

UQ bid to buy Bond's debt

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THE University of Queensland's \$110 million bid to buy the Bond University campus includes an offer to buy Bond University Ltd's \$95 million debt to a Japanese bank.

Bond University Ltd, which operates the university but does not own the land and buildings, has built up a \$95 million debt to the Long Term Credit Bank of Japan.

The University of Queensland is understood to have offered to buy the debt from the LTCB at a substantial discount.

A debt of that size could be bought on secondary markets for less than \$10 million.

The Long Term Credit Bank issued a notice to Bond University Ltd this month for repayment of the debt, a move which has been interpreted as putting pressure on Bond to co-operate with the University of Queensland bid, which is conditional on Bond continuing to operate a university on the site.

The debt to the Long Term Credit Bank is "subordinate" — it became due only when Bond University began to operate at a profit, which happened two years ago.

If Bond University Ltd were to default on this debt, the bank could take legal action against the university itself — not just the land and buildings which it occupies.

But Bond University executive chancellor Harry Messel said yesterday reports that the Long Term Credit

Bank had taken out writs against Bond University Ltd were "definitely untrue".

If the University of Queensland bid to buy the debt succeeds, Bond University Ltd will owe it the \$95 million.

A source within the University of Queensland said yesterday it was planned to relieve Bond University of that debt after five years, without paying the full amount, provided the tenancy arrangement had been harmonious.

"What we're doing is removing a frightening commercial reality hanging over their heads," she said.

University of Queensland chancellor Llew Edwards said last night the university's bid did not involve any public money, because the value of the various parcels of land at the Bond campus allowed for normal commercial borrowing.

He said the university had tendered to buy all the lots, which included future residential land, research park land, future university land and some commercial lots.

Sir Llew would not give details, but said development of the residential land in conjunction with a construction company would provide the university with a substantial profit.

"Everybody says we're going to go broke," he said. "That's bull dust."

He said the rent from Bond University would be roughly equal to the interest and redemption on the remaining part of the contribution, and Bond would be offered rent at a flat rate fixed for 30 years.