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Orchard shareholders back new board and reject Barwon takeover

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INVESTORS in the embattled Orchard Funds Management have given the new board a mandate to stabilise the company, after the proposed takeover by Barwon Investment Partners was resoundingly defeated on Thursday.

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In what a stakeholder termed a "victory for the small investor", the Barwon share-and-capital injection plan was voted down by 68 per cent of investors at a feisty extraordinary meeting.

Instead, the shareholders, who have not seen cash from the heavily geared Orchard funds for much of last year, have given the new board the go-ahead to work on another refinancing plan that will not involve the sale of the company.

Orchard has about 15,000 investors in a number of funds, the biggest being the Diversified Property Fund. It has about \$1.3 billion in funds under management but owes almost \$350 million in short-term debt.

The funds have been frozen for more than a year after Orchard was hit hard by rising debt costs and could not sell buildings above book value to repay any debt.

The new directors, led by the chairman, Curt Roberts, Hans Spranger and David Minear, who were voted in two weeks ago after the resignation of the former chairman Charles Macek, will meet the banks next week to arrange further financing.

The Diversified Property Fund owes the National Australia Bank and the Bank of Scotland a total of \$325 million, which is due to be paid within the coming week.

Now that the investors had spoken, it was the board's job to "get on with it", Mr Roberts said yesterday.

"The 'not for sale' sign is above the Orchard door," he said. "The previous management, which supported the Barwon plan, seemed to be just keen to sell up and take the cash."

The acting chief executive, Bryce Mitchelson, would be appointed to the role, and more property-related people would be placed in senior management, Mr Roberts said.

One vocal dissident investor, Robert Coyte, of Centre Capital, said yesterday that he was pleased "and relieved" the vote had gone against the Barwon plan.

This story was found at: <http://www.smh.com.au/business/orchard-shareholders-back-new-board-and-reject-barwon-takeover-20110422-1drao.html>