

## Sean Butler

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**From:** Sean Butler <[sbutler@iinet.net.au](mailto:sbutler@iinet.net.au)>  
**Sent:** Tuesday, 10 August 2010 5:57 PM  
**To:** 'michael.mitchell@bankwest.com.au'  
**Cc:** 'Brian Benari'  
**Subject:** National & Lighthouse interest rate margin

Hi Michael,

Thanks for discussing things today and I can meet tomorrow if required.

I realize your cost of funding has risen but it is above what we were quoted.

I have just spoken to Jeff Keppler from NAB Bunbury

He said he knows you.

I have known him since we purchased the Lighthouse in 2003 and he has seen the progress I have made improving the property and he knows it well.

He has indicated what NAB would do on the Lighthouse.

LVR                    60 to 70%  
DSR                    1.5 to 2.0 ( Brian Benari owns half of it and his income has to be taken into account for his share)  
Margins BBSY    1.75 to 2.5

We currently have a buyer interested in purchasing the Lighthouse property through Burgess Rawson at \$15m (excluding the two old houses).

I feel the Bankwest valuation of \$11m is overly conservative given another valuer put \$13.5m on it just 6 months earlier and that it was valued at around \$18m three years ago.

I will speak to ANZ who have our trading accounts, tomorrow to get an idea if what they would charge.

Regards,

Sean

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**From:** Sean Butler [<mailto:sbutler@iinet.net.au>]  
**Sent:** Tuesday, 10 August 2010 12:54 PM  
**To:** 'michael.mitchell@bankwest.com.au'  
**Cc:** 'Brian Benari'  
**Subject:** National & Lighthouse interest rate margin

Hi Michael,

Thanks for meeting to discuss the funding yesterday.

I was surprised at the new margin you proposed of 3.07%

Our margin has been 1.25% for several years

The new margin quoted by Rob Byatt on the 8<sup>th</sup> of June was 2.5%

Out total facilities with the Bank are:

Lighthouse Hotel	5,418,000	
Carey St House	1,220,000	
Fraser St House	<u>924,000</u>	7,562,000
National Hotel	3,650,000	
National Building	<u>1,150,000</u>	4,800,000
National Hotel Proposed		900,000
Farm		<u>1,683,000</u>
TOTAL		14,495,000

The doubling of the margin from 1.25% to 2.5% = margin increase of 1.25% x 14.495m = \$181,000 per year

Your new proposal to increase the margin to 3.07% = margin increase of 1.82% x \$14.495m = \$263,000 per year

The difference of the two above is \$82,000 per year (Over and above the increase quoted on 8<sup>th</sup> June).

I feel the proposed margin of 3,07% is high especially considering we were quoted 2.5%

Could you please let me know if you can leave the rate at that quoted if we decide to proceed?

We have had a good relationship with Bankwest over the last seven years and would like that to continue.

Regards,

Sean Butler

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