

Topfer's Taemas tames Orchard

PUBLISHED: 19 Aug 2010 12:11:48 PRINT EDITION: 19 Aug 2010

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Orchard Funds Management has found a new saviour – local investor Taemas Capital, backed by British billionaire brothers Simon and David Reuben.

Orchard has given the joint venture, known as the Taemas Consortium, a 30-day exclusive due diligence period on a proposed takeover deal.

The Melbourne-based fund manager controls a \$1.5 billion property portfolio with 15,000 retail investors, but it is heavily indebted and needs recapitalisation to avoid a damaging sell-down of its assets.

Taemas Capital is led by former Babcock & Brown executive Rob Topfer.

The London-based Reuben brothers have built up a property and metals trading empire worth as much as \$8.8 billion, according to the latest *Forbes* rich list.

The Taemas bid would bring almost \$100 million in new capital into Orchard, including an immediate \$80 million in finance and working capital for its two biggest funds. As well, \$14 million would be paid through a four-year "put" option to take over the Orchard management vehicle.

Last month a bid by Cromwell Group to take control of Orchard fell over when it failed to gain the backing of Orchard's bankers. Mr Topfer and his team will need to win support from Orchard's main lenders, National Australia Bank and Bank of Scotland International, as well as from its shareholders.

Taemas would work towards an equity raising from unit holders next year that would in effect be used to pay back the consortium's \$80 million loan.

The Taemas consortium would aim to keep intact the funds' real estate assets while selling off any - investments into funds outside Orchard.

Mr Topfer said both Taemas and the Reuben brothers were in for the long haul and hoped to build the - Orchard platform organically and by acquisition.

"The issue for Orchard is the need to de-leverage without selling assets in the current depressed market," he told *The Australian Financial Review*.

"The Taemas Consortium has strong financial backing and is prepared to deploy its capital to buy time and a future for shareholders and unit holders.

"In our view, there are a number of other platforms in this position providing us with the opportunity to build a scale business in partnership with unit holders and their advisers."

The Australian Financial Review

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