

Greg  
McLachlan/CORPAU/WBCA  
U/WBG

12/02/2009 11:09 AM

To Paul Goldman/CORPAU/WBCAU/WBG@WBG  
cc Alexander Ross/CORPAU/WBCAU/WBG@WBG

bcc

Subject Fw: Knight Property - Funding for Gold Coast luxury  
apartment

Paul

You requested :

"I am presuming accountability of accepting a non panel valuer's valuation has been already been addressed." At that stage we had not requested accountability be addressed as we had not obtained possession of the security and a new valuation.

Since then issue has been raised with Craig Robinson and his response regarding Line involvement follows.

I have also referred the transaction to Brian Harris who has responded;

*"Greg - from my perspective BDM has provided his response and his Manager has attended to coaching counselling, SMC has provided his response and I have attended to coaching/counselling, only outstanding issue is can we sue the valuer given the shortfall especially given we specifically challenged him on the value, and now given the value has fallen away substantially. I will get Senior Valuer (Chalmers) to comment on this aspect. Accountability issues dealt with."*

I have also sought legal opinion on our prospects as regards recourse to the original valuer. I will let you know their view.

Not much more I can do.

Thanks and regards

Greg

Greg McLachlan | Senior Manager Credit Management, Queensland | Westpac Banking Corporation  
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----- Forwarded by Greg McLachlan/CORPAU/WBCAU/WBG on 12/02/2009 10:55 AM -----

Greg  
McLachlan/CORPAU/WBCA  
U/WBG

08/01/2009 02:54 PM

To Craig Robinson/CORPAU/WBCAU/WBG

cc Brian Harris/CORPAU/WBCAU/WBG@WBG, Alexander  
Ross/CORPAU/WBCAU/WBG@WBG

Subject Re: Fw: Knight Property - Funding for Gold Coast luxury  
apartment

Thanks Craig

In the end it is up to you what further action is taken and would depend on whether you feel a lesson has been learnt and whether there is a need for any disciplinary action.

it is concerning that the word of a non panel valuer and the purchaser have been given more credence than one of the Banks Panel Valuers especially given the very large difference between the two and it being an out of territory lending situation. The final two paragraphs of Shaynes email should also have been a clear warning supply of such accomodation was high and that some care in accepting the

valuation provided was required. HTW opinion does not appear to have been relayed to him for a further response / opinion.

While values on the Gold Coast have declined rapidly in the last 12 months the loss attributed to this deal (if it had proceeded at even 80% of the lesser, panel, value) would have been closer to \$2m rather than the now expected \$4m. Substantial even in todays environment.

I will keep you informed of any further developments.

Thanks and regards

Greg

Craig Robinson/CORPAU/WBCAU/WBG

Craig  
Robinson/CORPAU/WB  
CAU/WBG

08/01/2009 01:40 PM

To Greg McLachlan/CORPAU/WBCAU/WBG@WBG  
cc Brian Harris/CORPAU/WBCAU/WBG@WBG  
Subject Fw: Knight Property - Funding for Gold Coast luxury  
apartment

Greg,

Matt's response is as per the below email and in the copy of the note attached the file at the time of drawdown.

The valuation was not ultimately accepted on face value by him. At the time the investigation undertaken, and the mitigants identified, appeared reasonable. These were also endorsed by the authority holder as part of the drawdown authorisation.

Clearly Matt erred in not identifying the non-panel valuer earlier in the process. His 1st key learning. By the time he did, settlement timing pressures then drove the solution. His 2nd key learning. These are acknowledged by Matt and he appropriately embarrassed and disappointed at the outcome. Please let me know if you require anything more.

Craig Robinson | Head of Business Acquisitions Group, NSW

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----- Forwarded by Craig Robinson/CORPAU/WBCAU/WBG on 07/01/2009 05:50 PM -----

**Westpac** Matt  
Sainsbury/CORPAU/WB  
CAU/WBG

05/01/2009 02:58 PM

To Craig Robinson/CORPAU/WBCAU/WBG@WBG  
cc Stephen Downes/CORPAU/WBCAU/WBG  
Subject Fw: Knight Property - Funding for Gold Coast luxury  
apartment

Craig,

I have been asked to explain why I accepted a valuation from Landbury's when assessing the funding request from Knight Property Investments (Knight) to acquire a luxury apartment on the Gold Coast.