

TO WHOM IT MAY CONCERN

My name is Frank Galea. I was developing a retirement resort at 28 Rosebank Avenue, Dural. My banker was Bankwest and I had a line of credit approved to \$13.7 million for this project.

The project had been going for approximately 2 years and was at a stage where 15 residents, out of 70, had moved in. It was a functioning retirement resort. At that stage, there was slightly less than \$7 million worth of borrowings and the next stage requires \$5 million to complete. This was 12 homes at an average price of \$800,000 each - a total value is \$9.6 million. At this stage, out of the 12 homes, 7 homes had a deposit placed on them.

The loan requested for the next stage was not forthcoming. They informed that a further injection of \$2 million was required, for them to proceed. This was not possible as all available funds and properties were used as security for the \$13.7 million line of credit which the bank knew.

A short time later, they had the property revalued. Unfortunately, I cannot remember the company's name that did the valuation. However, the property had been valued for the bank less than 12 month prior by a company that was on all banks preferred list of valuers, as they were deemed to be only one or four valuation companies in Australia with the experience to value retirement resort. That company was _____ which exclusively values retirement villages and nursing homes all over Australia for all banks. _____ valued the residual land at \$9.2 million and the new valuer appointed by the bank valued the residual land at \$2.4 million. This, of course, affected the loan to value ratio.

The bank employed an administrator which was _____ were in my office for 7 days with a staff of 4 and I co-operated with the administrator. They produced a 97 page report for the bank for approximately \$90,000 at my expense. The report was glowing with only positive remarks as to the viability and management of the project. Nevertheless, meetings with the bank failed to gain the required funding for the next stage. At this point, I was not in breached of any of the loan covenants. I approached the bank after

talking to friends of mine and I managed to raise \$3.5 million through my friends. I re-approached the bank and requested the lending of the residual funds (\$2 million approx.) to complete the next stage. This was rejected outright. It was made clear to the bank, from the report, that the development, in 18 months, if allowed to proceed, would have the ability to pay back all loans. This fell on deaf ears and the bank proceeded to liquidate all assets put up for security. One was my home,

valued at \$3 million plus, similar sale on the street were over \$2.4 million. My property was sold for \$1.5 million, with a new valuation of \$1.2 million. This was a 10 hectare property with an excellent home? The resort at Dural was sold, it was never disclosed to me what it was sold for, but I did heard that it was approximately \$1.5 million. The resort had 2 finished homes that would sell for in excess of \$1.5 million. And there were residual land for another 19 homes and 36 apartments.

In my opinion, it was unfortunate and unreasonable for the bank not to fund the resort to its conclusion, as promised. There was in excess of \$15 million of profits to be made from the development, and the report from clearly stated that there was good management in place, a product that the market would support, and the project was sound. The offer of injecting a further \$3.5 million wasn't ever considered by the bank, and the bank appeared to be on a one track objective and that was to liquidate this development whether it was necessary or not. The offers accepted by the bank were well under market value. It seemed to me that the bank did have an agenda to sell me up and to put every obstacle in my way to make sure that this happened.

The result of the bank's action left me in no other position, but to declare myself bankrupt, at the age of 55. I was left in a position where I have to go on government payments. This destroys my family and now I find myself renting a room at a friend's house. It was all so unnecessary.

Yours faithfully

Frank Galea