

## Orchard move takes a knock

PUBLISHED: 19 Apr 2011 PRINT EDITION: 19 Apr 2011

### Robert Harley

The move by the new board of Orchard Funds Management to support the recapitalisation proposal from Barwon Investment Partners has drawn criticism from one group of investors.

Orchard is an unlisted public company which manages 13 funds, controlling nearly \$1.5 billion worth of property, but which struggles with debt at both the head stock and the fund level.

Barwon, one of the founders of which is former AMP director of property Rob Morrison, is proposing to take a 23-41 per cent stake in the head stock, inject \$4 million into the group, change the board and extend the term of debt in the funds.

Shareholders will vote on the proposal on Thursday. Proxies close this afternoon.

A rival bid has emerged from LandMark White.

Rob Coyte of financial planners Centre Capital said the Barwon proposal did nothing for unit holders in the Orchard Diversified Property Fund. "Alternative proposals look at how they can give DPF investors a future," he said. "Ironically the Barwon deal is not the best for shareholders [in Orchard Funds Management] either. Under alternative proposals, existing shareholders share in the upside."

Mr Morrison said Barwon had the "only proposal with bank support, board support and the recommendation of the independent expert".

"It offers cash liquidity and the ability to rebuild the business with a quality management team. We have a clear strategy for DPF.

"Whilst some sales will be required the fund needs careful management to regain as much of the value that has been lost over the past 3½ years," he said.

The Australian Financial Review

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