

Orchard funds under siege as sale proceeds

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Ben Wilmot

Financial advisers have criticised the handling of the sale of the Orchard Funds Management business as they are worried that the best parts of the group's \$2 billion empire could be picked off.

Major financial planning firms, including Centre Capital, led by Rob Coyte and Mike Norman, have questioned the sales process, run by KPMG.

They are worried potential buyers will target Orchard's best assets, and leave small investors stuck in the major diversified property fund.

The executives at Centre Capital were top advisers in NSW with the Professional Investment Services dealer group, and were major supporters of Orchard.

They are believed to be rallying advisers to consider calling a meeting of the trusts, including the flagship diversified property fund where they advise on a large portion of the capital invested, to consider changes to Orchard's board.

Mr Coyte said that it was not appropriate for the group to comment about what further action it would take or whether it would support a spill of the group's board.

But he confirmed the group represented a significant number of unit holders in the diversified property fund and other Orchard funds.

"We're interested in getting the best possible outcome for our clients," he said, noting there was unhappiness about the sale of the fund manager.

"We do believe that it's highly likely that advisers will support a change in the KPMG/Orchard process," he said.

Mr Coyte said the current process was encouraging bidders to come and cherry-pick Orchard's best assets. "We're not willing to see that happen," he said.

Mr Coyte said that his group had spoken to Orchard's existing management, put forward its points and argued for more independent directors, but its ideas had not been accepted.

Centre Capital is believed to be supportive of at least one bidder that has proposed a broad recapitalisation of the Orchard business and diversified fund.

KPMG has not allowed bidders to talk to Orchard's banks, including key lender BOSI, which some parties interested in the business said had hampered their ability to make bids.

A spokeswoman for Orchard said: "Orchard has received strong interest in the process – it is a competitive process and it is proceeding to plan. We remain confident of achieving a successful outcome for all stakeholders, one that will provide a more stable platform for investors and that will ultimately provide a level of liquidity for shareholders and unitholders."

The group fired back at the criticism levelled by Centre Capital.

"Those advisers that genuinely have their clients' interests at heart are supportive of the process. Orchard also has the continuing support of its banks."

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