

# Balmain group in the market for more than \$1bn

## Ben Wilmot

Financial services group Balmain is planning to raise more than \$1 billion from institutions and wealthy investors for property debt products as it looks to capitalise on the dramatic shifts in the lending market.

Major Australian real estate investment trusts have good access to bank funding but mid-size property groups have been starved of capital, with banks pulling back from the market and traditional mortgage funds closing.

Balmain will also target high net

worth investors and self-managed superannuation funds with products that give investors greater control.

Balmain chief executive Stephen Tunley said the group was working with advisers Brookvine, which has raised more than \$8 billion of capital, on accessing the institutional market and would launch products this year.

Balmain is looking to capitalise on its capabilities in loan origination, credit acceptance, credit management, loan administration and asset recovery.

It is the top non-bank commercial loan manager and has more than 30

years of experience and \$2 billion in assets under management.

It already manages more than \$800 million for about 20,000 investors in mortgage funds.

Mr Tunley said that in the institutional market Balmain would offer two products.

It will launch a co-mingled fund that will look to raise between \$500 million and \$1 billion.

It will also provide managed accounts for those with \$100 million to invest who want to set their own risk profile.

Balmain will be aligned to invest

through a structure whereby half its fees will be performance based, and these will be put into an account to absorb any loan losses.

Mr Tunley says institutions will become a permanent feature of the market as other capital sources like foreign banks pull back and their scale increases.

"The lenders of the future are definitely going to come, in my view, from one place only, and that is the institutions. They will become major players."

On the retail investment front, Balmain will offer a high yield trust that

will provide mezzanine debt. It could raise about \$50 million over the next 12 months.

However, the group has more ambitious hopes for a private debt fund it plans to launch.

Mr Tunley, a veteran of institutional and retail property lending markets, is hopeful that what he sees as a new model for the industry will attract investors.

"The whole model we use is aligned, transparent, fair, and most of the fee income that is paid to us, if we are successful, is paid at the back end."

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