

4. A copy of the emails referred to above at paragraph 1 have been provided by the Bank and our office to the Receivers for their consideration (given that a number of the matters referred to in that email pertain to the receiverships of the Companies).
5. The Receivers have considered the issues raised in your emails to Mr Gilbert and Mr Karolczak and have instructed us to respond as set out below.

#### Issue 1 – the National Hotel is not on the market

6. In respect of this issue, we are instructed that our clients' position remains as outlined in our letter to Jackson McDonald dated 13 October 2011 (as confirmed in our clients' discussions with you on 20 October 2011). In addition, our clients' note that the marketing of the National Hotel is dependent upon the completion of the engineers' report and the 'cost to complete' in respect of the property, together with the approval of the application for the rooftop bar, which were not progressed to completion prior to our clients' appointment. These matters are (subject to certain issues, including the resignation of the previously engaged builder for reasons of conflict of interest) being progressed by our clients in the course of the receivership of National Hotel Property.
7. We also note that, as outlined in our letter to Jackson McDonald dated 18 August 2011, to the extent that you have any entitlement to access or inspect the books and records of the Companies (other than the access to which you are entitled pursuant to section 421(2) of the *Corporations Act 2001* (Cth) (**Corporations Act**)), that entitlement is limited to the information that you need in order to discharge your statutory obligations. To the extent that you have requested access to materials above and beyond this category (which is the case), our clients are entitled to refuse access on the basis that to do otherwise would impede the proper exercise of their functions.

#### Issue 2 – media article regarding the Lighthouse Beach Resort and media enquiries

8. In respect of this issue, we are instructed that:
  - (a) these issues have previously been discussed between the parties at the meeting between yourself, Eva Lin of Jackson McDonald, our clients and Richard Johnson and Jon Karolczak of our office on 31 August 2011; and
  - (b) our clients have, at all times, sought to limit engagement with the media in respect of the receiverships of the Companies. To the extent that recent engagement with the media has been required, that engagement has been necessitated in response to your approaches to the media and our clients have, in such instances and indeed at all times, responded appropriately; and
  - (c) to the extent that you continue to threaten further engagement with the media, our clients repeat their previous request that you not engage with media in relation to the receiverships of the Companies. In this regard, we direct you to the comments contained in our letter to Jackson McDonald dated 18 August 2011.

media →