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## Banks tick Orchard rescue plan while investors howl

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BANKERS to the embattled Orchard Funds Management have thrown their weight behind the proposed rescue plan from the independent Barwon Investment Partners.

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On the eve of a crucial shareholder's meeting in Melbourne, NAB and BOS International have told Orchard investors, through its website, that "based on discussions and information received to date, the preferred position is the proposal put forward by Barwon".

One weapon in the banks' armoury is that the BOSI Facility expires on April 30 and the NAB Facility expires on April 29. Both financiers have agreed to longer-term debt extensions, but these extensions are conditional upon a number of conditions, including the stabilisation of the Orchard Funds group.

This move has raised the ire of many investors, including Robert Coyte, the principal of Centre Capital, who said dealer groups are trying to act in the best interests of their clients, the unit holders.

"Why would banks favour a transaction that does not offer them anything above the alternative when the consequences for mum and dad are devastating?" he said.

Investors in Orchard meet tomorrow in Melbourne for the first of two meetings, to vote on the removal of the present chairman, Charles Macek, and two other directors and replace them with three new directors, Curt Roberts, Hans Sprangers and David Minear.

A second, more pressing meeting is scheduled for April 20, also in Melbourne, for shareholders to vote on the share and cash injection proposal from Barwon Investments.

Mr Macek and the Orchard board have recommended investors vote against the first resolution to change the board and vote in the affirmative for the second.

The vocal disgruntled investors, who total close to half the vote of the 15,000 investors in Orchard, said yesterday they were confident of winning the first vote to oust the present board. They are also working hard to gain investor approval to topple the Barwon proposal in preference for another refinancing offer from LandMark White.

*This story was found at: <http://www.smh.com.au/business/banks-tick-orchard-rescue-plan-while-investors-howl-20110406-1d4ew.html>*