

# Winnipeg Free Press

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## Crocus to direct fund for downtown

### Real estate development targets 'old Winnipeg'

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By Martin Cash

THE Crocus Investment Fund is going to manage a downtown real estate development fund on behalf of institutional investors, the first of what it hopes will be other, third-party funds that it will manage.

The Manitoba Property Fund closed on a \$25 million offering this week with \$10 million each coming from the Workers Compensation Board investment fund and the Teachers' Retirement Allowances Fund (TRAF).

The remaining \$5 million will come from Crocus and Shelter Canadian Properties Ltd., a well known Winnipeg property development and management company controlled by Arni Thorsteinson. A partnership between Crocus and Shelter, with Crocus as the majority interest, will run the fund.

Fees for managing the fund as well as its share of the profits that are generated will flow directly back to the Crocus Investment Fund pool.

The announcement of the fund is to be made today at Crocus's annual general meeting which is being held for the first time in Crocus's offices in the restored Ashdown hardware store building on Main Street.

"There are a number of different reasons we had for holding the meeting here," Crocus president Sherman Kreiner said in an interview yesterday. "We wanted to show what the building means to the community and the energy that exists around here."

He said the process of restoring and designing the building, whose lead developer was Shelter Corp., gave rise to the idea to do the property fund.

"The purpose of the fund would be to invest in real estate primarily focused on downtown, primarily focused on the historical sector of downtown," Kreiner said.

Thorsteinson said the \$25 million pool of equity would be expected to leverage an additional \$75 million in mortgage financing. Additional investors can also be brought into the fund or as one-off partners on a project-by-project basis.

"We're happy to be involved in the management of a new pool of money to invest in real estate projects in downtown Winnipeg," Thorsteinson said. "We're the most active developers in the area and we believe that with the construction of the MTS Centre and the new Hydro building there will be plenty of development and acquisition opportunities."

In addition to Shelter's own developments and now Manitoba Property Fund, Thorsteinson also runs the Lanesborough Real Estate Investment Trust. He said the Manitoba Property Fund will have the first right to participate in all Thorsteinson projects.

Pension funds

The \$750-million Workers Compensation Board investment fund is recognized as a leader among the Manitoba pension funds when it comes to investing in the local economy. The \$2.1-billion TRAF has also been involved in several private equity funds in the province, most recently, the \$325 - million Richardson Financial Group Private Equity LP No. 1.

Alfred Black is the chief investment officer for WCB and chairman of TRAF's board and chair of its investment committee.

"This fund was presented to us as a good opportunity to make a good return on property available in old Winnipeg," Black said.

He said he is happy to be able to invest in a real estate fund where he will actually be able to see it take place, have some knowledge about the economy in which it is happening and to know the people doing the development.

The fund will use the CentreVenture boundaries as its guidelines -- the Assiniboine River to the south, the Red River to the east, Higgins Avenue to the north and Sherbrook Street to the west. The parties concerned say they will contemplate a range of projects including industrial, commercial or residential and the restoration of old buildings or the construction of new ones.

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