



Australian Public Custodian Ltd (In Liquidation) (‘the Company’)

Investor Update No. 4 – 8 October 2018

Please be advised that PPB Advisory merged with PricewaterhouseCoopers Australia (**PwC**) effective 1 August 2018. My appointment as Liquidator of the Company is not affected.

Insurance claims

The Company’s pre-appointment insurer has not provided any update regarding the status of its assessment of the notified potential claims against the Company’s professional indemnity insurance policy. A significant volume of information was provided to the insurer to aid its assessment of the potential claims in April 2018.

Through my staff, I have sought a further update from the insurer but I am yet to receive a response.

Please note there are currently limited funds available in the Liquidation. To date, I have incurred significant costs which I may be unable to recover based on recoveries to date. The costs to pursue and prove claims against the Company’s insurance policy are extensive. I am currently exploring options available to me in order to obtain funding to pursue these claims.

Future Estate Australian Residential Property Fund (‘FEARPF’)

Riviera Development

The six unsold apartments in the Riviera Mackay Development located at 5 – 7 Nelson Street, Mackay, Queensland 4740 have now been sold and settled.

Unfortunately, there were no proceeds from the sales available to the Liquidation and/or FEARPF investors following associated costs of the sales and distribution of proceeds to the mortgagee. Please note there was a shortfall of approximately \$70,000 to the mortgagee.

Driftwood Development

As previously advised, the Driftwood Development consists of an undeveloped block of land located at 33 – 34 Bourke Street, Blacks Beach, Queensland, 4740, (**the Land**) which remains undeveloped.

Based on my initial investigations, the outstanding debt owed to the mortgagee of the Land *may* be greater than the realisable value of the Land. I submitted a sales proposal to the mortgagee regarding realisation of the Land. However, in September 2018, the mortgagee advised that it intends to take possession of the Land and commence a sales process immediately.

At this stage, it is unknown whether sufficient funds will be recovered to enable any return to FEARPF investors. I intend to seek periodic updates from the mortgagee regarding the sales process and will account to investors once the Land has been sold and settlement has occurred.

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Other Assets – Related Party Debts

As previously advised, I sought the assistance of my solicitors to pursue recovery of debts owed by related parties. The related parties (via their solicitors) have disputed the debts. My attempts to recover these monies are ongoing. I am currently liaising with my solicitors regarding options available to me to achieve recovery.

Future Estate Development Opportunity Fund ('FEDOF')

Parc Vue Development

As previously advised, the FEDOF is an investor in the Parc Vue Development (**Parc Vue**), relating to the construction of an apartment complex in Bundoora, Victoria. The last update was published by the investment manager, Future Funds Management Pty Ltd, in June 2018. A copy of the update is attached.

I understand that the next quarterly update will be published shortly and that this will be distributed to FEDOF investors. Once available, I will upload the update on to the PwC website.

Other Assets – Related Party Debts

As noted above I am exploring options available to me to pursue related party claims.

Investigations and possible litigation

I submitted a further report to the Australian Securities and Investments Commission (**ASIC**) in response to ASIC's request for additional information regarding matters disclosed in my initial investigation report.

I am continuing to liaise with ASIC to determine the scope and extent of further investigations to be conducted (if any), and whether ASIC will fund or support further investigations. Please note my discussions with ASIC will remain confidential at this stage.

Meeting of creditors

I intend to convene a meeting of creditors in early 2019. Prior to the meeting, I will issue a report to creditors detailing the conduct of the Liquidation and my investigations into the affairs of the Company and the Funds. The meeting will provide an opportunity for investors to ask questions and to provide information which may assist my further investigations.

The date, time and location of the meeting will be advised in due course. Please note that teleconference facilities will be made available to creditors who are unable to attend the meeting in person.

Return to investors

At this stage, it remains unknown whether there will be any return to investors. Any return will likely be contingent upon the successful recovery from litigation commenced against directors, officers and/or related parties (if claims are pursued).

All other enquiries

If you have any further queries that are not addressed above, please contact Patrick Sakowski by email to patrick.sakowski@pwc.com.

PARC VUE PROJECT UPDATE - JUNE 2018



PROJECT STATUS UPDATE

Following the completion of construction and calling of settlements in February 2017, 129 of 131 apartments have now settled.

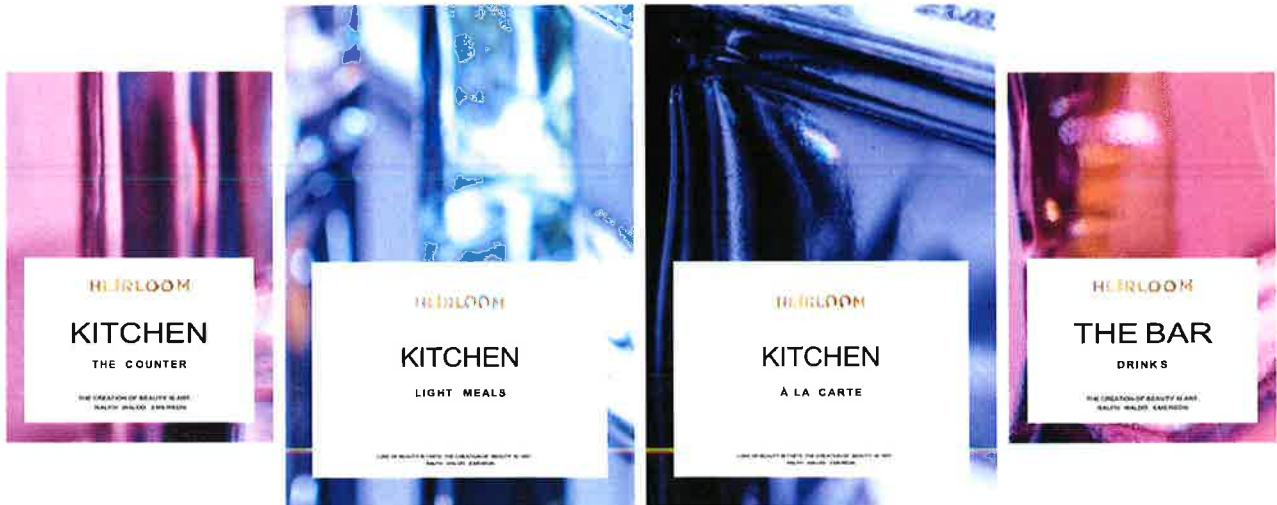
As mentioned in the previous updates, there were originally 8 unsold apartments, however, a number of sale contracts were rescinded (23 rescissions), the majority of which were FIRB buyers who could not secure the required finance to settle on their apartment purchase. Since then, our sales team have been actively re-selling these apartments through our sales channels.

Current sales / settlement status of ParcVue stage 1 stock:

Status	Number of Apartments
Settlements to date	129
Sold (unconditional/conditional) and yet to settle	0
Reservations	1
Unsold	1
Total	131

We have had a good take up of the residual stock by the local market, which is a testament to the good quality product.

The Project has engaged Sonia Fava (former Future Estate Sales and Marketing Director) on a contract basis by the joint venture, to undertake the sales management function in relation to the realisation of the residual stock. As it now stands, there are 2 unsold or reserved apartments which we are expecting to sell and settle by end of the year.



RETAIL UPDATE

Heirloom, a 200 seat café and restaurant offering breakfast, lunch and dinner 7 days a week, free Wi-Fi, a la carte "gastro pub" dining, wood fired pizzas and a fully serviced bar is set to occupy tenancy 1A. The premises will cater to Parc Vue residents, visitors to the park adjoining the development, whilst also drawing people in from the wider area, given its prominent location. The development manager has commenced the financing process in order to commence fit-out of the venue. However, we have experienced delays in gaining our joint venture partners approval to commence the fit-out works. For tenancy 1B, we continue to have discussions with several suitable operators to occupy tenancy 1B. Once all the retail spaces have been leased and the fit-outs have completed, the retail spaces will be listed for sale and sold. We expect to have divested the retail assets by the end of the year.

DISTRIBUTION UPDATE

As set out in the FEDOF Bundoora Stage 1 Offer, the investor returns can only be calculated after all of the stage 1 assets (apartments and retail) have been sold and settled, and all costs, liabilities, fees and expenses associated with stage 1 of the Project have been paid by the developer.

Please be aware that the delays in the settlements and the costs of re-selling the apartments where contracts were rescinded, is expected to impact the project profitability as administered by the liquidator of Australian Public Custodian.

Additionally, please note, the Investment Manager has been in on-going discussions with the Projects joint venture partner about the direction of the Project going forward. The Investment Manager will be providing a special update on this before the next quarterly investor update in September.

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