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ifferent in terms of (its) business model and objectives for developing new hotels," Mr Hillman said. "This is evidenced, of course, by the lack of new hotels coming on line (in Australia) by major hotel chains, from Mandarin, Four Seasons, Peninsula, Jumeirah and themselves at the high end, to more mid-market brands too.

"This is coupled with a general concern that Australia is not a major international destination for most traditional markets (including Asia). It is quite expensive and, equally important, much of the (major hotel chains') focus and capital is spent in Asia. The development pipeline for hotel groups in Asia is remarkable."

Mr Tollman said the up-erik Peninsula group plans to build between 15 and 20 hotels in China over the next few years, while the InterContinental Hotels Group and Starwood plan more than 50 hotels each over the next five years.

"Much, if not all, of this is (being) local capital." The Travel Corporation chief executive said there was a lack of retirement funds in Australia.

LISA ALLEN

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en again, perhaps financial institutions would be interested in this analysis because it shows who is most likely to default on

360 Capital confident of winning listing support

The fund manager is optimistic about plans for a move this year

BRIDGET CARTER
PUBLIC OFFERING

THE managing director of Sydney-based fund manager 360 Capital, Tony Pitt, is confident of winning shareholder backing next month, allowing the company to list its controversial \$350 million industrial fund by Christmas.

The 15-year funds management veteran and former director of Mirvac Funds Management said he would be filling a gap in the market for investors.

Senior equity analyst for the Commonwealth Bank of Australia, David Lloyd, said real estate investment trust share prices were improving and moving clo-

ser to their net tangible asset backing, which would make it easier for a group such as 360 Capital to list. "I think the market would love a domestic logistics vehicle," Mr Lloyd said.

Plans for the initial public offering follow 360 Capital's 2010 purchase of the management rights to 14 Becton Property Group funds and stakes in the funds, which hold \$1.1 billion of properties. The Becton deal included the industrial fund that is being touted for a listing.

However, Mr Pitt is involved in a battle for control. Next Thursday, almost 2900 unitholders will vote on whether to replace 360 Capital with Denison Group as the responsible entity of the fund.

If 360 Capital is successful, it will hold a meeting the following day for shareholders to vote on listing the fund. "We have said to unit holders that we can list this before Christmas if the fund gets

up," Mr Pitt said. Denison is the local arm of global US hedge fund Forum Partners. It was mooted as the industrial fund's new manager after private wealth adviser Garnaut group began a search for an alternative manager.

Two unitholder meetings this month have failed to break the impasse over control and the proposed listing, with both meetings adjourned.

"Denison adjourned their meeting because they do not have the votes," Mr Pitt said.

But this week Chris Garnaut said Denison had shareholder support. Denison earlier had argued against a sharemarket listing in the current environment. Denison proposed extending the fund's term for another three years, with an option for a further year.

In a letter to unitholders, Denison had earlier said it would reduce ongoing management fees

from 6 per cent to 5.5 per cent of the fund's gross rent and other revenues.

An IPO was first flagged for the fund last year with 360 Capital conditionally agreeing to buy a batch of properties from Stock-

'I think the market would love a domestic logistics vehicle'

DAVID LLOYD
SENIOR EQUITY ANALYST, CBA

land for the float. The Stockland deal collapsed and the listing stalled as the market deteriorated.

"The market then started falling away and we looked at it and decided it was not in the best interest of shareholders to do that and we withdrew," he said.

"The fact that we (raised)

\$190m out of the \$250m was a reflection at that time there was demand for it."

360 Capital then embarked on a deal with Lang Walker's Walker Corp to buy its industrial properties and have the first right to purchase future developments worth up to \$1bn.

Mr Pitt said the first tranche of the deal, which was worth \$80m, had now been settled.

So far about \$60m worth of properties had been sold from the industrial fund, Mr Pitt said, explaining that the past 18 months had involved repair work on the original Becton portfolio.

"Distributions are coming from cashflow from the tenants. We are running at about 99 per cent occupancy, from 91 per cent from when we took it over."

The average length of leases in the fund had increased, and there was the potential to increase distributions, he said.

Winning

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