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LP Banks vie for advice role in Investa sales THE sales process for the $9 billion Morgan Stanley-owned Investa real estate platform has been locked in for the first half of this year, according to sources.

Now the race is on for investment banks to land an advisory role with one of the potential buyers, ahead of what is shaping up to be the biggest deal in the property sector for some time. It's understood that Macquarie Capital is almost a certainty to be adviser for Investa Office Fund, which has $3.1bn worth of assets, while UBS and Morgan Stanley will act for the unlisted Investa interests.

TD These include a wholesale fund worth almost $3bn and an additional $3.5bn worth of property on its balance sheet, comprising mainly landmark offices in major cities, but also some land for residential development.

IOF may want to buy the management rights of its own fund or the broader Investa platform, which means Morgan Stanley is unable to act for IOF due to perceived conflicts of interests.

However, the deal is likely to generate lucrative fees for banks across the board in the space, as was the case when Commonwealth Bank cut ties with the management of its $17bn property platform. The bank's decision, made in 2013, triggered a battle for the $3bn Commonwealth Property Office Fund between the GPT Group and the Dexus Property Group and Canadian Pension Plan Investment Board consortium, which wound up as the successful suitors.

CBA used Goldman Sachs as its adviser, while the bank's funds management arm, Colonial First State, was represented by UBS.

Dexus is likely to take a look at Investa, which could see the group draft in investment banks Citi, JPMorgan or Deutsche, the three it used in the CPOF transaction.

The GPT Group could sound out the business, calling on the help of Bank of America Merrill Lynch, while Blackstone is a logical suitor, as is Charter Hall. Fort Street's experienced real estate banking team headed by Richard Hunt is also likely to be in the corner of one of the suitors.

An interesting question is how the process will play out with respect to the involvement of wholesale funds such as Australian Super and the Future Fund.

In the Colonial deal, CPPIB, which used Macquarie as adviser, secured exposure to the portfolio through a partnership with Dexus, while GPT's wholesale fund provided firepower for its tilt.

Some are sceptical as to whether the Investa Office Fund will in fact be sold, with the cynics saying the process could see a so-called "stalking horse" offer emerge to establish the price that the listed group would need to pay for its management rights. Complicating matters is the joint venture ownership structure of various landmark towers Investa owns, such as Sydney's Deutsche Bank Place and the Telstra headquarters in Melbourne's Exhibition Street.

Morgan Stanley bought Investa at the peak of the property market in 2007 for $4.7bn, holding the business in its MSREF VI fund, one that controls a 20 per cent stake in the publicly listed IOF.

The only other sizeable deal keeping bankers busy is the selldown of Leighton's assets, being handled by Bank of America Merrill Lynch and the listed residential developer it backs, Devine, for which Goldman Sachs is running the sales process.

Deutsche's wine role INVESTMENT bank Deutsche is believed to have been drafted in to sell wine company Yealands Estate across the Tasman, in a move that could attract buyout firms such as Australian-based Champ Private Equity, some of which could be looking to build scale for a potential initial offering later this year.

Yealands, based in Marlborough, New Zealand, owns about 1400ha of vineyards and some say the business could be worth about $150 million.

Champ owns Accolade Wines and is seen as one of the few logical buyers that could come out of Australia for the business, although it already has numerous New Zealand brands in its portfolio.

Excluded from the list of potential suitors would be Australia's largest wine company, the listed Treasury Wine Estates, which is at present a seller rather than a buyer.

It flagged plans last year to rationalise its Australasian portfolio after a takeover proposal by Pacific Equity Partners and Kohlberg Kravis Roberts did not eventuate in a deal.

At the time, Treasury indicated that it would reduce the 50-odd Australian and New Zealand brands by about 35 and that some, which sold for under $10 a bottle, could be divested.

However, it has yet to specify which of those would be sold or retired. A move by Treasury to also divest brands could create further buying opportunities for private equity firms such as Champ, or other operators, looking to consolidate.

Since the collapse of the takeover bid for Treasury, its shares have recovered from lows of about $4 in October, closing yesterday 7c higher to $4.71.

ACN snaps up Phoenix VOCATIONAL education firm Australian Careers Network has made its first acquisition since listing on the ASX before Christmas, snapping up the Phoenix Institute of Australia for about $4.5 million.

The company said it expected to advance talks for other possible acquisitions early this year.

The Phoenix purchase was made through a share purchase agreement under which ACN would buy all the issued capital in Phoenix, which delivers programs in holistic counselling and art therapy for people to work in the health, education and community services sectors.

ACN will pay an initial $2.25m for the acquisition, followed by another payment of up to $2.25m over three years upon profit performance, according to a statement to the ASX.

The ACN group board believes the deal provides material upside for the company. The Melbourne-based outfit had to scale back its IPO size to $54.4m after sentiment soured following troubles at fellow education provider Vocation.

ACN shares closed yesterday at $1.34, still below its IPO issue price of $1.70.

Silence on Asciano sale IT'S been several months since Asciano announced it was in talks about a transaction related to its Patrick ports and logistics business, and still no word of a deal.

The situation has some analysts questioning whether a move to offload part of the business to a suitor - rumoured to be China Merchants - is likely to happen.

Yesterday, RBC Capital Markets downgraded the freight logistics company due to tougher growth expectations this year, stating that recovery of volumes in terminals and intermodal freight transport was "some way off".

Other challenges are the dollar and the soft economic outlook. The analysts have lowered earnings forecast for Asciano, which are now 4.2 and 8.2 per cent below the consensus for financial years 2015 and 2016 respectively.Although Asciano may have some improvements in its balance sheet, with positive free cashflow seen in the second half of 2015, the analysts say that improvement is already in the share price.

CO ajogau : Investa Office Fund | mcqbnk : Macquarie Group Limited | dwitd : Morgan Stanley

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