

TEXTON PROPERTY

Fund wants in-house management

Alistair Anderson
Property Writer

Texton Property Fund's board and shareholders have agreed to internalise their management company as they look to better align the interests of the company's management and investors and to be consistent with global best practice.

The fund's external manager is called Texton Property Investments. In terms of the proposed management company (Manco) internalisation, a consideration of R180m would be paid by Texton to its external manager in cash.

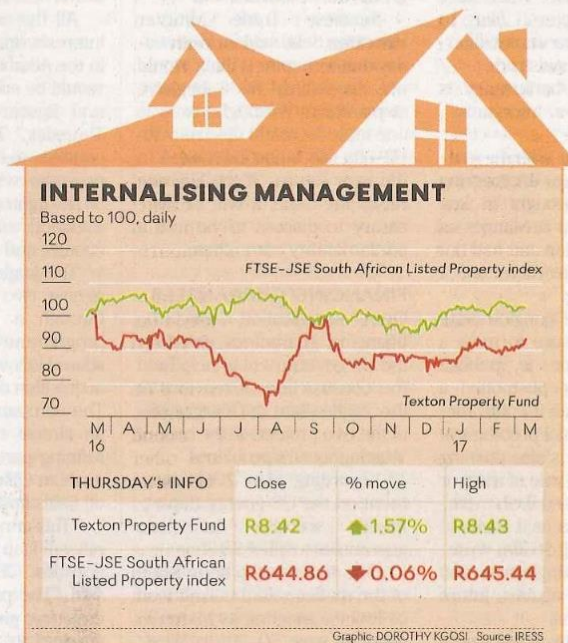
Market commentators have argued that when companies have external management companies as well as in-house executives and staff the result could be an inefficient management structure where bosses are rewarded at the expense of shareholders.

This was because the external management company and the internal staff would both be rewarded for asset management and growing the fund.

Former CEO of Texton Angelique de Rauville also led Texton Property Investments.

External managers can help a small fund to build its portfolio and to establish a credible track record.

Bridge Fund Managers chief investment officer Ian Anderson said that among the positives



↓
R180m
The amount to be paid in cash by Texton to its external manager, Texton Property Investments, in terms of the proposed management company internalisation

that external managers brought were that they provided expertise at a lower fee than would be spent elsewhere and they protected funds from hostile takeovers.

Texton Property Fund CEO Nic Morris said that Texton would look to retain staff of the Manco.

INDICATIVE SUPPORT

Texton has received indicative support for the proposed Manco

internalisation from shareholders who control about 40% of the eligible votes.

Texton, which owns properties in SA and the UK, has experienced severe volatility in its share price, partly because of its exposure to British property.

The share prices of many UK property owners fell drastically after 2016's Brexit referendum, which will see the UK looking to leave the EU.

andersona@businesslive.co.za