



McGrathNicol

30 March 2017

**McGrathNicol  
Partnership**

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To the creditor/noteholder as addressed

Dear Sir / Madam

**PrimeSpace Property Investment Ltd (In Liquidation)  
ACN 107 345 317 ("PPIL")  
Update to creditors and noteholders**

I refer to my appointment with Tony McGrath as voluntary administrators of PPIL on 23 April 2015 and our subsequent appointment as liquidators on 28 May 2015.

The following is an update to creditors and noteholders of PPIL and the various trusts of which PPIL is trustee or responsible entity ("RE") regarding a Court directions application which was heard on 27 March 2017. This application related to:

- the proceedings commenced by Canberra Finance Group ("CFG"); and
- the Prime Access Property Fund ("PAPF") Convertible Note Subscription Agreement.

A copy of the interlocutory process and my affidavit dated 24 March 2017 in support of this application is available at [www.mcgrathnicol.com](http://www.mcgrathnicol.com).

**CFG Proceedings**

We previously advised that we had asked the Court to direct that the liquidators would be justified in distributing funds held by PSNT to meet costs associated with investigating CFG's claim.

The orders sought were granted, and since our last update we have continued our investigations, including reviewing further documentation and undertaking examinations of the following parties:

- Anthony McDonald (former PPIL CEO and Director);
- Paul Kane (former PPIL Director);
- Brian McGarry (former PPIL Director); and
- Geoffrey Bird (CFG Managing Director).

I have consulted legal counsel to obtain advice on the prospects of success in defending CFG's claim in light of the further investigations. I am yet to receive this advice.

On 27 March 2017, the Court ordered that I am required to file further submissions in this matter by 12 April 2017, with the next hearing scheduled 28 April 2017. The liquidators will have regard to legal counsel's advice in making further submissions.

**Convertible notes**

As noted in my circular dated 24 March 2017 (a copy of which is available at [www.mcgrathnicol.com](http://www.mcgrathnicol.com)), our view is that there is a reasonable basis for the liquidators to pursue a claim against PPIL's former lawyers in relation to their drafting of the Convertible Note Subscription Agreement. If successful, that claim could materially improve the return to creditors of PPIL.

D18-170327-PRIMPRO02-Circular Update re directions application

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On 27 March 2017, the Court ordered that I am required to file further submissions by 3 April 2017, with the next hearing for this matter scheduled for 4 April 2017. As noted in my circular dated 24 March 2017, subject to the outcome of that hearing, we intend to file a claim by 10 April 2017.

We are continuing to liaise with creditors and litigation funders regarding options for funding the claim and will provide further updates to creditors and noteholders as this matter progresses.

Should you have any queries, please contact Mr Chris Johnson of my staff on (02) 9248 9903 or Ms Jessie Maguire of my staff on (02) 9338 2604.

Yours faithfully

*PrimeSpace Property Investment Limited (In Liquidation)*

Shaun Fraser

*Joint and Several Liquidator*