



# PrimeSpace Property Investment Limited (Administrators Appointed) ("PPIL")

First meeting of creditors

5 May 2015



McGrathNicol



# Agenda

- Formalities
- Purpose of meeting
- Background
- Key issues for voluntary administration and liquidation
- Resolutions
- Questions



# Formalities

- Open meeting
- Administrator Chairperson: Corporations Regulation 5.6.17(1)
- Introductions:
  - Shaun Fraser (Administrator)
  - Tony McGrath (Administrator)
  - Chris Johnson (Senior Manager)
  - Summer Nguyen (Minutes Secretary)
- Quorum: Corporations Regulation 5.6.16(2)
- Attendance register
- Voting
- Time and place convenient: Corporations Regulation 5.6.14
- Proofs of debt and proxies



## Purpose of meeting

- Convened under Section 436E of the Corporations Act to:
  - determine whether to appoint a Committee of Creditors, and if so, who are to be the Committee's members; and
  - consider the removal of the Administrators and appoint an alternative Administrator who has consented to act
- This meeting has no authority to consider any other business
- At the second statutory meeting, a decision is made regarding the company's future



# Declaration of Independence, Relevant Relationships and Indemnity (“DIRRI”) and remuneration

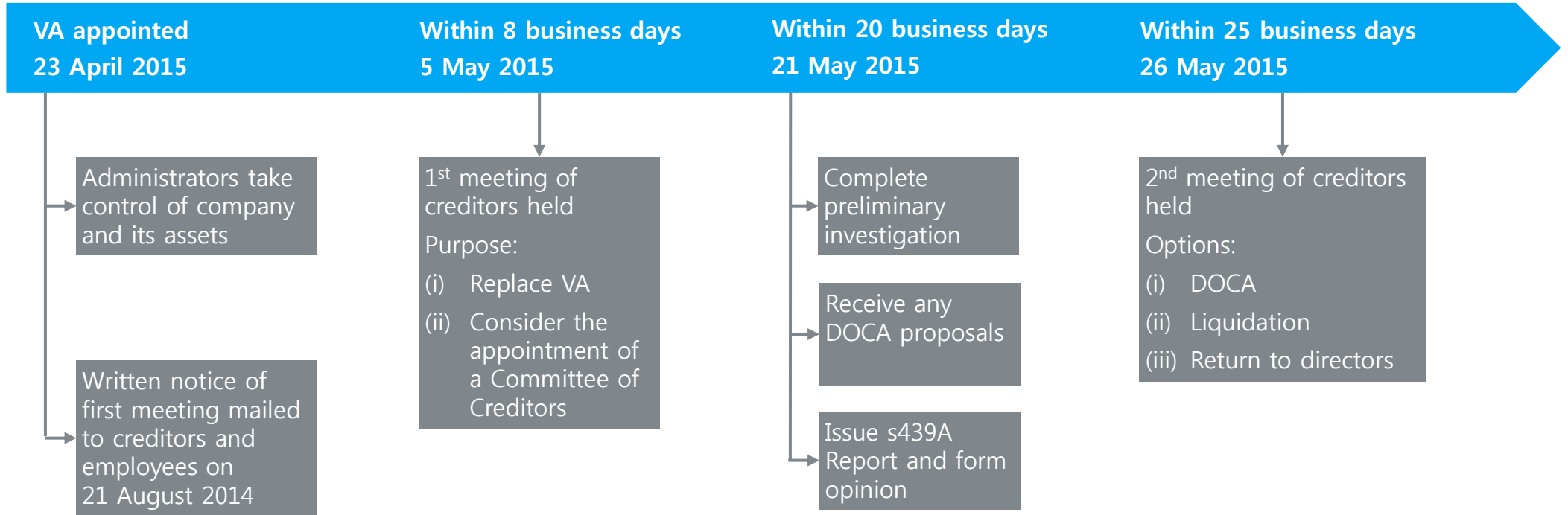
## **DIRRI**

- DIRRI dated 28 April 2015 - distributed with notice of meeting
- DIRRI is available for inspection
- We remain of the view that we are free of any potential conflict of interest

## **Remuneration**

- Schedule of rates provided with meeting information
- Comprehensive remuneration report will be provided prior to the second meeting of creditors

# Voluntary Administration timeline

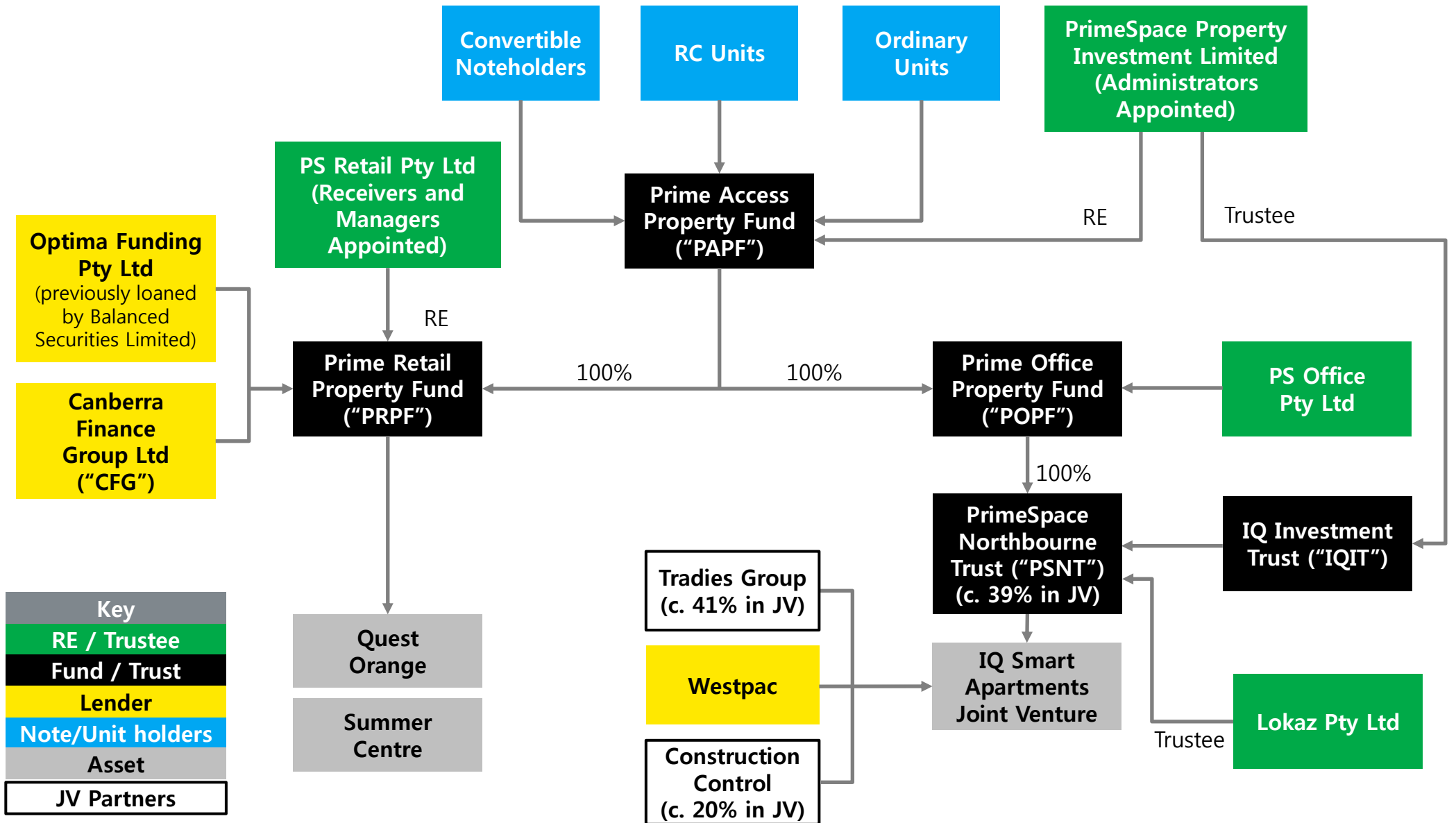


## Background - situation

- Administrators appointed on 23 April 2015 by Directors (formed the view that the company had become insolvent after the Federal Court determined noteholders could pursue claims against PPIL)
- Directors' powers are suspended and Administrators are in control
- Voluntary administration provides moratorium period for investigations / determination of the company's future:
  - Deed of Company Arrangement;
  - Liquidation; or
  - Return company to Directors
- PPIL acts or has acted as responsible entity or trustee of various funds and trusts, including as:
  - Responsible Entity of the Prime Access Property Fund ("PAPF");
  - Trustee of the PrimeSpace Northbourne Trust ("PSNT") (purportedly resigned prior to the administration);
  - Trustee of the IQ Investment Trust;
  - Trustee of the PrimeSpace Property Trust No.3; and
  - Trustee of the Mona Vale Development Trust (resigned prior to our appointment)
- PAPF is the beneficiary of the Prime Retail Property Fund ("PRPF") (which has a 100% interest in the Summer Centre Orange Development) – Receiver appointed over real property of PRPF
- PSNT is a 38.74% Joint Venture partner in the IQ Smart Apartment development – surplus funds realised from this development will be a key asset in the administration



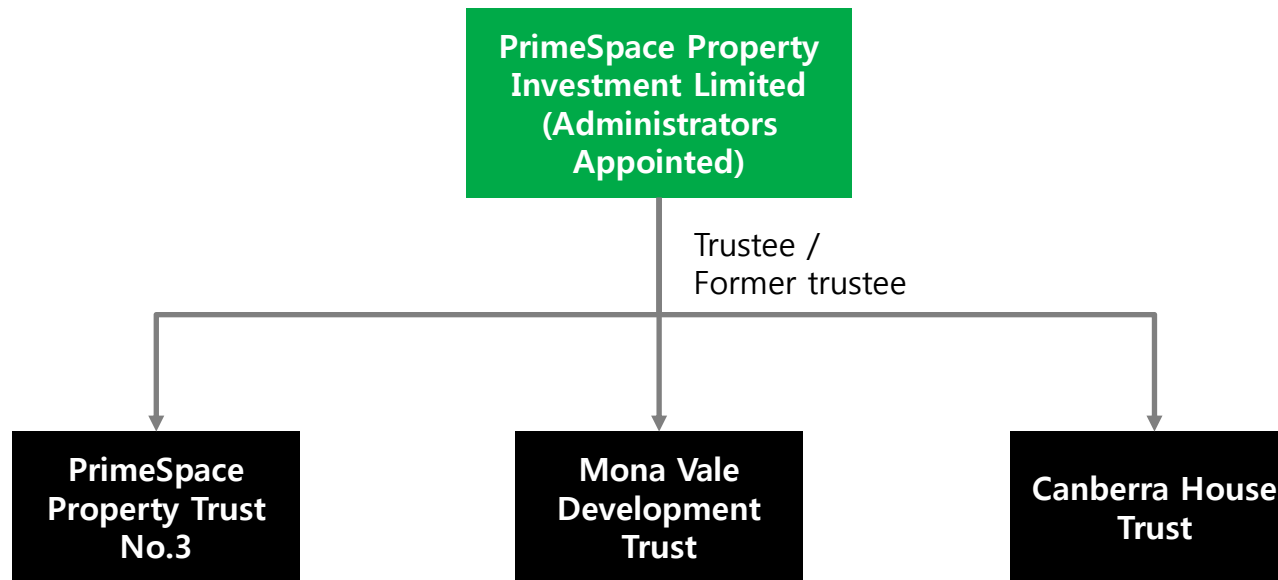
# Prime Access group structure





## Other potential related trusts

- We are continuing our investigations to ascertain the involvement PPIL may have in the following trusts:









Key
RE / Trustee
Fund / Trust

# PPIL – as Responsible Entity or Trustee

## PrimeSpace Property Investment Limited (Administrators Appointed) ("PPIL") AFSL No 279694

PPIL Directors	
Anthony McDonald	(appointed 11 December 2003)
Cassandra McDonald	(reappointed 12 November 2014)
Ian McDonald	(appointed 12 November 2014)
Brian McGarry	(resigned 18 November 2014)
Ian Knox	(resigned 18 November 2014)
Paul Kane	(resigned 18 November 2014)

Fund / Trust	Prime Access Property Fund ("PAPF")	IQ Investment Trust ("IQIT")	PrimeSpace Northbourne Trust ("PSNT")	PrimeSpace Property Trust No.3	Mona Vale Development Trust	Canberra House Trust
Current RE / Trustee						
Comments	<ul style="list-style-type: none"> <li>Investments in:               <ul style="list-style-type: none"> <li>Prime Retail Property Fund; and</li> <li>Prime Office Property Fund</li> </ul> </li> <li>Borrower under Convertible Note Subscription Agreement (c.\$8m, 25% p.a. coupon, issue date 12/2011), capitalised obligation c.\$15m</li> </ul>	<ul style="list-style-type: none"> <li>Debt issued to PSNT for IQ Smart Apartments development</li> <li>\$4m principal, capitalised obligation c.\$6m</li> <li>Repayment within 30 days of completion of final apartment sale</li> <li>PPIL's trustee appointment has been purportedly terminated - we are yet to receive the notice</li> </ul>	<ul style="list-style-type: none"> <li>38.74% JV partner in IQ Smart Apartments development</li> <li>Borrower under the financing agreement for IG Apartments with Westpac</li> <li>Party to sale contracts on IQ Apartments</li> </ul>	<ul style="list-style-type: none"> <li>Wholesale unit trust</li> <li>Established to purchase and redevelop The Hub Shopping Centre, in East Burpengary, Qld</li> <li>We are continuing our investigations in relation to this trust</li> </ul>	<ul style="list-style-type: none"> <li>Wholesale unit trust</li> <li>JV partner in the Ivory Apartments, a 20 luxury apartments development on Sydney's Northern Beaches in Mona Vale</li> </ul>	<ul style="list-style-type: none"> <li>We understand this is a dormant trust</li> <li>We are continuing our investigations in relation to this trust</li> </ul>

## IQ Smart Apartments Joint Venture

- PrimeSpace Northbourne Trust is a 38.74% JV partner of the IQ Smart Apartments along with Canberra Tradies Group (40.89%) and Construction Control (20.37%)
- Development funded by a \$58.9m Westpac construction facility
- Construction commenced in January 2013 and reached practical completion in April 2015
- As at November 2013, the estimated project returns were:

### IQ Smart Apartments - estimated project returns

	AU(\$'000)
Total sales	116,306
Less: GST	(8,325)
Net sales	107,981
Interest received	60
Total realisations	108,041
Less: Construction costs	(63,041)
<b>Project return</b>	<b>45,000</b>
<b>Return to JV partners</b>	
PrimeSpace Northbourne Trust (38.74%)	17,433
Canberra Tradies Group (40.89%)	18,401
Construction Control (20.37%)	9,167
<b>Total project return</b>	<b>45,000</b>

*Source: Hayes Advisory report dated 3 February 2014. Please note, the above financials have not been audited or verified by the Administrators*

# Key issues for voluntary administration and liquidation

Issue	Comments
<b>Project completion IQ Smart Apartments</b>	<ul style="list-style-type: none"><li>▪ Westpac positions and concerns to be resolved</li><li>▪ Review change of Trustee for PrimeSpace Northbourne Trust to Lokaz Pty Ltd or reach commercial agreement to protect creditors</li><li>▪ Work with JV partners as required</li></ul>
<b>Review and resolve CFG transaction</b>	<ul style="list-style-type: none"><li>▪ Review documentation</li><li>▪ Understand position of Canberra Finance Group</li></ul>
<b>Potential claims against third parties</b>	<ul style="list-style-type: none"><li>▪ Review claims, damages and legal prospects of success</li><li>▪ Prepare cost benefit analysis to pursue claims</li><li>▪ Consider funding options (creditors or litigation funding)</li></ul>
<b>Potential claims against related parties</b>	<ul style="list-style-type: none"><li>▪ Review claims, damages and legal prospects of success</li><li>▪ Prepare cost benefit analysis to pursue claims</li><li>▪ Consider funding options (creditors or litigation funding)</li></ul>





## Resolutions – Committee of Creditors

- Role:
  - consult with the Administrators about matters relating to the administration; and
  - receive and consider reports by the Administrators
- Committee of Creditors cannot instruct the Administrators but acts as a sounding board

## Resolutions – Committee of Creditors (cont)

- Resolution – committee of creditors

*“That:*

*Jure Domazet representing Doma Investments Pty Ltd*

*Gerard Boundy representing A & J D Super Pty Ltd ATF Dimoff Superannuation Fund, Brian John Peadon ATF Peadon Family Trust, Canberra Sand & Gravel Superannuation Fund Pty Ltd ATF Canberra Sand & Gravel Superannuation Fund, Cerra Investment Pty Ltd ATF Cerra Investment Trust, Doma Investment (ACT) Pty Ltd ATF Ivan Hones Pty Ltd Superannuation Benefits Fund No s, Doma Superannuation (ACT) Pty Limited ATF Ivan Homes Pty Ltd Superannuation Benefits Fund, Linjaro Corp Pty Ltd ATF Linjaro Investment Trust, Mrs Jane Sharon Dimoff ATF JD Finance Trust, Ms Judith Anne Jensen ATF Peridot Investment Trust, Murray Street Pty Limited ATF Murray Street Unit Trust, Oossle Pty Limited ATF Bedrock Investment Trust, Peadon Super Pty Ltd ATF Peadon Family Superannuation Fund, Vienne Pty Limited, Walker Trustco Pty Limited ATF The Walker Family Trust*

*James Hamilton representing Grey Colt Pty Ltd*

*Gamini Colless representing Canberra Finance Group Pty Ltd*

*John Gasson representing Gasson Pty Limited ATF Gasson Superannuation Fund*

*be appointed to the Committee of Creditors of PrimeSpace Property Investment Limited”*

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# Q & A

