

Liberty unit settles for manco

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Liberty Two Degrees, the real estate investment trust (Reit) vehicle created by investment giant Liberty, will be managed by an external management company (manco), following its listing in December, even though this type of structure has been criticised in the listed property sector in the past.



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Mancos are paid regular fees with a concern being that the management of these structures may make acquisitions for the sake of being rewarded instead of taking the long-term interests of shareholders into account.

But it would seem that Liberty Two Degrees, which will have R10bn in assets, exposing JSE investors to portions of various iconic malls such as Sandton City and Melrose Arch for the first time, has been designed to be managed by a manco on purpose. An important reason for this is to prevent the vehicle from becoming a takeover target, early in its life, according to one analyst.

Grindrod Asset Management chief investment officer Ian Anderson said while mancos were becoming less popular in SA, Liberty Two Degrees would be managed by one as it could block suitors from making acquisitive plays for the Reit.

"An external manco is not desirable but understandable in this instance," he said.

Source: *Business Day*

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