

# 'Down but Raptis will be back'

THE Gold Coast property market may have taken a body blow with the collapse of the Raptis Group empire, but it will recover, says a leading property analyst.

The Raptis Group went into voluntary administration for the second time in its history late last month.

Signs had not been good for months after a construction halt on the \$700 million Hilton Hotel development at Surfers Paradise, the first hotel to be built on the Gold Coast since 2000, and the sell-off of several group assets.

A Raptis subsidiary involved in another prominent Gold Coast landmark, the Chevron Towers, also went into administration in late January, following Raptis's \$700 million Southport Central project last year.

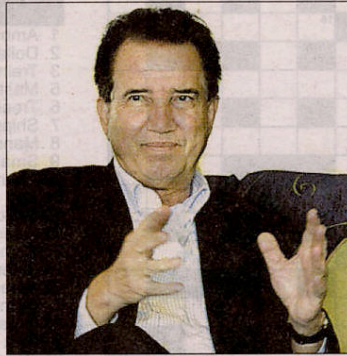
Gold Coast-based property analyst Bill Morris said he was confident managing director Jim Raptis would help steer the company out of trouble again.

Raptis Group collapsed in 1993 with debts of \$65 million.

"Of course it will, it'll pull through," said Mr Morris.

"He'll come back and in two or three years the Hilton will be a raging success."

Administrators are working on plans to breathe new



Property analyst Bill Morris (left) says Jim Raptis (right) will survive his latest problems

## THE COLLAPSE

life into Raptis – the parent company of more than 90 others – through a deed of company arrangement.

The Hilton project is seeking a new major backer, with a view to completing construction in 2011.

Mr Morris said the Gold Coast market, as with every property market, went through distinct cycles and there was no suggestion the region would not recover.

Gold Coast property financiers City Pacific and Octaviar (formerly MFS) also have hit trouble in recent

times, not helped by the \$80 million owed to them by Raptis.

"There's been a lot of talk in the media that the Gold Coast attracts these risky types of developers, but I think the problem has been the economic collapse and the fact it wasn't foreseen," said Mr Morris.

Raptis administrators Brian Silvia and Andrew Cummins of BRI Ferrier said all the company's assets had been mortgaged off to 27 banks, with a total debt in excess of \$940 million.

In their first report to creditors, Mr Silvia and Mr Cummins said they were 'not

in a position as yet to estimate the likely return to creditors'.

The only secured lender is Capital Finance Australia, which holds two charges over the company.

Capital Finance called in receivers to Raptis Group's Southport Central project last September.

"At present, it appears the majority of assets held through subsidiaries have little equity (if any) available to pay their respective unsecured creditors, let alone represent a recovery to the company on account of its investment in subsidiaries," said Mr Silvia in his report.

## Mariners Cove 'transferred' to mystery partner

by Nick Nichols  
business editor

CITY Pacific has found a new partner for Mariners Cove, as it moves to distance itself from Raptis Group's woes.

The property financier yesterday revealed Raptis had 'transferred its interest in the joint venture to an alternate partner', but it would not disclose any details.

Raptis bought Mariners Cove, next to Marina Mirage on The Spit, in partnership with City Pacific last April for \$49 million.

The property has been on the market virtually since then due to City Pacific's debt burden.

At one stage, it was even reported to have been on the radar for Gold Coast businessman Craig Gore and his silent business partner Lord Michael Ashcroft, who now own City Pacific's former marina assets in Townsville.

City Pacific chief executive John Ellis yesterday said he could not disclose details of the agreement.

He would only say that City Pacific had brokered the deal. Raptis Group chairman Jim Raptis also declined to comment.

The news followed City Pacific revealing it was likely to become an unsecured creditor of Raptis Group after estimating it would wear a loss of between \$10 million to \$12 million on a development site just north of the Gold Coast International hotel.

City Pacific had forwarded a \$25 million loan to property owner Cira International, a joint venture between Raptis and City Pacific offshoot CP1.

Cira is in the hands of receivers and the property is being sold.

Meanwhile, Chevron Island-based merchant bank Equititrust is understood to have a \$35 million exposure to Raptis Group.

The property lender, headed by former lawyer Mark McIvor, did not respond to questions put to it by *The Gold Coast Bulletin* yesterday.