

## Orchard merger bid dropped

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Property advisory firm Landmark White has dropped its bid for a merger with Orchard Funds Management, which runs a \$1.6 billion property empire.

Announcing the withdrawal yesterday, Landmark White said it was "open to further discussion" with Orchard's board "once the support of their financiers is clearer".

Chief executive Brad Piltz said Landmark had not been able to meet with Orchard's bankers to determine their attitude to their proposed deal.

Without bank support – including the lenders' continued backing following any change of control – Landmark's bid could be scuppered.

Orchard's new board took over in April after shareholders turned against former chairman Charles Macek and his co-directors.

The new board is hoping to confirm within days that it has completed the final details of a two-year extension of its facilities with its main lenders, National Australia Bank and Bank of Scotland International.

Even so, Mr Piltz said Orchard would still need to raise fresh equity, either from existing investors or a third party.

"Orchard won't survive without capital raising," he said. "It is unlikely they will be able to raise capital through their existing platform.

Without that, Mr Piltz said, Orchard may be forced into a "slow sell down of its assets".

"We have a plan for unit holders as well as shareholders but we need to be able to engage with the banks. We are reviewing our options."

Orchard shareholders rejected a merger proposal from private equity player Barwon Investment Partners, despite support from the board. The Landmark White deal values Orchard at \$8 million.

The Australian Financial Review

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