

## Orchard acts to ease unrest

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Orchard Funds Management has added two directors to its board in a bid to stem investor unrest at the handling of the sale of its business.

Bryce Mitchelson, who has headed Orchard's funds management for the past year after roles at Centro Properties Group, Seven Network and CB Richard Ellis, has become an executive director.

Andrew Meakin, who has previously held senior roles at Commonwealth Bank of Australia and Multiplex Capital, has been appointed as an independent non-executive director.

Chief executive David Hinde, who is also a director, said another appointment to the board, now six strong, was imminent.

Mr Hinde said Orchard had responded to the concerns of unit-holders after meeting them in recent weeks.

Financial planners have been voicing concerns the sale process could simply result in the best assets in Orchard's \$1.8 billion funds portfolio being cherry-picked, leaving thousands of retail investors in the lurch.

"We've listened carefully to what these different representative groups have had to say," Mr Hinde said.

"There are two recurring themes. One is desire for greater transparency and, secondly, some evidence of board renewal and further appointment of directors."

Rob Coyte, whose financial planning firm Centre Capital has helped drive some of the unitholder protests, welcomed the appointments.

"They are well-known by the advisers. It's definitely a step in the right direction," he said.

Mr Coyte said unitholders wanted the review process, which is being led by KPMG, to create a "holistic solution" for Orchard's funds, rather than individual funds or assets being sold off separately.

As many as 12 bids have been put to Orchard, ranging from offers to take over its fund management rights to proposals for specific funds.

A number of mid-range listed players are believed to have shown interest while Centre Capital itself is backing a private consortium that would recapitalise Orchard's business and its major fund-of-funds, the Orchard Diversified Property Fund.

That fund is negotiating with its major lenders, National Australia Bank and Bank of Scotland, to refinance more than \$400 million in obligations.

The review date on those negotiations has been extended most recently by a mere two weeks, until Thursday.

Mr Hinde said he took that as a positive sign that talks on terms to roll over the loans for a further three years were close to concluding.

Meanwhile, an overseas private buyer is believed to be conducting due diligence on Orchard Office Fund's 233 Castlereagh Street, Sydney, for a price close to \$100 million and just below its December book value.

The Australian Financial Review

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