

Sean Butler

From: Sean Butler <sbutler@iinet.net.au>
Sent: Friday, 22 July 2011 2:20 PM
To: Jeremy.nipps@twcs.com.au
Cc: 'Daniel.Smith@bankwest.com.au'
Subject: Sean & Margherita Butlers Role

Hi Jeremy,

Without Prejudice.

To confirm our discussion this afternoon:

- 1) As requested I or my wife will not be involved in any way with the management or operation or security of the Lighthouse Hotel or the National Hotel unless advised otherwise and your company is now responsible.
- 2) I can vacate the National on Monday if required. You will need to advise the insurers if it becomes vacant.
- 3) Your company has been advised of various issues with both Properties and the Business over the last week and you are aware of the risks and obligations involved.
- 4) I and my wife are employees of Butler Construction and have in the past drawn a wage.
- 5) My wife's role has been in maintaining room standards, refurbishment selections, colours & quotes for the Lighthouse and similar for the National Hotel. She has been doing this for the Partnership for the last eight years and for Butler Constructions for 21 years. Most of the buildings she has worked on, including the National, have won awards. She works two to three days a week.
- 6) I have until now worked five to six days a week (and sometimes seven) on the two properties have described my role previously and the income and growth of the business has been the result of good management and a lot of hard work. To manage and sell the properties, last valued at \$21m, without my involvement may be problematic. You should get advice from the selling agents on this.
- 7) You will put my proposal, provided yesterday, for involvement to Bankwest on Monday and advise me of their decision.
- 8) Information I requested today including revenue and profit reports cannot be provided to me at this stage but you will ask Bankwest on Monday if I can be kept informed as to what is happening.

It appears Butler Construction is in administration because it is a guarantor to the Partnership, not because of any problems with the company itself. It is owed and has lent money to the Partnership and the problems now arose when negotiations for the sale of the Lighthouse property broke down. As far as I am aware all rent has been paid and the accounts are in good order. It has been solvent until Monday and has been in business since 1989

Mukhtader told me this morning that our overdraft facility with ANZ is no longer available now that you are involved. The overdraft facility covered us over the quieter winter months and this is the worst possible time for this to happen. Provided stability is maintained with staff and debtors are collected (as discussed there are some large ones due) you may be able to get through with no overdraft if the profit improvements are maintained. We have previously used the overdraft in winter to pay rent which then has covered Bankwest interest.

Jackson McDonald Lawyers and HLB Mann Judd Accountants act for us and are advising us on the best course of action under the circumstances. I will assist you wherever possible.

Regards,

Sean Butler