

Investor millions frozen in aged trust

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INVESTORS in a retirement village developer with links to the collapsed Westpoint group fear they will never see their money again after the company froze almost \$200 million.

The Prime Retirement and Aged Care Property Trust, whose deputy chairman is former health minister Michael Wooldridge, has told investors they can no longer withdraw money invested in the company.

Much of the cash was raised through a firm associated with former Prime Trust director Richard Beck, who also raised money for the Westpoint property group, which collapsed in December owing 4000 investors \$450 million. Mr Beck stepped down from the Prime Trust board in December, citing perceived links with Westpoint.

Under the direction of Mr Beck, the trust raised \$68 million in the six months to December, or almost \$500,000 a day.

Despite assurances from Prime Trust directors that the company is in a sound financial position, some investors, witnessing the Westpoint collapse, want to withdraw their funds.

Until last month, investors were able to take out their cash, provided they paid a redemption penalty fee of 5 per cent of their investment.

But the company, which uses the money to build and acquire retirement homes, has now invoked a clause that allows it to cancel all redemptions of cash. Prime Trust unitholders were told on March 22 the redemption facility had been frozen.

Twelve Prime Trust retirement properties are leased to the stockmarket-listed Primelife Corporation, but there is no direct financial or ownership link between the two companies.

Dr Wooldridge, appointed Prime Trust's deputy chairman in March, said the fund was "healthy" and the redemptions were frozen to facilitate the acquisition of up to \$250 million worth of retirement properties.

"From our perspective we are a healthy fund, we are paying

nearly 10 per cent (distributions), our net asset backing as of the last half of last year was 97c in the dollar," Dr Wooldridge said.

He told *The Australian* that even though redemptions from the trust had been frozen, no investor had attempted to remove funds from the trust and been unable to do so. "As of Friday, we are not aware of a single case, by correspondence or communication, of anyone wanting to redeem who hasn't been able to," Dr Wooldridge said.

However, *The Australian* has spoken with three investors who say they have unsuccessfully tried to redeem their investment.

Prime Trust investor and retiree Denise Tracey said that, through her financial planner, she had been trying since February to retrieve \$30,000 she had invested in the trust and was now concerned she would lose the money. Ms Tracey said she was encouraged to invest in Prime Trust by the same financial planner who encouraged her to place \$230,000 of her retirement savings into Westpoint.

"I have letters that I have written to my financial planner to indicate that I have been trying to get out of (Prime Trust)," Ms Tracey said. "We have no cash, basically. My 73-year-old husband has had to go back to work to keep food on the plate from month to month."

Investor Marsha Gusti said the financial planner who encouraged her to invest \$50,000 in Westpoint had also encouraged her to invest \$130,000 in Prime Trust, \$100,000 of which belonged to her elderly mother.

Through a series of emails to Prime Trust from March 29, viewed by *The Australian*, Ms Gusti has attempted to retrieve her investment. She was told the trust's redemptions facility had been suspended and the group would need to find a third-party purchaser to buy her stake.

The managing director of the "responsible entity" that runs the trust, accountant William Lewski, did not return repeated calls from *The Australian*.