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Leighton selldown in slow motion THE wheels are said to be turning slowly for Leighton Holdings' asset selldown worth up to $3 billion.

However, the sale of Leighton Properties to Singapore-based City Developments is said to be all but done, in a deal that would see existing management retain their jobs.

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Andrew Borger will run the business, sources say, as the incumbent property boss Mark Gray, who has been managing director of Leighton Properties for many years, is said to be planning an exit from the business under its new Spanish owners.

Some suggest Leighton Properties could sell through advisers Bank of America Merrill Lynch for about $500 million, reflecting the value of its $7bn development pipeline.

The Australian flagged that City Developments was in advanced stages of due diligence and the company had stated its plans to expand in Australia.

Among Leighton Properties projects are its Kings Square development in Perth — part of the greater Perth City Link public private partnership that it is jointly developing with Mirvac — as well as residential projects.

Other parts of Leighton up for sale include contractor John Holland and its services assets, which have caught the attention of Apollo, a US private equity firm.

Some in the market say bidders had baulked because the assets were not fully integrated as one business. The assets on offer are a mixture taken from Leighton subsidiaries, that include John Holland and Thiess.

Spanish group Ferrovial had been looking at the services assets, but instead turned its attention to Transfield as its takeover target.

Sources say pre-emptive rights to joint venture partners for some parts of the business could have deterred Ferrovial from paying a higher price. Bidders for John Holland are understood to include China Communications Construction Company and Samsung.

Leighton's Spanish-controlled majority owner, Hochtief, is thought to be hoping to secure $3bn from divestments to improve its own cash position.

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Rival float adds a twist WHILE UBS and Morgan Stanley are thought to be in the front seat to secure the advisory role for the $2.5 billion float of accounting software provider MYOB, it appears there could be a twist in Bain Capital's process selecting the right banker.

UBS and Morgan Stanley have been tipped as front runners because they originally advised Bain on its $1.2bn **purchase** of the business from Archer Capital in 2011 and also recently helped the **company** refinance. But some question whether a last-minute decision will be made to exclude Morgan Stanley from advising on the deal because it is believed to be working closely with MYOB's rival Xero, which was founded by New Zealand technology entrepreneur Rod Drury.

Another bank tipped to be in the frame could be Deutsche, while others that pitched are Goldman Sachs, Macquarie, Citi and Bank of America Merrill Lynch.

Some suggest the timing of the MYOB float — around May next year — will coincide with Xero's listing plans, which will likely see Credit Suisse involved.

However, others argue that Xero's listing will take place further down the track or not at all, given it recently downgraded earnings on the back of slower-than-expected growth in the US.

The same banking confusion happened with Estia and Regis, where UBS was slated to be working on the Regis float with Macquarie before it instead concentrated solely on the Estia deal for private **equity firm** Quadrant.

Should Morgan Stanley proceed as adviser on both deals, any conflict of interest might only be a perceived one, given Xero was listing in a different market. It is already listed in Australia and New Zealand and only opting to list in the US.

Meanwhile, Bain Capital is believed to be competing with Blackstone for Orica's chemicals business following Pacific **Equity** Partner's retreat from the process.

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Waiting on malls SOME find it odd there is still no news on whether Westfield Corporation will list its business in New York or London as well as Australia, but some sources say it could be because the **company**, co-founded by **billionaire**Frank Lowy, could be waiting until shopping malls come back in favour with American investors.

Westfield's main global rival, Simon Properties, recently delivered a flat set of earnings numbers and it is thought that much of it could be attributed to the increasing amount of shopping taking place online, causing lacklustre sharemarket demand for shopping mall owners.

The US, meanwhile, remains a fertile hunting ground for companies pinning their growth aspirations on expansion via offshore mergers and acquisitions.

Brambles spin-off Recall is still a takeover target if you believe what the market is signalling.

Shares in Recall have rallied to about $6.80 this week from $5 in September, when speculation emerged that Boston-based logistics giant **Iron** Mountain was mulling a takeover of the Australian-listed **company**.

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Medibank carve-up BROKER firms that have applied for Medibank shares have been allocated $1.5 **billion** of shares, representing just 12.5 per cent of the total demand. The broker **firm** offer, which closed yesterday, has seen the submission of $11.98bn in binding bids by brokers on behalf of their retail clients.

The total demand was more than double the value of shares on offer, based on the retail price cap of $2 a share. Medibank is raising up to $5.5bn in the float at a price range of $1.55 to $2 a share.

The scaled-back broker allocation, due to the strong level of demand, may even be subject to a further clawback of up to 20 per cent following completion of the institutional offer.

The broker **firm** offer forms part of the retail offer of Medibank shares, together with the general public offer, the policyholder offer and the employee offer. Broker retail clients can still apply through the public offer or other retail offers if eligible, that will last until November 14. The government is also offering shares to institutional investors.

Although market sources have been expecting an even split between institutional and retail allocations, Finance Minister Mathias Cormann said no decision would be made until the completion of the offer. A decision on local and offshore splits would also be made after the offer closes. This is critical to the underwriters as it determines the fee take on the float.

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The final price and the share allocation will be detailed on November 25, after all the offers have closed and bookbuild completed. MAGGIE LU YUEYANG

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