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HD **DATA ROOM**

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NSW Lands Office set for privatisation THE NSW Lands Office is the latest government department being added to the state's $30 **billion**-plus pipeline of assets earmarked for privatisation, with investment bank JPMorgan appointed to embark on a scoping study for the real **estate** records keeper.

A potential **sale** of the state government entity has been tipped for some time, but the appointment of an adviser means it is now moving closer to reality.

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While a value of the office is unclear, the consensus is that it will sell for hundreds of **millions** of dollars.

The NSW Lands registry provides access to the state's **property** valuation information.

It retains land title records and offers online valuation searches, along with surveying services and support for the survey and spatial industry.

Potential buyers could include companies with strong record-keeping abilities, such as the $6.3bn listed stock transfer services business Computershare.

Potentially, provisions may have to be made by the government to guarantee any costs incurred should errors be made by the department under private ownership.

Any divestment would happen after the state election next year, along with Pillar, the government's administration provider for superannuation accounts.

But the deals will pale in comparison to the state's $30bn electricity asset sell-off, which will be one of the largest privatisation deals in history.

At the federal level, the Australian Securities and Investments Commission is slated to be the next major initial public offering behind Medibank, which made its debut as a $5.7bn listed health insurer yesterday.

The deal size would depend on how a **sale** was structured by the government. Some believe ASIC could be worth as much as $5bn, while others offer a more conservative view on price.

One theory is that a majority **stake** of ASIC could be retained by the government, with the remainder **sold** down via an IPO or to a pension fund such as the Future Fund or Borealis, which already part-owns a Canadian equivalent to ASIC. It is understood that Canadian pension fund Borealis has recently been assessing the asset, weighing up a potential future **acquisition**.

Mall's exit beckons BLACKSTONE is poised to recover its investment in Top Ryde City as it launches a $340 **million** refinancing deal on the sprawling Sydney shopping centre that became emblematic of the excesses of the **property** boom era.

The New York-based private equity giant paid $341m for loans attached to the asset in November 2012, giving it ownership over one of the country's largest malls.

It also ended a turbulent chapter on the retail development, which once commanded a valuation of more than $800m before it crumbled into bankruptcy and plunged its developer, Bevillesta, the company of former BRW rich-lister, John Beville, into insolvency.

By early 2012, loans on the mall's $790m debt pile were changing hands for 40c in the $1. But Blackstone now stands to make a hefty profit on the property. The firm injected a sliver of equity into the initial purchase, leaning on Deutsche and Macquarie for $290m in loans.

According to sources, Top Ryde is worth $450m, a 32 per cent increase on the last sale price, meaning a successful refinancing would fully repay Blackstone's relatively small cash outlay.

Yet some in the market question whether the mall, which has been pitched into fierce competition with the nearby Macquarie Centre, merits such a value.

The refinancing is intended to fund a further $50m in refurbishments as Myer, the anchor tenant, exits in favour of Coles and potentially Kmart — a move that risks transforming it into an over-sized neighbourhood shopping centre.

Goldman Sachs and Macquarie are the main contenders to underwrite the restructure, largely because Australian lenders remain reluctant to lend fresh money to an existing debt ownership structure.

Blackstone continues to hold the property's debt as converting the stake into equity would trigger a potential tax liability.

Other lenders have also backed off, deterred by the firm's demand for a tight margin on the refinancing.

Elsewhere in the private equity firm's empire, the field is narrowing for one of Sydney's leading residential conversion development sites, 1 Alfred Street, or Gold Fields House, at Circular Quay.

Sources said the iconic tower looks destined to fall into the hands of a single foreign group in a $400m-plus deal, with China's Dalian Wanda tipped as a likely buyer.

SKM takeover falters THE $1.3 billion acquisition of engineering consultant Sinclair Knight Mertz by US-based Jacobs Engineering was last year championed as the first deal under the newly-elected government and the one that had broken the drought of major takeovers for some time.

A year on, and it seems that the sale of SKM to Jacobs was a bigger coup for the SKM employee-owners and its bankers at Greenhill than originally thought.

In the month after the acquisition, Jacobs slashed SKM's workforce and offered a bleak picture of short-term growth opportunities from its Australian resources-based customers, now pinning its hopes mostly on infrastructure work.

Market analysts are pointing out that while the acquisition made sense for Jacobs, it now looks like it may have overpaid for the business, which previously prospered from the resources boom.

After SKM was purchased in September, it had been suggested that there was a desire by some of the shareholders at GHD, the rival engineering company also owned by its employees, to place itself up for sale in the hope of cashing in.

But chances that other groups in the space could achieve similar transactions for bullish prices now seem less likely.

The SKM situation calls into question whether bidders circling Leighton's subsidiaries, such as John Holland, and also Transfield Services, may overpay.

Spanish construction giant Ferrovial has offered $1bn for Transfield, which some say is too much given the level of due diligence.

KKR signs new exec KKR looks set to forge deeper into Australia's buoyant real estate market with the appointment of locally-based property executive, and former Deutsche banker, Peter White.

Bryan Southergill, the Hong Kong-based head of KKR's Asia Pacific real estate operations, expanded into the market earlier this year with the acquisition of a 70 per cent stake in the World

Trade Centre in Melbourne for $120.4 million.The news comes amid a surge in deals among the private equity heavyweights..

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