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Brokers make Medibank bid BIDS are due from retail brokers today for shares in government-owned insurer Medibank, and demand is set to be exceptionally strong for the business that will float for up to $5.5 billion.

But it seems rival NIB Holdings, which is the fourth-largest player in the market, is also profiting from Medibank's popularity, with shares recently rallying.

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NIB's shares yesterday closed almost 3 per cent higher at $3.14, having gained ground since Medibank lodged its prospectus just over a week ago.

A re-rating of the sector could be afoot, with shareholders forming the view that NIB could be worth about 18 times its earnings if Medibank was worth up to 21 times, as suggested in its prospectus.

While it is yet to be determined how many shares retail investors would be allocated as part of the overall Medibank initial public offering, the common expectation is that it would be equally divided between institutional and retail investors, based on previous government privatisation deals.

However, a so-called clawback provision, in which advisers could reduce the offering to retail shareholders by 20 per cent, would allow them to get the mix right.

A mechanism is also believed to have been put in place so that smaller institutions could not creep into the broker firm's offer.

Banks including Lazard and Goldman Sachs will not want to repeat the situation surrounding the privatisation of Royal Mail in Britain, where shares gained overwhelmingly, causing some to suggest that too much money was left on the table.

Joint lead managers on the deal are Goldman Sachs, Macquarie and Deutsche. They started the domestic roadshow for retail brokers and institutional investors last week.

The advisers and management tonight head to Singapore, where they will hope to win over global investors for what will be a top 100 company in the Australian Securities Exchange.

The fee reward for securing international investors is twice as much as that for local firms, at 0.6 per cent compared to 0.3 per cent.

The indicative price range for Medibank Private shares has been set at $1.55 to $2 a share, but retail investors will not pay more than $2 per share, even if the final price paid by institutional investors is higher. Retail investors will have 2½ weeks to apply to buy shares, with the retail offer opening today and closing on November 14. The final price per share will be determined by the institutional bookbuild next month.

Meanwhile, Morgan Stanley analysts say the upcoming listing of Medibank should bring a greater competitive focus.

Strong Echo at play BIDS are due today for the two consortiums competing to develop Brisbane's Queens Wharf on behalf of the Queensland government, and it seems parties within Echo Entertainment's camp are jostling to secure the stronger position.

James Packer's casino empire, Crown Resorts, is partnering with **Chinese** developer Greenland for the multi-**billion**-dollar casino, **hotel** and **residential** development. Greenland, a state-owned enterprise out of **China**, recently had its debt downgraded by Standard & Poor's to negative.

But a recent move by one of Echo Entertainment's consortium partners to sell one of its businesses is thought to have been made to shore up its cash position in the hope of securing the Brisbane bid.

The **sale** was made by Chow Tai Fook, a **Hong Kong** business which is ultimately owned by the wealthy Cheng family.

The Chengs made the bulk of their money through jewellery and hospitality. Chow Tai Fook recently offloaded a 20 per cent **stake** in the Sogo department stores business, which it owns with Lifestyle International.

The **stake** owned by the partners **sold** for $US620m to the Qatar Investment Authority.

Also bidding with Echo is the Far East Consortium, also out of **Hong Kong**. Among Echo's casinos are The Star casino in Sydney, Jupiters on the **Gold** Coast and Treasury in Brisbane.

It recently **sold** its casino in Townsville, while Crown owns resorts in Melbourne and Perth, and is building a resort complex at Sydney's Barangaroo development on Sydney Harbour.

Brokers from CLSA have previously betted on a winning bid by Echo for the Brisbane casino licence and recently increased their valuation on the Echo stock by 18 per cent to $3.77.

A decision on what **group** wins the new casino licence is due early next year.

Hard times for software CONSTRUCTION software business Aconex cancelled plans for its initial public offering last night, despite its bookbuild being covered within its pricing range.

The **company** was expected to have a market value of between $356m and $412m for its initial public offering, being handled by Macquarie Capital and UBS.

However, it is understood that Aconex decided not proceed when it was told by its advisers that they were unlikely to secure sufficient demand to see the stock perform well during its debut on the Australian Securities Exchange.

The **group** was selling shares at a pricing range of between $2.20 and $2.60, and increased the size of its raising from a minimum of $120m to $232m in what was said to be in response to strong investor demand.

Aconex was to lodge its prospectus by October 28 before trading on November 18. The **company** is one of several smaller groups to have shelved IPO plans soon before an anticipated listing.

Other listings recently shelved include the window and garage door distributor ArcPac, while equipment hire business Hirepool out of New Zealand was also recently placed on hold.

Estia's roadshow ESTIA'S management and its advisers are presenting to investors in Asia this week as part of a roadshow for the aged-care business that is now earmarked to list before Christmas.

The roadshow will move to London next week before finishing in Australia to secure investor support for the **company**, which is likely to have a market capitalisation close to $1bn.

A prospectus will be lodged in November ahead of a bookbuild, slated for the second week of December.

Pricing for the float was likely to be similar to that of rivals Japara Healthcare and Regis, sources said.

A move by private **equity firm** Quadrant to float its aged care Estia before Christmas was flagged yesterday by The Australian, in a deal happening through investment banks Morgan Stanley, UBS and Deutsche.

Plans were accelerated after its $1.2bn rival Regis, performed strongly amid choppy market conditions on its ASX debut this month.

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CO nibhol : NIB Holdings Limited | medpv : Medibank Private Ltd

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