



Voluntary Administration of Major Australian Residential Builder, Privium

A sharp increase in construction costs and continued supply chain shortages caused by the pandemic led to the Voluntary Administration of Privium, leaving behind over 2,100 home buyers in a state of flux.

SITUATION

Privium Pty Ltd was a major residential builder in Queensland, New South Wales and Victoria, with over 2,100 active contracts and a turnover of AU\$219 million in its last full year of operation.

Rising construction costs, brought on by higher labour and material costs due to COVID-19-related supply shortages and drawn-out lead times, ultimately led to increased pressure on Privium's profit margins for builds.

After running out of cash in November 2021, Privium entered Administration owing secured and unsecured creditors almost AU\$122 million across the Privium Group of companies.

This left thousands of home buyers with their builds at various stages of completion - from those who had paid a deposit on building works yet to begin to those who had completed builds sitting within various warranty provisions.

OUR ROLE

On 17 November 2021, [Joanne Dunn](#), [John Park](#) and [Kelly Trenfield](#) were appointed Voluntary Administrators.

The Privium Group consisted of Privium Pty Ltd and eight other non-trading companies. These entities were asset-holding companies and special-purpose vehicles for various property developments.

During the Administration, our Corporate Finance team immediately secured the companies' assets. They attended to the queries of more than 2,100 clients at various stages of residential building projects. The two most common issues facing homeowners and which our team worked to solve included:

- Working closely with state building regulators to assist homeowners in making claims under home warranty insurance
- Facilitating the handover of properties to owners

Our Strategic Communications experts assisted with managing the significant media exposure that comes with the impact of such a collapse, especially during a time of volatility for the construction industry.

FTI Consulting continues to actively pursue recoveries through investigations into the Group's financial position and the causes of its financial instability.

OUR IMPACT



Set up dedicated email addresses and hotline to address the numerous enquiries from clients at various build stages.



We established strategies with state-based building regulators to assist those clients affected by the administration and loss of building licenses.



We worked with clients to facilitate the handover of properties where the build has reached a practical completion stage.



We implemented asset realisation strategies to return funds to secured creditors, ongoing investigations into the conduct of the company directors and review of their financial affairs to determine the potential to recover funds.

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