

## Statement of Barry Alcock

I am 80 years old and am a Fellow of the Institute of Chartered Accountants.

I am retired after 60 years in Public Practice.

I was previously a Director and major shareholder of Illawong Village P/L. which was a customer Of Bank West. The company owned a Neighbourhood shopping centre at Fowler Rd. Illawong which it had developed and held since 1987. It was about to commence construction of extensions to the centre.

In 2005. We were negotiating finance with our existing bank St. George. The land owned had an area of 1.534ha consisting of the centre and a residential site of 4600 sq.m. with approval for 31 executive apartments. In Dec. 2005 Bank West aggressively pursued us to borrow from them. We had a comprehensive valuation by                      including a feasibility which valued the residential at \$7.5m. based on the development controls at the time which allowed a floor space ratio of 1:1

. We had a contract to sell the completed centre on the basis of a 7.25% yield on the rentals on completion.

Bank West advanced us \$22,400,000 to pay out St. George and build the extensions . We subdivided the land in Apr. 2007 and the purchaser took ownership of the retail and we retained the residential site. We paid out the bank finance to that point and the bank advanced us a new loan for \$3,000,000 secured over the assets of the company and a mortgage over the residential site. The company stood to receive the balance of the purchase price and gain an estimated \$3,000,000 on completion.

Because the extensions to the centre were not completed we entered a management agreement with the purchaser to complete the work and in the first instance pay for it and be progressively reimbursed.

In the meantime the council had rezoned the land to allow a floor space ratio of 2:1, which increased the value of the land over the valuation by                      . We had plans prepared for 55 units and as it turned out, shortly after the Receiver sold the land, the new owner lodged a D.A. for 85 units which he subsequently reduced to 68. They have since all been sold at prices in the order of \$800,000 each.

Our loan was moved to "the portfolio enhancement division " (a great misnomer) in June 2008

The facility expired on Aug 31 2008 and the bank started to charge default interest rates.. It was not interested in " enhancing " our position. We had 2 separate valuations of the site based on 31 units at \$9,000,000 in addition to                      \$7,500,000. The value of 68 sites was \$20,000,000.

A default notice was issued by                      solicitors on Sep.9 2009 and                      were appointed Receivers.

Despite our valuations and despite an independent experts assessment of our position the bank told us the land was only worth \$3,000,000 and it was sold at a price to cover the bank and the Receivers fees. We were never shown a valuation by the bank.

The company was deprived of the opportunity to develop and sell the units and to complete the work on the extensions and get the \$3,000,000 balance of the purchase price. The company could have used that \$3,000,000 to pay out the bank which would leave the company with an unencumbered residential site with existing retail premises leased for \$200,000 a year. The property could have been held ready to develop and realise its potential. We were told by the receiver that it was their job to protect the interests of the shareholders but they took no moves in that direction.

Neither the bank nor the receivers showed any interest in helping us to simply hold the land ,service the loan from the rents and await our proposed development. We had been advised by our builder that the building cost of the units would have been in the order of \$20,000,000 while the sale of the completed units would have produced \$54,000,000.

A loss in the order of \$30,000,000 because the bank grossly understated the value of the company's assets without even showing us a proper valuation.

This was Confirmed by the independent expert who prepared an extensive assessment of our financial position and prospects which we had given to the bank