



Planning | Development | Management

Timeline of Events – Offers Made to Acquire 1 and 1A Everton Road, Strathfield

3 December 2018

Ramsay Health Care acquires 47A Wentworth Road, Strathfield for \$3,450,000.

26 June 2019

Meeting held between applicant and owners of 1 and 1A Everton Road, Strathfield. Verbal offer made of approximately \$3,000,000 for 1A Everton Road and \$3,050,000 for 1 Everton Road. Owners requested valuation report from Ramsay Health Care.

5 July 2019

Letter from Colliers distributed to the owners of 1 and 1A Everton Road, Strathfield confirming market value of properties for \$3.4 million and \$3.5 million respectively (See Appendix 1). Offers made by the applicant on 26 June 2019 were proven to be below market value. Colliers valuation report provided no comparison to recent sales in the area.

24 October 2019

Owner of 1A Everton Road commissions an independent valuation report from Abbots Valuers, valuing the property at \$4.5 million. (See Appendix 2)

30 June 2020

Offer made to the owner of 1A Everton Road for \$4.13 million, below the market price identified by Abbots Valuers (See Appendix 3). Offer made to the owner of 1 Everton Road for \$4 million, below the market price identified by Abbots Valuers. (See Appendix 4)

22 July 2020

Counteroffer made by owner of 1 Everton Road for \$4.5 million (See Appendix 5). Counteroffer made by owner of 1A Everton Road for \$4.565 million in line with market value. (See Appendix 6)

24 July 2020

Proponent rejects counteroffer(s). (See Appendix 7)

30 June 2021 – 2 July 2021

Email exchange between representative of Ramsay Health Care and the owner of 1 Everton Road for the acquisition of his property only. (See Appendix 8) No new valuation report was produced by applicant.

Appendix 1

5 July 2019

Alex Belcastro
National Business Development Manager
Level 8,
154 Pacific Highway
St Leonards NSW 2065

Dear Alex,

1 & 1A Everton Road, Strathfield – Valuation Assessment – Highest & Best Use

We refer to your request for further additional letter confirmation relating to our Valuation Reports dated 7 March 2019 (Our Ref: **HRL2188**). We had been specifically requested to provide our opinion of the 'As Is' Market Value (Desktop Assessment), with regard to the highest and best use.

We confirm that we adopted the following Market Values (GST exclusive):

- 1 Everton Road, Strathfield (Lot 3 in Deposited Plan 391941): \$3,400,000.
- 1A Everton Road, Strathfield (Lot 2 in Deposited Plan 391941): \$3,450,000.

When adopting our values, we have had specific regard to land sizes, location and the development potential of each of the sites on a standalone basis under current planning controls.

This letter is provided by CIVAS (NSW) Pty Limited ('CIVAS') and not by another company in the Colliers International Group. This letter has been prepared as an addendum to the original reports, which was prepared for **Ramsay Health Care** for the purpose of **Internal Decision-Making to Assist with Potential Acquisition only** and should not be relied upon for any other purpose or by any other person.

CIVAS accepts no responsibility for any statements in this letter other than for the stated purpose. This letter is issued on the basis that no liability attaches to the companies in the Colliers International Group other than CIVAS in relation to any statements contained in the individual reports and this letter.

Yours sincerely,
CIVAS (NSW) Pty Limited



Leon Hadchiti – Director AAPI MRICS
Valuation | Healthcare & Retirement Living

Appendix 2



Liability Limited by a scheme
approved under Professional
Standards Legislation.



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GORDON NSW 2072

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VALUATION

1A Everton Road, Strathfield NSW 2135.

SUMMARY

PURPOSE

Determination of the Current Fair Market Value of the subject property, for Internal Purposes, as at 24 October 2019, prepared under instructions from Mr. G. Russo.

SYNOPSIS

The subject consists of a parcel of residential land with a total area of 645 square metres with improvements comprising a brick and tile four bedroom residence with a total floor area of approximately 190 square metres, currently in a good state of repair and condition.

The subject property is located on the northern side of Everton Road at Strathfield, in Sydney's Western Suburbs, approximately 10 kilometres west of the City of Sydney GPO. This can be considered a very good location for a residential property, in very close proximity to services, facilities and amenities.

VALUATION

I am of the opinion, subject to the qualifications and recommendations contained within the body of this report, that the Fair Market Value of the subject property, as at the date of valuation, would be :

\$ 4,500,000

(Four Million Five Hundred Thousand Dollars).

VALUER

Thomas Leon Phippen, BBUS, AAVI, SMAPI.
Certified Professional Valuer No. 511.

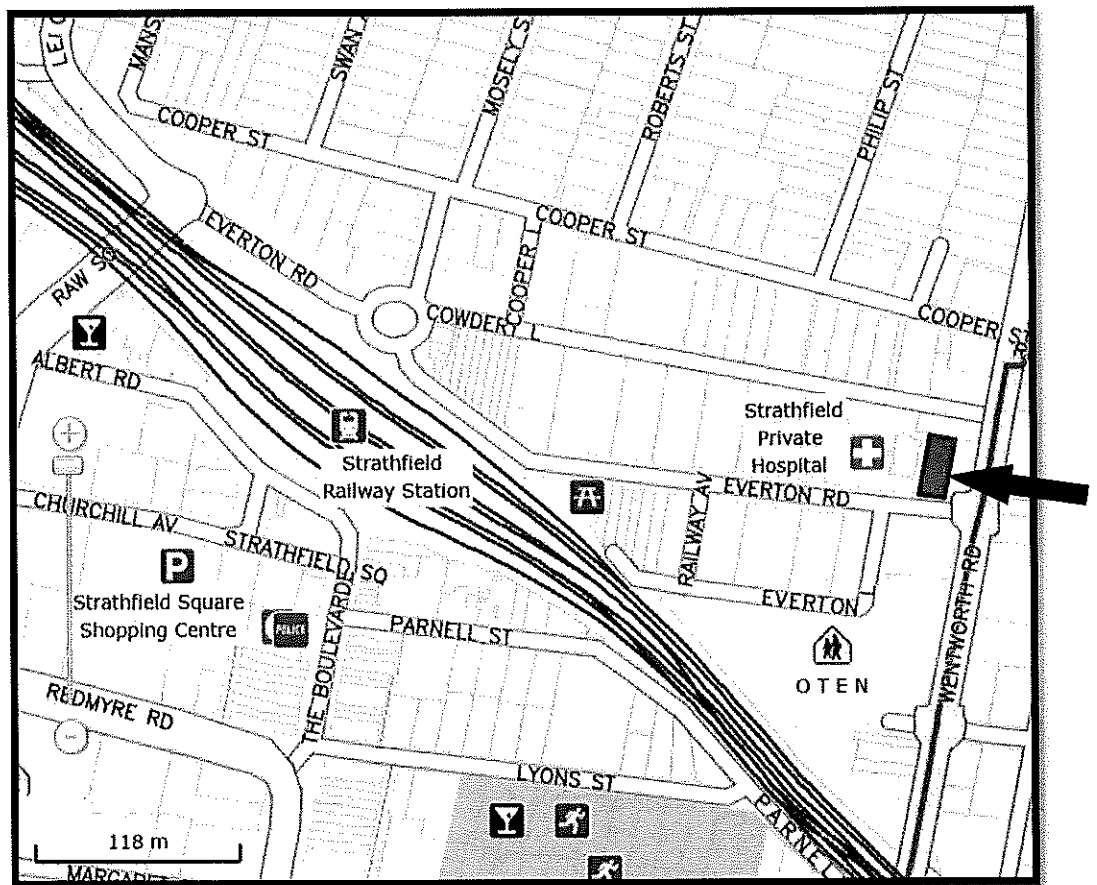


ABBOTTS VALUERS

REPORT

LOCATION

The subject property (in red at the end of the arrow) is located on the northern side of Everton Road, approximately 15 metres west of Wentworth Road, at Strathfield in Sydney's Western Suburbs, approximately 10 kilometres west of the Sydney Town Hall.



This location is approximately 300 metres east of Strathfield railway station, and 450 metres south of Parramatta Road. The main Strathfield commercial precinct is situated within 350 metres on the southern side of the railway station.

Adjoining the subject property to the west is Strathfield Private Hospital. The area surrounding the subject property contains predominately residential properties of various densities, and a wide range of age, styles, and sizes. In addition to these are a number of schools and several other health and medical related properties.

Overall, this is considered to be an excellent location in very close proximity to almost every service, facility and amenity.



TITLE PARTICULARS

Statutory records reveal that the subject property is known as :

Lot 2
Deposited Plan (DP) 391941
at Strathfield
Local Government Area (LGA) of Burwood
County of Cumberland

Statutory records reveal that the current owner as :

Giuseppe Russo.

If any encumbrances on title are revealed to be of an onerous nature, I reserve the right to review this valuation.

SERVICES

Standard utility services including Electricity, Town Water, Natural Gas, Sewerage, Drainage and Telephone are all available to the property.

All roads in the area surrounding the subject are bitumen sealed, with made kerb & gutter.

Local public transport can be accessed nearby with buses linking directly with the city. Strathfield railway station is less than 300 metres to the west.

Additionally, there are several schools, sporting grounds, parks, beaches and other public facilities all within a convenient radius from the subject property.

LAND DESCRIPTION

The subject property is located on a near rectangular shaped, predominately level parcel of land. The land has a frontage to Everton Road of approximately 15 metres, and approximate depth of 42 metres, and a total approximate area of 645 square metres.

It is considered to be a very good quality parcel of land with an inherent potential.

ZONING

I understand that the subject land currently has an R1 General Residential zoning under the Burwood Local Environmental Plan. The current use of the land appears to comply with zoning requirements.



During our inspection of the subject property Mr. Russo pointed out that the land on the opposite side of Everton Road, a parcel of land of a comparable quality and of approximately 1,400 square metres, contains an 8 storey block of apartments. He believes that, if the subject property was amalgamated and adjoined to the properties immediately adjoining the eastern and northern boundaries of the subject property, making a site of approximately 1,840 square metres, that it also could be developed to a similar density.

Our enquiries revealed that this would involve agreement between the three different owners of the land, amalgamation of the land, and re-zoning of the land to R4 High Density Residential, and this is something that would be opposed by Council, and would thus require a long and expensive campaign in the Land and Environment Court, an undertaking with no certainty of success.

We have also been advised by Mr. Russo that, if the subject property and the two adjoining properties were to be amalgamated and sold to the Strathfield Private Hospital, which adjoins the western boundary of the subject property, the amalgamated parcel could be re-zoned and redeveloped as an expansion to the existing hospital.

Our enquiries reveal that, whilst this may be possible, it also would be a long and expensive campaign in the Land and Environment Court, and again, with no certainty of success.

We have valued the subject property on the basis that it is what it is, but that it may have some additional potential that might be able to be utilised in the future.

IMPROVEMENTS

Improvements on the land comprise a single storey four bedroom residence constructed with a timber frame clad with full brick walls and a terracotta tile roof. The residence includes metal framed, clear glazed windows, timber doors, high ceilings, and a good quality internal fitout.

The total floor area of the residence was measured during our recent inspection at approximately 190 square metres.

The accommodation comprises :

- ◇ a tiled front porch, entry, and service hallways;
- ◇ a lounge / living room;
- ◇ a kitchen with laminate benchtops over timber cupboards, a 5-burner gas cooktop with under-bench oven, dishwasher, breakfast bar, pantry cupboard, a double stainless steel sink, tiled splashback, and ceiling fan;
- ◇ an adjacent family room with skylight;
- ◇ a rumpus room;



- ◇ a master bedroom;
- ◇ three additional bedrooms, one with built-in wardrobe;
- ◇ a bathroom with bath tub with shower over, LDS, dual vanity, heat lamps and skylight; and
- ◇ a laundry with stainless steel washtub, plus additional shower recess, LDS, heat lamp and skylight.

Inclusions and features comprise :

- ◇ floor coverings of carpet and tiles;
- ◇ split system air-conditioner;
- ◇ window treatments; and
- ◇ light fittings.

Additional improvements comprise :

- ◇ a detached brick and corrugated iron single garage;
- ◇ a tandem carport;
- ◇ a concrete strip driveway; and
- ◇ metal perimeter fencing.

STATE OF REPAIR

Overall during my inspection I found the residence to be in a good state of repair and condition, with the exception of several cracks in the brickwork above internal doorways.

As I am neither a builder nor an engineer, I make no claims concerning the structural state of the premises and recommend that a building inspection report and pest certificate be commissioned from suitably qualified professionals to determine the exact structural state of the property. This valuation is dependent upon satisfactory reports.

GENERAL COMMENTS

The subject property comprises a good quality parcel of residential land, of an average size for this area, with improvements comprising a four bedroom brick and tile residence, currently in a good condition, and situated in a very good location in an ever-popular area, in very close proximity to essential services, facilities and amenities.



The best guide to the state of the property market is articles produced by recognized financial journalists working for respected publications. We provide the following:

CoreLogic published a June update on Australia's property markets by economist Michael Yardney, dated 28 June 2019 :

Property market sentiment has changed over the past month, buoyed by the results of the Federal election, falling interest rates and APRA loosening its restrictions on lending.

However, there was still a decline in property values in our national housing markets in the month of May.

National dwelling values fell for the 19th consecutive month in May 2019, recording a 0.4% decline – the smallest monthly decline since August 2018.

CoreLogic reports that, over the month, combined capital city values fell by 0.4%, while the combined regional markets recorded a 0.2% fall. Over the past year, national dwelling values have fallen by 7.3%, which is their largest annual fall since January 2009.

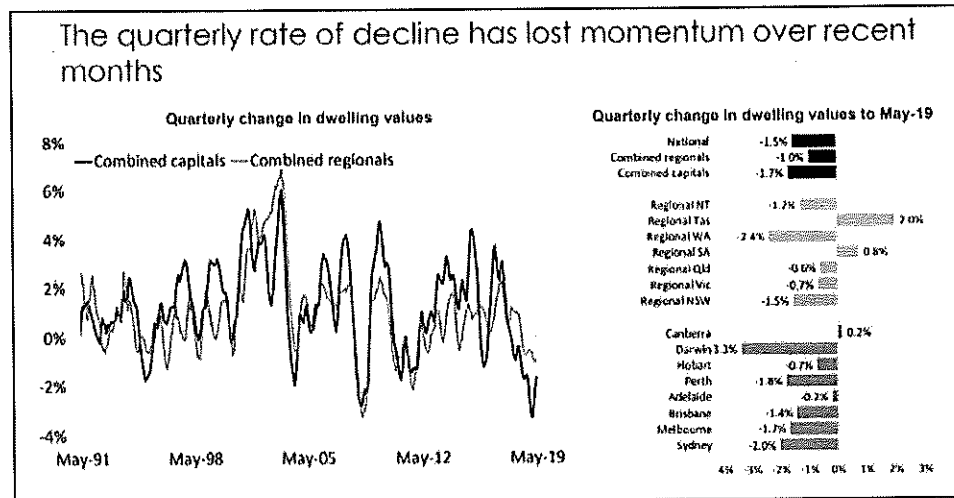
Combined capital city dwelling values were 8.4% lower over the year, and combined regional market values were 3% lower.

Index results as at May 31, 2019

	Change in dwelling values			Total return	Median value
	Month	Quarter	Annual		
Sydney	-0.5%	-2.0%	-10.7%	-7.5%	\$776,135
Melbourne	-0.3%	-1.7%	-9.9%	-6.8%	\$619,804
Brisbane	-0.5%	-1.4%	-2.3%	2.0%	\$484,882
Adelaide	0.2%	-0.2%	0.4%	4.6%	\$431,702
Perth	-1.0%	-1.8%	-8.8%	-5.0%	\$436,090
Hobart	-0.4%	-0.7%	3.4%	8.5%	\$445,235
Darwin	-1.6%	-3.3%	-8.6%	-2.5%	\$393,298
Canberra	-0.2%	0.2%	2.4%	7.0%	\$587,583
Combined capitals	-0.4%	-1.7%	-8.4%	-5.0%	\$592,135
Combined regional	-0.2%	-1.0%	-3.0%	1.8%	\$377,462
National	-0.4%	-1.5%	-7.3%	-3.6%	\$519,537

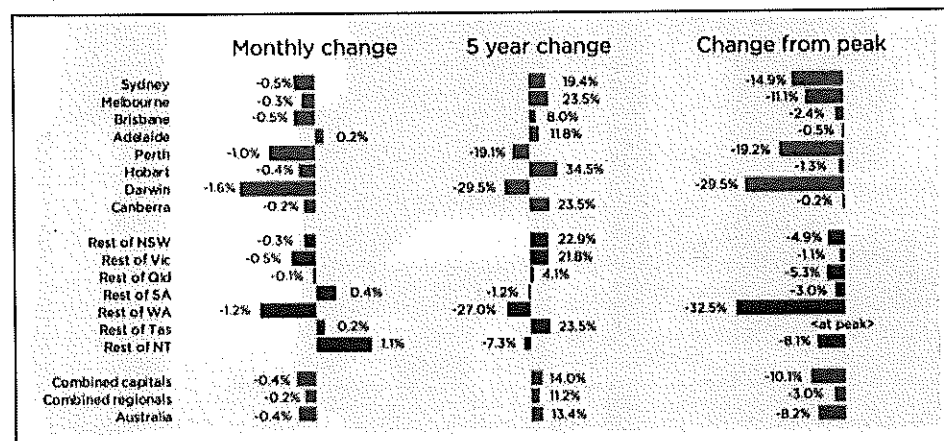
Over the past year, values have fallen in all capital cities except for Adelaide, Hobart and Canberra. However, each capital city has a lower rate of annual value change over the past year, compared to the previous year.





The Australian housing market remains in a geographically broadly-based downturn.

Monthly price declines are now moderating, suggesting we are probably past the worst, and prices should begin to stabilize by late 2019.



Sydney

Sydney dwelling values continued to trend lower in May, down a further 0.5% over the month. They are now down 14.9% from their market peak in July 2017.

The good news is that this was the smallest month-on-month decline since March last year.

Auction clearance rates in Sydney have been rising into the high 60% range, albeit on lower volumes.



An interesting change in trend is that apartment values (down 2.3% over the past three months) are currently falling faster than home values in Sydney (down 1.9% over the past three months).

Currently, there is a significant number of new apartments coming onto the market in Sydney. It is estimated that 54,000 apartments will be completed in the city in 2018 and 2019, and this will obviously put pressure on prices and rentals.

Sydney homes now take an average of 50 days to sell, compared to 33 days a year ago. However, vendors are discounting their properties by an average of 6.7%, compared to 5.3% a year ago, to effect a sale. Over the past 12 months, 20.2% fewer properties sold in Sydney than in the 12 months previous.

The fact that days on market and vendor discounting are increasing and auction clearance rates are rising are all positive signs. So is the fact that first home-buyers' interest is increasing, with 25% of home loans approved in NSW in March going to first-time buyers.

It is a great countercyclical time to look at buying an investment-grade property in Sydney.

Another article appeared in the ABC Website, 4 October 2019, by Richard Holden :

The RBA's cut to interest rates will boost house prices, but that's not the only effect.

With the Reserve Bank of Australia cutting official rates to 0.75 per cent on Tuesday, there has been a wave of commentary about the move doing little to help the economy apart from boosting housing prices.

There are two parts to assessing this claim. First, do rate cuts drive up property prices? Second, is that all they do?

Do rate cuts drive up property prices?

Economists have a precise answer to this question, and also a more practical one.

The precise answer is that all assets — stocks, bonds, property, stamps, vintage baseball cards, you name it — can be priced using what is known as the stochastic discount factor (SDF).

This says that in pricing an asset you should factor in all the future cash flows the asset will generate (rent or dividends or capital gains) and then translate those returns into today's money, adjusting for the riskiness of those cash flows.



An easier way to think about how rate cuts might affect property prices — consistent with the asset-pricing approach — goes like this.

People look at how much money they can borrow based on what they can afford to pay back. An interest rate cut boosts their borrowing power.

Even though the major banks have only passed on about half of the Reserve Bank's latest cut (owner-occupied mortgage rates have been cut by 13-15 basis points), that's enough to give a household with income of \$150,000 about another \$12,000 to \$14,000 in borrowing power.

They thus spend more and, because there is a limited supply of properties, this pushes prices up. So, yes, lower interest rates do tend to boost property prices.

Is that all rate cuts do?

But boosting property prices is not all that rate cuts do.

Higher prices for new dwellings help developers. They often lead to an increase in construction jobs as developers anticipate better conditions for selling properties.

New property construction has a number of other effects, too, such as changing the average quality of the rental stock and spurring more retail spending (because those new homes need to be furnished).

Perhaps even more important is the pseudo-psychological effect of existing home owners feeling wealthier when house prices go up. This can lead to increased consumer spending — and this can have a big economic effect, given consumer spending accounts for about 60 per cent of GDP.

This "wealth effect", rational or not, seems to be real. It is part of the reason the Reserve Bank's governor, Philip Lowe, appeared to be concerned about Sydney and Melbourne house prices falling in the past couple of years. It is also why federal treasurer Josh Frydenberg is happy to see property prices again on the rise.

Finally, lower interest rates do make business investment cheaper.

Would corporate tax cuts provide a bigger boost to investment?

You bet. Are there diminishing returns to rate cuts as the cash rate approaches zero? That's very likely to be the case.

But would businesses invest more if rates were two percentage points higher? No way. And would business like rates to be higher? I seriously doubt it.



Rate cuts do something to drive down unemployment, drive up consumer prices, and boost investment generally.

Are rate-cut driven prices increases bad?

But they certainly do also drive up residential property prices. The important question is whether that's bad or not. The answer to this question is a little murkier.

Let's start with the fact borrowers should be thinking about how much to borrow.

If they borrow too much and are unable to repay their loans, that's very bad news for them. Defaulting on a mortgage is a wrenching experience. Most people try hard to avoid that.

That said, sometimes people make poor choices through lack of information, lack of thought or lack of willpower. Occasionally an unscrupulous third party will encourage them to borrow more than they should.

But it's not in the interest of banks to make too many loans that don't get repaid. If borrowers are the first line of defence against bad price increases, lenders are the second line of defence.

There is a third line of defence: prudential regulation. The Australian Prudential Regulation Authority and the Australian Securities and Investments Commission are charged with enforcing "responsible lending laws" and ensuring the animal spirits and (sometimes) bad incentives of borrowers and lenders don't get out of control.

So property prices increasing a few percent on the back of the rate cuts is unlikely to be a problem — though as the Reserve Bank governor is fond of saying, "time will tell".

* Richard Holden is professor of economics at the University of NSW.

The future market trend will be directly dependent upon variations in interest rates and the general state of the economy.

METHOD OF VALUATION

I have analysed the value of the subject property utilising the standard method of valuation for residential properties, being the Adjusted Direct Comparable Analysis (ADCA) method, which compares the subject property with other comparable properties that have recently sold in the area in recent times, after making appropriate adjustments taking into consideration factors such as :



1. variations in the location and position of the properties;
2. variations in the size, quality, topography, slope, etc. of the land;
3. variations and differences in the scope, range, direction and quality of any views available or possible from the properties;
4. the size, nature, quality, age, state of repair, condition and presentation of any improvements on the land;
5. inherent positive and negative features and characteristics of the properties;
6. current permissible uses and future potential uses of the land; and
7. other factors considered of relevance.

We have obtained details of sales, and we have derived a common denominator being the \$ rate per square metre (**psm**). This was achieved by dividing each sale price by the area of land comprising each sale property to obtain a range of values.

These values are developed values (i.e. land plus improvements), however, as the improvements would have to be removed to facilitate re-development of the land, they actually represent a negative value in the long term.

However, as it will take a long time for any re-development to be approved, and in the meantime the existing buildings could be leased, the buildings thus represent a positive value until the re-development has been approved.

Accordingly, we have made no allowance in the calculations for the value of the improvements located on each sale property.

From the range of values we have adopted a \$psm figure that we believe is appropriate for the subject property, taking into consideration all of the previously mentioned factors. The adopted \$psm rate has been multiplied by the land area of the subject property to determine the current fair market value.

VALUATION RATIONALE

I have obtained from the Valuer General's database via Red Square details of sales of comparable property that have occurred in the immediate area in recent times. These are shown in the following table listed in chronological order of sale date.

The reduction of the sale prices to a rate per square metre has been undertaken as explained in the previous section.



Address	Sale Date	Price	Area	\$ psm
1A Carilla St	28/03/2017	\$2,400,000	417	\$5,751
12 Gordon St	10/03/2018	\$3,200,000	816	\$3,923
30C Cooper St	23/04/2018	\$4,000,000	544	\$7,356
64 Wentworth Rd	25/08/2018	\$2,050,000	323	\$6,357
19 Manson Rd	25/08/2018	\$2,100,000	481	\$4,370
30 Roberts St	1/09/2018	\$2,900,000	951	\$3,051
19 Gordon St	3/11/2018	\$2,310,000	549	\$4,204
13 White St	26/11/2018	\$2,120,000	488	\$4,345
47A Wentworth Rd	3/12/2018	\$3,450,000	575	\$5,996
9 Gladstone St	2/03/2019	\$2,108,000	474	\$4,447
8 Ilfracombe Ave	26/03/2019	\$2,100,000	443	\$4,745

Of these sales the most relevant would be :

47A Wentworth Road

This is one of the other two properties that adjoin the subject property and which could be amalgamated with the subject property to form the amalgamated development site previously referred to.

As shown in the table, this property sold in December last year for \$3,450,000, which shows a rate of just under \$6,000 psm.

Mr. Russo advises that this property has been acquired by the owners of the adjoining Strathfield Private Hospital. We are advised that the price was determined by the hospital owners as a single residential site, not taking into consideration any development potential, and that the previous owners of the property accepted the sale price without obtaining independent valuation advice.

In our opinion this property is worth more than the 2018 sale price.

30C Cooper Street

Standard valuation methodology demands the assessment of value to the highest and best use potential. This sale shows that the highest and best use land value in this area is just over \$7,350 psm, for a smaller parcel.

In consideration of all of the above, the \$psm fair market value of the subject property must be between \$6,000 and \$7,350 psm.



My assessment of the value of the subject property has been determined from the analysis of these properties and their comparison with the subject property.

The subject property is quite unique with the adjoining private hospital. The hospital shares the same R1 General Residential zoning as the subject land which, contrary to typical zoning categorisation, is somewhat of a catchall zoning with a significant range of permissible uses. Were the subject land to be amalgamated with the two other adjoining lots bounded by Wentworth Road and Cowdery Lane it is likely to be permissible to build a significant special use development such as a new private hospital or other medical use buildings. For this reason, the subject property is considered to be substantially more valuable than the sales listed in the table above.

Based on my analysis of the available sales and market evidence, and in consideration of the current market, the state of the economy, and all of the above noted factors, I consider the current fair market value for the subject property to be at the rate of \$7,000 psm. The valuation calculations show :

Area of Subject Property	645
Rate psm	\$7,000
Value	\$4,515,000
Say . . .	\$4,500,000

SUBJECT TO

This valuation is for the use only of the party to whom it is addressed and for no other purpose. No responsibility is accepted to any third party who may use or rely on the whole or part of the content of this valuation.

Whilst every effort has been made to ensure the accuracy and reliability of the information contained in this valuation, any reference made herein relating to any of the following are subject to the referred to qualification :

ITEM	QUALIFICATION
Area / Dimensions	Subject to Survey.
Title	Subject to Title Searches.
Zoning	Subject to S.149 Certificate.
State of Repair	Subject to a satisfactory report from an engineer or licensed builder, and a pest certificate.
Comparable Values	Subject to reliability of information supplied by the NSW Valuer-Generals records.



This valuation is current as at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period (including as a result of general market movements or factors specific to the particular property). We do not accept liability for losses arising from such subsequent changes in value.

Without limiting the generality of the above comment, we do not assume any responsibility or accept any liability where this valuation is relied upon after the expiration of 3 months from the date of the valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

Abbotts Valuers confirms that no employee, family member or anyone associated with this practice has any pecuniary interest that could conflict with the valuation of the subject property.

VALUERS STATEMENT

I, the undersigned valuer who has prepared this report, confirm :

1. I am the holder of :
 - A Bachelors Degree in Business Administration;
 - An Advanced Diploma in Valuation; and
 - A number of Certificates for courses held by the Real Estate Institute; the Sydney Institute of TAFE; and other private institutions.
2. I am an Associate of the Australian Valuers Institute, a member of the Australian Property Institute, and a Certified Professional Valuer.
3. I have made all of the enquiries I believe are necessary and appropriate and to my knowledge there have not been any relevant matters omitted from this report, except as otherwise specifically stated in this report:
4. I believe that the facts within my knowledge that have been stated in this report are true, and the opinions I have expressed in this report are independent and impartial;
5. I have complied with the requirements of professional Codes of Conduct or protocols that apply to me, including the Professional Practice Standards and Rules of Conduct of :
 - a. the International Valuation Standards Committee;
 - b. the Australian Valuers Institute;
 - c. the Australian Property Institute; and
 - d. the NSW Valuers Regulations until they were repealed in 2016.



DATE OF INSPECTION

24 October 2019.

DATE OF VALUATION

24 October 2019.

CERTIFICATE OF VALUE

I am of the opinion that, subject to the qualifications and recommendations contained within the body of this report, the Fair Market Value of the subject property, as at the date of valuation, would be:

\$ 4,500,000

(Four Million Five Hundred Thousand Dollars).



Thomas Leon Phippen, BBUS, AAVI, SMAPI.
Certified Professional Valuer No. 511.





Liability Limited by a scheme
approved under Professional
Standards Legislation.



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Web: www.abbottsvaluers.com.au

11 November 2019.

Mr. G. Russo.
P O Box 527
BURWOOD NSW 1805

Direct Deposit		
Account	Abbotts Valuers	
Bank	Bendigo Bank	
BSB	633 - 000	
Account No.	158 654 525	

MEMORANDUM OF FEES FOR PROFESSIONAL SERVICES

ABBOTTS VALUERS SCALE OF FEES & CHARGES

Services Rendered Current Fair Market Valuation.

Property 1A Everton Road, Strathfield NSW 2135.

Valuation Scale Fees

For property worth between \$2,500,000
& \$5,000,000 = \$3,000, less agreed 20% discount . . . \$ 2,400.00

Disbursements: 44.00

SUB TOTAL \$ 2,444.00

Federal Government Goods & Services Tax ... \$ 244.40

TOTAL NOW DUE & PAYABLE \$ 2,688.40

This is a GST Tax Invoice issued by Abbotts Valuers - ABN 73 057 670 835
NB. Abbotts Valuers reserve the right to recover the full scale fee for accounts unpaid after 30 days hereof.



ABBOTTS VALUERS

Appendix 3

30 June 2020

Confidential

Mr Giuseppe Russo
1A Everton Road
STRATHFIELD NSW 2135

Dear Mr Russo,

Offer to purchase from Russo

Property: 1A Everton Road, Strathfield

I refer to our email exchange regarding the potential acquisition of your property at 1A Everton Road, Strathfield (*Your Property*).

Ramsay Health Care (*Ramsay*) is interested in purchasing Your Property.

We hereby submit an offer to purchase Your Property on the following major terms:

Vendor	Giuseppe Russo
Purchaser	HCoA Operations (Australia) Pty Ltd
Guarantor	No personal guarantee will be provided
Property	1A Everton Road, Strathfield NSW 2135 being Lot 2 in Deposited Plan 391941
Interest to be acquired	100% freehold interest in the Property
Purchase Price	\$4,130,000 noting GST is not applicable
Deposit	10% of the Purchase Price is to be paid on exchange of contracts by company or solicitor's trust account cheque
Completion Date	20 weeks (or as negotiated) after exchange of contracts
Vacant Possession	Vacant possession of the Property must be provided on completion of the contract
Condition of Property	The Property sold in its present state of condition and repair
Stamp Duty	The Purchaser is responsible for stamp duty payable on the purchase of the Property
Legal fees	Each party is responsible for their own legal fees with respect sale and purchase of the Property. However, the Purchaser offers to be responsible for preparing the contract.

Confidentiality	<p>The Vendor and the Purchaser agree that this document is confidential and that its terms may not be disclosed to any person other than its officers, directors, employees, accountants, legal and financial advisors or consultants and other advisors on a confidential and only then on a strict need to know basis.</p> <p>In particular, this document must not be disclosed to any real estate agent, or other adjacent land owner or resident.</p>
Non binding	<p>Except in relation to the section "Confidentiality", this document constitutes a statement of mutual intention with respect to the contents and by proceeding in accordance with this document, the Vendor and the Purchaser acknowledge that:</p> <ol style="list-style-type: none"> 1 this document does not constitute a binding obligation on the Vendor or the Purchaser in respect of the transaction contemplated by this document; 2 there is no legally binding arrangement between the Vendor and the Purchaser until formal contracts are signed and exchanged; and 3 this document does not contain all matters upon which agreement must be reached in order for the transaction contemplated in this document to be entered into.
Governing Law	<p>This document is governed by and construed in accordance with the laws of New South Wales and both parties shall submit to the exclusive jurisdiction of the courts of New South Wales.</p>

This offer is open for acceptance by the Vendor until **5pm on Friday 10 July 2020** whereupon if not accepted, this offer is withdrawn.

If the Vendor requires an extension to this timeline for acceptance, a request for extension with explanation should be provided for consideration of the Purchaser.

If the Vendor requires any further information, please do not hesitate to contact Lloyd Hill on 0407 485 755.

Yours sincerely,



Alex Belcastro
National Business Development Manager
Ramsay Health Care, Australia

Appendix 4

30 June 2020

Confidential

Mr Dennis Spagarino
1 Everton Road
STRATHFIELD NSW 2135

Dear Mr Spagarino,

Offer to purchase from Spagarino

Property: 1 Everton Road, Strathfield

I refer to our email exchange regarding the potential acquisition of your property at 1 Everton Road, Strathfield (*Your Property*).

Ramsay Health Care (*Ramsay*) is interested in purchasing Your Property.

We hereby submit an offer to purchase Your Property on the following major terms:

Vendor	Dennis Spagarino
Purchaser	HCoA Operations (Australia) Pty Ltd
Guarantor	No personal guarantee will be provided
Property	1 Everton Road, Strathfield NSW 2135 being Lot 3 in Deposited Plan 391941
Interest to be acquired	100% freehold interest in the Property
Purchase Price	\$4,000,000 noting GST is not applicable
Deposit	10% of the Purchase Price is to be paid on exchange of contracts by company or solicitor's trust account cheque
Completion Date	20 weeks (or as negotiated) after exchange of contracts
Vacant Possession	Vacant possession of the Property must be provided on completion of the contract
Condition of Property	The Property sold in its present state of condition and repair
Stamp Duty	The Purchaser is responsible for stamp duty payable on the purchase of the Property
Legal fees	Each party is responsible for their own legal fees with respect sale and purchase of the Property. However, the Purchaser offers to be responsible for preparing the contract.
Confidentiality	The Vendor and the Purchaser agree that this document is confidential and that its terms may not be disclosed to any person other than its officers,

	<p>directors, employees, accountants, legal and financial advisors or consultants and other advisors on a confidential and only then on a strict need to know basis.</p> <p>In particular, this document must not be disclosed to any real estate agent, or other adjacent land owner or resident.</p>
Non binding	<p>Except in relation to the section "Confidentiality", this document constitutes a statement of mutual intention with respect to the contents and by proceeding in accordance with this document, the Vendor and the Purchaser acknowledge that:</p> <ol style="list-style-type: none"> 1 this document does not constitute a binding obligation on the Vendor or the Purchaser in respect of the transaction contemplated by this document; 2 there is no legally binding arrangement between the Vendor and the Purchaser until formal contracts are signed and exchanged; and 3 this document does not contain all matters upon which agreement must be reached in order for the transaction contemplated in this document to be entered into.
Governing Law	<p>This document is governed by and construed in accordance with the laws of New South Wales and both parties shall submit to the exclusive jurisdiction of the courts of New South Wales.</p>

This offer is open for acceptance by the Vendor until **5pm on Friday 10 July 2020** whereupon if not accepted, this offer is withdrawn.

If the Vendor requires an extension to this timeline for acceptance, a request for extension with explanation should be provided for consideration of the Purchaser.

If the Vendor requires any further information, please do not hesitate to contact Lloyd Hill on 0407 485 755.

Yours sincerely



Alex Belcastro
National Business Development Manager
Ramsay Health Care, Australia

Appendix 5

Mr. D. Spagarino
Email: spagarino@bigpond.com

22th July 2020

Strictly in Confidence

Mr. Lloyd Hill &
Ms. Alex Belcastro
Ramsay Health Care, Australia

Dear Mr. Hill & Ms. Belcastro,

**Counter offer by Dennis Spagarino:
1 Everton Road, Strathfield**

I refer to our teleconference held on Friday, 17th July 2020 with yourselves regarding the potential acquisition by your organisation of my property at 1 Everton Road, Strathfield, in the presence of my neighbours, Gino Russo & Sarina Meoli (Gai Filocamo not present) of 1A Everton Road.

I hereby submit a *final counter* offer for Ramsey Health should you wish to purchase my Property on the following major terms:

Vendor	Dennis Spagarino
Purchaser	HCoA Operations (Australia) Pty Ltd
Guarantor	No personal guarantee will be provided
Property	1 Everton Road, Strathfield NSW 2135 being Lot 3 in Deposited Plan 391941
Interest to be acquired	100% freehold interest in the Property
Purchase Price	\$4,500,000 noting GST is not applicable
Deposit	10% of the Purchase Price is to be paid on exchange of contracts by company or solicitor's trust account cheque
Completion Date	A minimum of 20 weeks after exchange of contracts
Vacant Possession	Vacant possession of the Property must be provided on completion of the contract
Condition of Property	The Property sold in its present state of condition and repair
Stamp Duty	The Purchaser is responsible for stamp duty payable on the purchase of the Property
Legal fees	Each party is responsible for their own legal fees with respect sale and purchase of the Property. However, should the purchaser offer to be responsible for preparing the contract, then the vendor will not be liable for any costs incurred on his behalf

Confidentiality	<p>The Vendor and the Purchaser agree that this document is confidential and that its terms may not be disclosed to any person other than its officers, directors, employees, accountants, legal and financial advisors or consultants and other advisors on a confidential and only then on a strict need to know basis.</p> <p>In particular, this document must not be disclosed to any real estate agent, or other adjacent land owner or resident.</p>
Non binding	<p>Except in relation to the section "Confidentiality", this document constitutes a statement of mutual intention with respect to the contents and by proceeding in accordance with this document, the Vendor and the Purchaser acknowledge that:</p> <ol style="list-style-type: none"> 1 this document does not constitute a binding obligation on the Vendor or the Purchaser in respect of the transaction contemplated by this document; This is an offer only. 1 there is no legally binding arrangement between the Vendor and the Purchaser until formal contracts are signed and exchanged; and 2 this document does not contain all matters upon which agreement must be reached in order for the transaction contemplated in this document to be entered into.
Governing Law	<p>This document is governed by and construed in accordance with the laws of New South Wales and both parties shall submit to the exclusive jurisdiction of the courts of New South Wales.</p>

This offer is open for acceptance by the Purchaser until **5pm on Friday 31st July 2020** whereupon if not accepted, this offer is withdrawn.

If the Purchaser requires an extension to this timeline for acceptance, a request for extension with explanation should be provided for consideration of the Vendor in writing prior to the date noted for acceptance.

If the Purchaser requires any further information, we request that you contact me, Dennis Spagarino using the existing contact details previously provided.

Yours sincerely,

Dennis Spagarino

Appendix 6

Mr. G. Russo, Ms. G. Filocamo & Ms. S. Meoli

Emails:

garusso@bigpond.com

burwood@vsc.net.au

smeoli@tpg.com.au

22th July 2020

Strictly in Confidence

Mr. Lloyd Hill &

Ms. Alex Belcastro

Ramsay Health Care, Australia

Dear Mr. Hill & Ms. Belcastro,

Counter offer by Russo, Filocamo & Meoli:

Property: 1A Everton Road, Strathfield

I refer to our teleconference held on Friday, 17th July 2020 with yourselves regarding the potential acquisition by your organisation of our property at 1A Everton Road, Strathfield, in the presence of our neighbour, Dennis Spagarino.

We understand that Ramsay Health Care (*Ramsay*) is interested in purchasing our abovenamed Property.

We hereby submit a final counter offer for Ramsey Health should you wish to purchase our Property on the following major terms:

Vendor	Estate of the Late Giuseppe Russo
Purchaser	HCoA Operations (Australia) Pty Ltd
Guarantor	No personal guarantee will be provided
Property	1A Everton Road, Strathfield NSW 2135 being Lot 2 in Deposited Plan 391941
Interest to be acquired	100% freehold interest in the Property
Purchase Price	\$4,565,000 noting GST is not applicable
Deposit	10% of the Purchase Price is to be paid on exchange of contracts by company or solicitor's trust account cheque
Completion Date	A minimum of 20 weeks after exchange of contracts
Vacant Possession	Vacant possession of the Property must be provided on completion of the contract
Condition of Property	The Property sold in its present state of condition and repair
Stamp Duty	The Purchaser is responsible for stamp duty payable on the purchase of the Property
Legal fees	Each party is responsible for their own legal fees with respect sale and purchase of the Property. However, should the purchaser offer to be responsible for preparing the contract, then the vendor will not be liable for any costs incurred on his behalf

Confidentiality	<p>The Vendor and the Purchaser agree that this document is confidential and that its terms may not be disclosed to any person other than its officers, directors, employees, accountants, legal and financial advisors or consultants and other advisors on a confidential and only then on a strict need to know basis.</p> <p>In particular, this document must not be disclosed to any real estate agent, or other adjacent land owner or resident.</p>
Non binding	<p>Except in relation to the section "Confidentiality", this document constitutes a statement of mutual intention with respect to the contents and by proceeding in accordance with this document, the Vendor and the Purchaser acknowledge that:</p> <ol style="list-style-type: none"> 1 this document does not constitute a binding obligation on the Vendor or the Purchaser in respect of the transaction contemplated by this document; This is an offer only. 2 there is no legally binding arrangement between the Vendor and the Purchaser until formal contracts are signed and exchanged; and 3 this document does not contain all matters upon which agreement must be reached in order for the transaction contemplated in this document to be entered into.
Governing Law	<p>This document is governed by and construed in accordance with the laws of New South Wales and both parties shall submit to the exclusive jurisdiction of the courts of New South Wales.</p>

This offer is open for acceptance by the Purchaser until **5pm on Friday 31st July 2020** whereupon if not accepted, this offer is withdrawn.

If the Purchaser requires an extension to this timeline for acceptance, a request for extension with explanation should be provided for consideration of the Vendor in writing prior to the date noted for acceptance.

If the Purchaser requires any further information, we request that you contact me, Sarina Meoli on 0414891176.

Yours sincerely,

Gino Russo, Gai Filocamo and Sarina Meoli

Appendix 7

24 July 2020

Mr Giuseppe Russo
1A Everton Road
STRATHFIELD NSW 2135

Via Email: garusso@bigpond.com

Dear Mr Russo,

Property: 1A Everton Road, Strathfield

Thank you meeting with Alex Belcastro and myself via teleconference last Friday, 17 July 2020.

We note that you had not responded in writing to our offer which closed at 5pm on Friday 17 July however in our teleconference, you verbally advised us that our offer was not acceptable to you. We advised that this was Ramsay's best and final offer.

Today you provided us with a written counter offer (dated 22 July 2020). As advised on 17 July, that was Ramsay's best and final offer and therefore Ramsay is rejecting your counter offer.

This now concludes our dealings on the proposed purchase of your property and Ramsay advises that we have no further interest in the property at 1A Everton Road, Strathfield.

We appreciate the time you have taken in attempting to negotiate a sale and we wish you well in the future.

Yours sincerely,



Lloyd Hill

Operations Executive Manager – Eastern Region

Appendix 8

1. Copy of email sent by Dennis to Lloyd after Lloyd made a single offer that we had both asked for in the previous year – so why did he only make the offer to Dennis and not us when we are in an isolated situation?
2. Also, copy of Lloyd's reply to Dennis verifying that he didn't consider us as being isolated.

I remember Dennis stating that he still has Lloyd's message on his answering machine as he wasn't home to take the call and Lloyd left the offer on the recording for him only as \$4.5m and not us – what we had asked the previous year and matched the independent valuation report

1. EXTRACT FROM DENNIS's EMAIL DATED 30th June 2021

Hi Lloyd

Thank you Lloyd for your offer to me the other day and the message you left on my answering machine. And thank you for your best wishes regarding my wife Karen's and my visit to medical specialist. Karen will need a knee replacement and the operation will get done in August and guess where; Strathfield Private Hospital. I have a major problem with my back which needs major surgery (Fusion of the spine) but I am still going through medical tests to see where all the problem is coming from before we determine what we are going to do.

Also thank you for your patience in waiting for a reply to your offer, but I have had a full on couple of days and I wanted to carefully consider your proposal and come up with what I feel is a fair response. There are important issues that I have to consider and reflect on because of the history of my parents property and the undertakings I gave my parents prior to them departing this earth.

Two things concern me from your offer which we need to discuss and lay out on the table prior to bringing these negotiations to a successful conclusion.

2. *Your wish to negotiate a purchase of my property only, and without any dealings with the Russo Family and their property.*

The obvious perception I have is that your offer is trying to get an advantage in the negotiations for the two properties by purchasing them individually. And that's your prerogative and I respect that.

Lloyd you need to understand though that My Family and the Russo's have been next door neighbour's and friends for well over 40 years. Their grandfather and my mother's family go back to the sugarcane industry back in the 1940's in North Queensland. So to ask me to negotiate with you for my property and to leave them in the lurch is very difficult for me and it's something I do not wish to contemplate.

The offer you have made me is obviously what I would have accepted last year when we made it and I would dare say is what the Russo's would have accepted as it was outlined in the same proposal to you. I am sure Ramsey's Health wants to purchase both properties and create certainty for this very successful Private Hospital so I would ask you to reconsider this strategy.

You offered me the amount I placed as a counter offer to your offer in 2020 and I appreciated that. I would dare to say a similar offer should be made to the Russo's regarding the counter offer they made in their counter offer.....then Dennis makes a counter offer

3. **EXTRACT FROM LLOYD's EMAIL TO DENNIS dated 2nd July 2021**

From: Hill, Lloyd <HillL@ramsayhealth.com.au>

Sent: Friday, 2 July 2021 10:20 AM

To: spagarino@bigpond.com

Subject: RE: [EXTERNAL] RE: Offer to Purchase to Dennis Spagarino (1 Everton Road Strathfield)

Dear Dennis

Please find attached our response.

Just to clarify – you are free to have your own dealings with the Russo family. We cannot prevent this and assume you would want to discuss this offer with them. We have no issue with that. I am just pointing out that there are 2 separate sellers and it will be two separate transactions and we wish to conduct our dealings with you both on that basis.

Thankyou for detailing the long standing relationship with the Russo family – it is lovely to hear such neighbourhood loyalty and friendship is alive and well in Strathfield.

As per our phone conversation just now – whilst this letter reminds you our offer expires today, as discussed **I am more than happy to extend that until Next Friday 9th July,** to enable you more time to discuss our offer with your wife and family and the Russo family should you wish.

Rowann is aware of the offers being made and we are both available throughout the week to discuss anything with you whilst you consider what must be an emotional and big decision for you.

Kind regards

Lloyd

Lloyd Hill

STATE MANAGER - NSW

Phone:07 5598 9775