



1 February 2007

Ashley Moir
Company Secretary
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Company Announcements Office
Australian Stock Exchange Limited
Level 4
20 Bridge Street
SYDNEY NSW 2000

Dear Sir

Re: Leighton to acquire 40% stake in Devine for approx \$94.7 million

Please find attached a copy of a media release to be issued by the company later today.

Yours faithfully
LEIGHTON HOLDINGS LIMITED

ASHLEY MOIR
Company Secretary

Media Release

1 February 2007

Leighton to acquire 40 per cent stake in Devine for approximately \$94.7 million

Leighton Holdings Limited today announced that the company had agreed to acquire a strategic 40 per cent stake in listed developer Devine Limited (ASX: DVN) for approximately \$94.7 million.

The acquisition, which is subject to the approval of Devine shareholders, expected to be in late March, will allow Devine to accelerate its diversification and expansion strategy and further diversifies the Leighton Group into the residential property market.

The transaction, if approved, will involve the issue of 94.7 million shares, to bring Devine's total shares on issue to 236.8 million.

Leighton Holdings Chief Executive Officer Mr Wal King said that the acquisition of the stake in Devine represented a significant strategic move by the Group to expand its property development business.

"The Group has indicated for some time that it is pursuing a range of growth initiatives, which build on our current strategic framework and the strength of our balance sheet. We approached Devine mid way through last year and both companies see the benefits of this strategic alliance," said Mr King. "We believe that Devine, a leading home builder and developer in Australia's residential property market, provides the Group with a great opportunity to further diversify.

"Devine offers affordable housing in Queensland, Victoria and South Australia, and is highly regarded for its innovation, modern, quality homes and dedication to service," he said. "It is also known for its high-rise unit developments, particularly within the Brisbane CBD."

Devine's founder and Managing Director Mr David Devine said Leighton's investment represented a vote of confidence in the company's strategic direction and management.

"Leighton is a market leader, recognised for its expertise and we would welcome the company to our register," Mr Devine said. "The Board and management are very excited about the opportunities that this will bring to the company.

"The proposed transaction will allow Devine to fast-track its diversification program and allow it to progress a number of exciting development opportunities that the company has recently identified," Mr Devine said. "It will also allow Devine to undertake further geographic expansion in the medium term.

"In addition to the equity investment in the company, Leighton and Devine are committed to exploring joint venture development opportunities."

Since listing in 1993 Devine has developed more than 15,600 homes and more than 2,745 units. During the past two years, Devine diversified its operations including the creation of an in-house construction division, a commercial division and the establishment of a funds management capability.

Devine has also been aggressively building its land bank, increasing its stock in 2005/06 by 61 per cent to 3,028 lots. The company is on track to achieve its target of creating a land bank of in excess of 5,000 lots by June 2008.

“Our current land developments and projects, when completed and sold, will have an end value of more than \$2 billion,” Mr Devine said.

In 2005/06 year, Devine recorded a net profit after tax of \$18.9 million from revenue of \$571.7 million and has forecast that it will exceed this result in 2006/07.

“For the Leighton Group the acquisition is a strategic diversification into a market beyond the commercial property cycle,” Mr King said.

“The Group has grown its non-residential property development business significantly over the past 10 years via Leighton Properties, which is one of the largest players in that market. However the residential cycle is often “out of step” with the commercial property market, as it is at the moment, and this important diversification will allow the Group to further diversify in the broader markets,” Mr King said.

“Residential property development is a \$30 billion per annum market .Over the longer-term this market is expected to continue to grow strongly given the strength of the Australian economy and GDP per capita.

“Diversification into the residential development market is a logical strategic move for the Leighton Group and one that we have been evaluating for some time. This is an exciting opportunity for both Leighton and Devine, which should create value for the shareholders of both companies.

“We look forward to developing a positive working relationship with Devine. Leighton will be nominating two Directors for appointment to the Board and will equity account the investment,” said Mr King.

About Devine (fact sheet following)

ENDS

Further information:**Leighton Holdings**

MR WAL KING AO Chief Executive Officer T (02) 9925 6912 or

MR DIETER ADAMSAS Deputy Chief Executive Officer & CFO T (02) 9925 6923

Devine Limited

Mr DAVID DEVINE, Managing Director, 07 3233 1402

Ms KATHY MAC DERMOTT, Rowland 044 88 44 508

LEIGHTON HOLDINGS LIMITED is the parent company of Australia's largest project development and contracting group. Founded in 1949, the organisation has grown into a diversified group that includes Thiess, John Holland, Leighton Contractors, Leighton Asia, and Leighton Properties. With over 25,000 employees, the Group's operations are spread all around the Asia-Pacific region on projects in Australia, New Zealand, Hong Kong, Indonesia, Malaysia, Singapore, the Philippines, Thailand, Vietnam, China, Taiwan, Sri Lanka, Macau, India and the Arabian Gulf. Leighton Group companies offer a broad range of project development and contracting services and skills to public and private sector clients across a wide range of industries. Project development skills – infrastructure, property or resources based – and project management of construction and property developments complement the Group's contracting activities. These activities include construction, mining and services. Leighton Holdings (LEI) is listed on the Australian Stock Exchange and has its head office in Sydney.

Appendix

Summary of transaction

- Leighton Holdings Limited to acquire a 40 per cent stake (based on the total number of shares on issue post the placement) in Devine Limited for approximately \$94.7 million via the allocation of 94.7 million new shares (assumed issue price of \$1 per share).
- The new shares to be issued at the Volume Weighted Average Price of Devine shares traded on the ASX in the 20 trading days prior to 31 January 2007.
- The acquisition is subject to shareholder approval with a resolution expected to be placed before shareholders of Devine Limited in late-March 2007.
- Leighton Holdings' investment in Devine Limited will be subject to a 'stand still' clause, which restricts any change to the 40 per cent stake for a minimum period of 3.5 years.
- Leighton Holdings will have the right to nominate two Directors for appointment to the Board of Devine Limited.
- Leighton Holdings' stake in Devine Limited will be equity accounted.

The proposed timetable for the acquisition is:

- Late-February – Devine to issue a notice of meeting to its shareholders
- Late-March – meeting of Devine shareholders to be held
- End of March – assuming approval by shareholders, Devine Limited shares will be issued to Leighton Holdings.