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ReCap's \$1bn dream hinges on Macarthur Cook

It looks like another property trust manager is on the way out, but in the case of the MacarthurCook Industrial Property Fund, investors are pushing for a new manager rather than bringing management in house.

Those to have gone down that path include Macquarie Leisure Trust Group, which prompted speculation about other vehicles in Macquarie's stable and the future of the ING Real Estate managed trusts.

This latest push for change comes from Sydney property boutique Real Estate Capital Partners (ReCap), which manages five property trusts. It wants to dislodge MacarthurCook as manager of the small listed industrial property fund and then transform it into a vehicle with up to

\$1 billion of assets. The move comes in the wake of AIMS Financial Group taking control of property fund manager, MacarthurCook. The listed MacarthurCook runs about \$1.1 billion of real estate funds across Asia and Australia.

MacarthurCook already has a Singapore real estate investment trust and is repositioning to expand in China but its less-glamorous industrial property fund is languishing.

The fund, which has a \$125 million portfolio, has been hamstrung by its heavy debt loads. ReCap, which has an 11.8 per cent stake, is unhappy about the vehicle's lack of focus.

ReCap believes it can transform it and fill the gap in the listed market for a plain vanilla industrial property

trust. They are thin on the ground.

ReCap's trump card is that unit has a bank offer to refinance the trust's debt, letting it shore up the balance sheet and restart distributions. If it gets control, ReCap will look to institutions to back a rights issue.

Elsewhere, Acorn Capital has sold out of its 32 per cent stake in Queensland property company Trinity Group. It is the latest market fallout for the company that started two weeks ago with the resignation of two executives and two board members and has confirmed a former ALP operative received a \$1 million success fee last year for his role in Sunsuper's \$100 million investment in Trinity funds.

A small industrial fund might have a big future.

