncertainty about the future of Leighton's **Hong Kong** office in any future structure. The Leighton Asia operation has now been grouped under the Leighton International banner in the new structure announced earlier this month. But there is speculation that the **Hong Kong** office — long a flagship for Leighton in the Asian region, could be dramatically scaled back.

Leighton's stake in Devine has a face value of \$76m but a clean **sale** of the stake or a takeover of the **group** could prove difficult.

Earlier this year Leighton was forced to provide a \$50m guarantee over Devine's main debt facility at the behest of ANZ Bank.

Sources said the buyer of Leighton's stake would need to cover the guarantee and line-up a refinancing deal for Devine.

Devine has also booked impairments on a host of development sites which could make the business less attractive, sources said.

"It will be a challenging process for Devine. The equity cheque will be a lot bigger than you think. I expect that Leighton will probably sell Leighton Properties before it will sell its Devine stake." An analyst who declined to be named said the business was likely to be too small to attract a buyer like Mirvac or Stockland.

Devine's shares spiked on its formal confirmation of Leighton's intentions to close up 7c at 95c.

The rise followed three straight days of declines after the release of the Leighton flyer but ahead of Devine's statement yesterday to the ASX.

The Australian was unable to reach Devine managing director David Keir for comment on the **sale** or the **company's** disclosure practices.

In a statement Mr Keir said the **sale** process by Leighton was preliminary. "There are no assurances that a **sale** of the Leighton investment in Devine will be finalised." PRIMESPACE P29

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IN	i502 : Heavy Construction iconst : Construction icre : Real Estate/Construction
NS	c182 : Asset Transactions c18 : Ownership Changes cactio : Corporate Actions ccat : Corporate/Industrial News ncat : Content Types nfact : Factiva Filters nfcpin : FC&E Industry News Filter
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