

## Receivers moves into Prime villages

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Report

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Receivers have been appointed to most of the \$400 million in retirement properties controlled by Prime Retirement and Aged Care Property Trust.

Chairman and former federal health minister Michael Wooldridge late on Friday confirmed that lender Suncorp had moved first to appoint receivers on the three assets over which it has security.

It is understood the move has triggered other lenders, including National Australia Bank and an arm of Bank of Scotland International, to appoint their own receivers, KordaMentha, on six other properties.

"We are extremely disappointed by Suncorp appointing Ernst & Young as receivers without any advance notice by Suncorp," Dr Wooldridge told the *Weekend AFR*.

"The board was expecting to receive an offer that would have resulted in a return to all creditors including unit holders.

"The actions of Suncorp have severely prejudiced that outcome," he said.

Prime controls about 12 retirement villages, in Queensland, NSW and Victoria.

The listed property trust owes \$300 million on the assets to three groups of lenders – Suncorp, NAB/BOSI and Members Equity – whose loans are secured against different properties.

Management rights for the villages remain with Lend Lease after Prime's call option to acquire those rights lapsed last month.

That option was valued at about \$45 million but Prime was unable to stump up the cash needed.

Without the management rights, Prime has been forced to write down the value of its retirement portfolio to about \$400 million.

The trust, with Neil Radoway as chief executive, has been in intense negotiations with bankers for the past two months.

One month ago Suncorp issued a 30-day letter of demand which Prime failed to meet this week, according to sources.

It is understood Suncorp's move to appoint receivers then prompted a similar move by the NAB/BOSI group.

By late on Friday, Members Equity, which lent against a sole asset, had retained Ferrier Hodgson as advisers but had not yet appointed receivers, sources said.

Prime Trust expects to appoint Pricewaterhouse Coopers as administrators on Monday.

The Australian Financial Review

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### KEY POINTS

- Suncorp's action is a disappointment, says Prime.
- Prime was expecting an offer from another party, it says.
- Other creditors are expected to bring in their receivers.