

# Australian Public Custodian Ltd (In Liquidation) ('the Company')

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## Investor Update No. 3 – 6 April 2018

### **Insurance claims**

Further information has been provided to the Company insurer's legal advisors, to assist with the insurer's assessment of the potential claims against the professional indemnity insurance policy.

### **Future Estate Australian Residential Property Fund ('FEARPF')**

#### **Riviera Mackay Development**

A real estate agent has been engaged to market and sell the remaining 6 unsold apartments in the Riviera Mackay Development located at 5 – 7 Nelson Street, Mackay, QLD 4740. The apartments are now on the market.

Any return to investors is dependent upon the realisations (net of associated costs) of FEARPF scheme assets and the quantum of FEARPF scheme creditors. Any surplus funds will be available for distribution to FEARPF investors.

At this stage, it is unknown whether there will be a return to FEARPF investors. This position will likely become clearer in the second half of 2018.

#### **Driftwood Development**

The Driftwood Development consists of an undeveloped block of land located at 33 – 34 Bourke Street, Blacks Beach, QLD 4740, which remains undeveloped due to complications in obtaining finance for the Development.

We are in the process of confirming the debt owed (if any) to a third party with a registered mortgage over the land, prior to determining whether it is appropriate to sell the land.

We expect to be in a position to confirm the realisation strategy for the land shortly.

#### **Other assets – Related party debts**

We have sought the assistance of our solicitors to pursue recovery of debts owed by related parties. Our solicitors are currently liaising with the related parties' legal representatives, who have disputed the amounts owed for various reasons. We have instructed our solicitors to request further information from the related parties to support their respective positions in relation to the alleged debts.

In the absence of payment, or an adequate response, we will consider our options which may include commencing legal proceedings against the related parties to recover the debts. At this stage, the quantum of recoveries of related party debts (if any) is unknown.

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We have been advised that one of the related parties with a debt owed to the Company, Lynter Group Investment Management Pty Ltd (**Lynter**), has gone into liquidation pursuant to an Order made by the Federal Court of Victoria on 16 January 2018. We have written to the appointed liquidator to ensure that the Company is noted as a creditor, and to determine whether any dividends are expected in the liquidation of Lynter. We anticipate receiving a response shortly.

## **Future Estate Development Opportunity Fund ('FEDOF')**

### **Parc Vue Development**

The Future Estate Development Opportunity Fund is an investor in the Parc Vue Development (**Parc Vue**), relating to the construction of an apartment complex in Bundoora, Victoria.

We are advised that:

- 120 of a total of 131 apartments have now settled (increased from 95 settlements as advised in our previous update of 22 September 2017)
- 7 apartments have been sold and are awaiting settlement
- there are 4 apartments that have not yet been sold.

We re-iterate that the timing and quantum of return of capital and/or profits from Parc Vue (if any) will be contingent upon:

- settlement of the remaining apartments, and
- confirming the costs specific to Parc Vue.

We understand Parc Vue is expected to reach completion in mid-2018 (based on advice from Future Funds Management Pty Ltd).

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## **Liquidator's investigations into the Company's affairs**

We have submitted a confidential report to the Australian Securities and Investments Commission (**ASIC**) detailing our preliminary findings regarding the conduct of the Company's directors and officeholders.

We are continuing to liaise with the ASIC in relation to this matter, including investigating allegations made by investors of misconduct.

If investors have any information or documents which may assist our investigations, it would be appreciated if you could provide same to our office as soon as possible.

## **Return to investors**

At this stage, it remains unknown whether there will be any return to investors.

## **All other enquiries**

If you have any further queries that are not addressed above, please contact PPB Advisory on +61 3 9269 4000 or send an email to [psakowski@ppbadvisory.com](mailto:psakowski@ppbadvisory.com).