

2 November 2011

**Orchard Funds Limited
Proposed Transaction**

Orchard Funds Limited (**Orchard**) and Orchard Capital Investments Limited (**OCIL**), the responsible entity of Orchard's managed funds, announced today that they had entered into an exclusive dealing period with a party for the purpose of finalising terms and documentation for a significant transaction in relation to Orchard's funds management business.

It is anticipated that Orchard will seek the approval of its shareholders prior to Christmas and would forward detailed documentation to shareholders in November 2011. During exclusivity, the party will be conducting due diligence and negotiating transaction documents. The transaction is still preliminary and non-binding in nature and at this stage there is no certainty that it will be completed.

The financier to Orchard and the Diversified Property Fund (BOS International (Australia) Ltd) has also agreed to the exclusivity period.

Orchard is one of Australia's largest unlisted property fund managers with funds under management of approximately \$1.2 billion. It presently has over 700 shareholders and over 16,000 fund investors.

Orchard Funds Limited ACN 097 125 879

Orchard Capital Investments Limited ACN 077 235 879 AFSL No. 233190