

26th November 2010

TO THE UNITHOLDER AS ADDRESSED

Dear Unitholder

AUSTRALIAN PROPERTY CUSTODIAN HOLDINGS LTD. ("APCHL") IN ITS CAPACITY AS RESPONSIBLE ENTITY ("RE") FOR THE PRIME RETIREMENT & AGED CARE PROPERTY TRUST ("PRIME TRUST") (ADMINISTRATORS APPOINTED) ACN: 095 474 436

On 18th October 2010 APCHL the RE for Prime Trust was placed into voluntary administration and Petr Vrsecky and I were appointed Administrators.

Subsequent to that appointment, on 18th and 19th October 2010, 19 subsidiary and related companies were also placed into voluntary administration and Petr Vrsecky and I were appointed Administrators. Attached to this report is a Schematic which shows the various appointments.

There was concern by one of the secured creditors that our appointment may not have been valid and consequently we made an application to the Supreme Court of Australia to have our appointment validated. The application was heard on 27th October 2010 and the Judge's decision was reserved. A first meeting of creditors of the 19 subsidiary and related companies was held on 28th October 2010. The Court ordered that the first meeting of creditors of APCHL be adjourned and it was therefore adjourned to 11th November 2010. On 29th October 2010 the Court handed down its decision which confirmed our appointment as Administrators of APCHL.

ADMINISTRATION PROCESS

Whilst the Corporations Act regime in relation to voluntary administration deals with creditor claims and not unitholder claims, **we recognise APCHL as RE has a responsibility to unitholders**. Therefore we intend to provide unitholders with timely information on the process being undertaken by the various Receivers in dealing with the respective villages which is most likely to result in the sale of those villages and on the prospects of a return to unitholders. Ultimately any return to unitholders will therefore depend on the outcome of any proposed asset realisation process which is not in our direct control.

We have been liaising with the Australian Securities & Investments Commission and have endeavoured to provide relevant information to unitholders since our appointment via website or when contacted by unitholders.

Claims have been received from or on behalf of a number of unitholders. It is premature to deal with unitholder claims at present except for the purposes of voting at creditor meetings.

A second meeting of creditors will be held in due course in order for creditors to determine the future of the company and this may involve accepting a proposal (Deed of Company Arrangement) if one is put forward, placing the company into liquidation or taking the company out of administration.

The Corporations Act 2001 requires the second meeting of creditors to be held approximately five weeks after our appointment. It is not expected the Receivers will be in any position to advise of the prospects of any return by that time. Consequently we have made and had approved an application to Court for the convening period of the meeting to be extended for six months, when we should be in a position to advise the likely outcome of the various Receivers' dealings with the villages and the prospect of a Deed of Company Arrangement proposal. Nevertheless, set out below is an outline of the financial position of APCHL and Prime Trust.

Unitholders are assured that as Administrators of APCHL we represent all creditors including priority (employee) claims, secured creditors, unsecured creditors and contingent creditors (unitholders with a proper basis for a claim).

FINANCIAL POSITION

Based on our initial investigations of the Prime Trust's affairs, the financial position of the Trust, as at 18th October 2010, is:

Assets	Note	Book Value or ERV	Secured Debt	Balance
Cash at bank	1	1,868,931	Bank claiming right of set-off	Unknown
Retirement villages secured by Capital Finance Australia Ltd. / National Australia Bank Ltd. ("NAB")	2	134,880,000	(173,938,217)	80,541,783
<i>Retirement villages secured by Capital Finance Australia Ltd./NAB and held by subsidiary companies</i>	2	<i>119,600,000</i>		
<i>Retirement villages secured by Suncorp Metway Ltd. and held by subsidiary companies</i>	2	<i>108,280,000</i>		
Retirement village secured by Industry Funds Management (Nominees 2) Pty. Ltd.	2	33,000,000	(34,050,000)	-
Unencumbered retirement village	2	1,900,000	-	1,900,000
Rental village secured by Bank of Western Australia	3	3,500,000	(900,000)	2,600,000
Other assets	4	7,168,000	-	7,168,000
<i>Assets held by subsidiary companies</i>	4	<i>8,728,000</i>	-	<i>8,728,000</i>
Total Assets ^(*)		418,924,931	(279,225,303)	133,880,687
Less:				
Priority (employee) entitlements				To be established
Unsecured Creditors of				
- APCHL as RE for the Prime Trust				47,823,742
- <i>Subsidiary companies' creditors</i>				<i>948,020</i>
- Shortfall to secured creditors				Unknown
Surplus / (Shortfall) ^(*)				\$85,108,925

(*) *Subject to realisation costs, trade on costs, Receiver/ Administrators fees, legal costs, etc.*

Note: The assets and liabilities in italics are held in subsidiary companies of APCHL in its capacity as RE of the Prime Trust

Note 1 - Cash at Bank

A term deposit in the amount of approximately \$5,000,000 is held by APCHL in its own right as security for its Australian Financial Services License. It has creditors totalling \$29,687,612 and a right of indemnity from Prime Trust for debts incurred on behalf of the trust.

APCHL as RE held a number of bank accounts with the NAB, which had a combined value of \$1,868,931 exclusive of the term deposit. The NAB has claimed a right of set off against these accounts. We do not believe the NAB has such a right and the matter is yet to be determined. If the NAB is able to recover its secured debt in full from the sale of the retirement villages the claim for a set off will fall away.

Note 2 - Retirement Villages

The Prime Trust is the owner of twelve retirement villages. Eleven of these villages have had Receivers and Managers appointed over them. Seven of the twelve villages are held by subsidiary companies. The Receivers and Managers are in control of the eleven villages on a day to day basis and will handle any proposed sale. The values ascribed in the above table are from valuations obtained by APCHL for the preparation of the 30th June 2010 financial accounts.

As a result of the receiverships it is considered likely that the book values are now not achievable in a distressed sale process and therefore any potential surplus of assets over liabilities could be diminished.

Note 3 - Rental Village

The Prime Trust is the owner of a rental village located in Gawler, South Australia. The village is encumbered with the Bank of Western Australia for approximately \$900,000. The village has been on the market for some time and has been subject to previous offers that have been unable to be completed. We expect to execute a new contract for its sale in the near future.

Note 4 - Other Assets

The Prime Trust and its subsidiary companies have a number of other assets, which have estimated values of \$7,168,000 and \$8,728,000 respectively. A majority of these assets are subject to different issues and realisations are contingent on these issues being satisfactorily resolved. Investigations are continuing with regard to their collectability and the steps required for recovery and more information will be available at the forthcoming unitholder briefing.

BRIEFING TO UNITHOLDERS

Although it is unlikely we will have any meaningful update in the short term about the potential realisations of assets by the Receivers, we intend to brief unitholders for the purpose of answering any questions and providing guidance in relation to the voluntary administration process and related issues.

To this end, please find attached a Notice of Briefing to Unitholders. For convenience of unitholders we are convening separate briefings in Brisbane, Sydney and Melbourne.

There are in excess of 9,700 unitholders and therefore we intend to communicate with unitholders through both the Prime Trust (www.primetrust.com.au) website and the Lawler Draper Dillon website (www.lawlerdd.com.au).

Unitholders can submit any questions via email to insol@lawlerdd.com.au and we will endeavour to address such enquiries generally via the websites referred to above.

UNITHOLDER CLAIMS

We are aware that some unitholders are seeking to engage litigation solicitors on a contingency basis to put forward a claim (presently a contingent claim) based on certain allegations against the RE. No formal legal claims have yet been lodged, however if they are then such claims will need to be properly articulated and agitated and may ultimately need to be determined by the Court as to whether they can be admitted to rank pari pasu with other unsecured creditors. This is a complex area and if any claims are lodged and pursued we expect it may take some time to resolve.

ASX CONTINUOUS DISCLOSURE

We have maintained the head office administrative function of Prime Trust in order to facilitate the ongoing operations and the potential sale process of the relevant villages. Accordingly the RE will continue to provide appropriate and continuous disclosure to the ASX through its usual officer.

LEND LEASE PRIMELIFE ("LLP")

Along with the Receivers we are reviewing all the agreements with LLP including a "netting off" arrangement and village operational management rights. As unitholders will be aware the realisable value of the villages is significantly affected by the performance of the manager with regard to the management rights.

FUTURE

Eventually it is possible all creditors will be paid in full and the trust ("PTN") will continue in a diminished form. Alternatively, some form of Scheme of Arrangement or Deed of Company Arrangement may be proposed by directors or other parties. Unitholders will be informed of such developments as appropriate.

Yours faithfully



S.L. HORNE
Administrator



P. VRSECKY
Administrator

**NOTICE OF BRIEFING TO UNITHOLDERS OF
AUSTRALIAN PROPERTY CUSTODIAN HOLDINGS LTD. ("APCHL") IN ITS CAPACITY
AS RESPONSIBLE ENTITY ("RE") FOR THE
PRIME RETIREMENT & AGED CARE PROPERTY TRUST ("PRIME TRUST")
(ADMINISTRATORS APPOINTED) ACN: 095 474 436**

Notice is now given that a briefing of unitholders of the Prime Trust will be held at the following venues:

Brisbane:	10th January 2011 at 10.30 a.m. Holiday Inn Brisbane, 159 Roma Street, Brisbane
Sydney	11th January 2011 at 10.30 a.m. NSW Leagues' Club, 165 Phillip Street, Sydney
Melbourne	12th January 2011 at 10 30 a.m. Bayview Eden Melbourne, 1st Floor, 6 Queens Road, Melbourne

Dated this 26th day of November 2010


S.L. HORNE
Administrator

