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LP Qube to pitch rival bid in Asciano battle The battle for Asciano is expected to heat up again today with Qube and its heavyweight backers poised to submit a counter-proposal to Brookfield's $8.9 billion takeover bid.

According to sources, an announcement on the rival approach is likely to be unveiled to coincide with the port and rail company's annual general meeting to be held in Melbourne this morning.

TD Yesterday Brookfield succeeded in neutralising Qube's initial offensive that delivered it a 20 per cent blocking stake by securing court approval to defer the vote on the scheme proposal that Qube opposed.

The logistics outfit, headed by Chris Corrigan, is now faced with some heavy obstacles.

Under the conditions agreed with Brookfield, Asciano cannot shop the deal or talk to rival suitors without risking an $88 million break fee. Typically that means a suitor would need to pitch in a rival takeover bid before it can access due diligence material or engage with the board.

However, it may not preclude Qube from submitting to the company a price it is willing to pay, along with a broad outline of how it wants to proceed.

Qube plunged into Asciano last month with the backing of Global Infrastructure Partners and Canada's Pension Plan Investment Board with the aim of blocking the takeover and breaking up Asciano so the funds could take the rail assets and Qube could snare the Patrick container terminals.

Brookfield has now launched a separate $8.9bn off market takeover bid, that requires a minimum acceptance of 50.1 per cent as opposed to the 75 per cent support needed under the scheme proposal. Formal documentation for this second offer will be published next month.

McGrath a big draw It appears that advisers behind the float of McGrath Estate Agents may have defied their critics.

There are suggestions they are planning to accelerate the timetable of the real estate agency's initial public offering on the back of what is said to be strong investor demand. It is now understood that the float has attracted strong interest from Australian institutions and that the book is already well covered.

This is likely to see the bookbuild for the deal brought forward by two days to November 10 before its listing early next month, which has so far been scheduled for December 9.

Management meetings have been held in Hong Kong and Sydney, and will continue in Melbourne today. It is understood the deal has had a better reception from local fund managers than those offshore.

Doubters had been questioning whether the deal would take place because of the cooling Sydney and Melbourne housing markets and a fall in auction clearance rates from about 80 per cent to almost 60 per cent in some markets since sentiment has shifted.

They also believed that a move by the veteran real estate agent founder, John McGrath, to cash out in part could signal that the best could be over for Australia's residential property market for a while.

The business is owned by founding chief executive John McGrath, chief operating officer Geoff Lucas and some senior real estate agents and all will be selling up to a third of their interests, subject to escrow for two years.

The company is selling shares at between $1.80 to $2.25, taking the market value of residential real estate chain once listed to between $254m and $295.7m. The IPO of what is one of Australia's leading agencies is set to raise between $121.2m and $135.2m.

It comes as sheep and beef live exporter Wellard Group priced its IPO at a range of $1.39 to $1.68 per share, equating to 12 to 14.5 times forecast net profit. The pricing will see the company's market value range between $556m and $672m, as it seeks to raise between $333.6m and $403.2m ahead of its listing next month.

Elsewhere, investors anticipate private equity firm Ironbridge to retain a substantial slice of Eclipx, the fleet management and car financing group it listed this year. A parcel of the shares owned by Ironbridge lapse from escrow tomorrow. At the current share price that would equate to a $331m selldown. However, sources said Ironbridge intended to hold onto the bulk of its stake and will offload a fraction largely to boost liquidity.

Shares in Eclipx, previously known as FleetPartners, closed down 1.4 per cent at $3.40 yesterday. The company, which was ushered on to the ASX in April by Citi, Credit Suisse and UBS, unveiled a net profit in May of $23.8m.

Annus horribilis This has been a year to forget for investors in Santos and Origin. In the past couple of months both oil and gas players have been forced into deeply discounted equity issuances to address bulging debt loads and tumbling oil prices.

Despite the desperate measures, there is little sign of an easing in the volatile conditions, leaving the two stocks under persistent pressure.

Origin's share price has sunk to new lows and investors are equally bearish about Santos's prospects following its $2.5bn rights issue yesterday. While the company now has sufficient firepower, with the share placement to the Chinese private equity firm Hony Capital and the $520m sale of the Kipper gas field, to withstand four years at the current spot oil prices, it remains exposed to another sharp fall in the commodity.

The move has prompted suitor Scepter Partners to signal it will walk away from Santos, after its $6.88-a-share takeover bid was swiftly rebuffed.

The $500m placement to Hony was struck at $6.80 a share, which equates to $5.71 a share on a blended basis, given the private equity company can also participate in the entitlement offer.

According to sources, Santos and the Chinese outfit began talks months ago, as part of a strategic review that attracted more than 100 offers.

And while some have characterised the holding as a blocking stake, others insisted Santos remained a takeover target given the reduction in its debt load.

For investors the immediate concern is the share price outlook. Santos has a large volume of retailer investors on its register — close to 55 per cent — and fund managers predicted the take-up rate may be low as this deal follows a string of cash calls on investors.

Brokers to the deal — Citi, Deutsche and UBS — have already won strong demand from large-scale, long-only investors to sub-underwrite the deal, enabling the banks to pass on the risk to institutional fund managers. This may be because the fees on offer are relatively high.While Origin's raising, executed by Macquarie, offered sub-underwriting fees of 50 basis points, the brokers on the Santos deal are offering 100 basis points plus an additional 25 per cent if the sub-underwriters wind up with shares — an unlikely prospect given the floor price on the mop-up of entitlements will be priced at $3.85.

CO ascian : Asciano Ltd. | brknfr : Brookfield Infrastructure Partners L.P.

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