



## Sean Butler

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**From:** Sean Butler <sbutler@iinet.net.au>  
**Sent:** Wednesday, 1 June 2011 5:45 PM  
**To:** 'Daniel.Smith@bankwest.com.au'  
**Cc:** Brian Benari  
**Subject:** Bankwest Facilities Lighthouse & National hotels  
**Attachments:** National Hotel for sale signs up 1 June 2011.jpg

Hi Daniel,

For sale signs are up on the National.  
It is tidied up internally and marketing materials have been sent to the agents.  
I have started the sale process for the two houses in Bunbury.  
National Australia Bank in Bunbury have indicated they are keen to take over the balance of your facility as with the sale of the National and two houses the LVR is low and DSR high.  
That process combined would see all your debt repaid.

The new rate of interest you quoted me yesterday of 10.81% is a 36% increase in what was being charged last month and will possibly be unaffordable for the partnership going into the quieter winter trading months. I will discuss this with Brian and yourself and if agreed will pay as much of the interest as we can afford.

A change in the operating entity as described below would assist as it would free up extra cash that could all be used for interest repayments.

I have sent a proposal to Brian and he has said he will review it.

I will keep you informed as we move to resolve things.

Regards,

Sean

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**From:** Daniel.Smith@bankwest.com.au [mailto:Daniel.Smith@bankwest.com.au]  
**Sent:** Monday, 30 May 2011 2:54 PM  
**To:** sbutler@iinet.net.au  
**Subject:** Re: Bankwest Facilities Lighthouse & National hotels

Hi Sean,

Thanks for the below.

As we discussed on Friday, Bank will consider your request to not apply default rate of 18.81%.

Additionally, as discussed the bank is seeking a proposal jointly from both you and Brian that would see full repayment of debt (in one tranche).

NOTE

Will await the joint proposal before presenting such to banks credit committee for consideration.

Thanks

Daniel Smith | Manager | Credit & Asset Management | Risk Management |  
Bankwest  
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[daniel.smith@bankwest.com.au](mailto:daniel.smith@bankwest.com.au)

From: "Sean Butler" <[sbutler@iinet.net.au](mailto:sbutler@iinet.net.au)>  
To: <[Daniel.Smith@bankwest.com.au](mailto:Daniel.Smith@bankwest.com.au)>  
Date: 30/05/2011 02:34 PM  
Subject: Bankwest Facilities Lighthouse & National hotels

Hi Daniel.

I attach a P&L for the Lighthouse Beach Resort to April 2011. It is trading well.

Last year the property was placed on the Market and to make it more saleable I increased the R&M spend by over \$80,000 to what it had been in previous years for the same period. Out of that spend I refurbished rooms and reopened the Cellars Bar which is now another revenue stream for the Hotel.

We had a cash offer for \$14 m in January which was due to settle in February however Brian decided to buy it to which at that stage I agreed subject to us agreeing on details and finalising contracts.

On 17 March without consulting me Brian advised Rob Byatt and I that our facilities at the Lighthouse would be transferred by 31 May. At that stage I hadn't received a sale contract from Brian for the property.

Rob Byatt advised me that if the facilities didn't clear by then that the Bank may impose large penalties, charge default interest and sell up the properties. At that stage I had been covering interest on all the loans except the National Hotel Loan which Brian had covered under our agreement. At that stage I had as well as spent \$80,000 extra on R&M at the Lighthouse and also contributed (as at end February) almost 90,000 over and above our agreement to cover interest on the Lighthouse Loans.

Knowing that it was likely the Lighthouse loans wouldn't be repaid by the end of May and that the National Hotel would be sold on instruction from the bank to avoid default interest I have done work totalling over \$75,000 on the National Hotel to make it more saleable.

I was advised by my accountant last September to change the operating entity of the Lighthouse from Butler Constructions to the National Hotel Property Pty so LBR profits could be offset against interest at NHP. This change would save me about \$10,000 pcm in tax. As it looked likely that the Hotel would settle in February I didn't make that change but in hindsight if I had I would have a further \$80,000 in the bank that could have been used on either interest or taking the walls out of the National.

In summary had not been for the above events over the last 10 months the extra cash in my bank would be:

Extra costs to refurbish Lighthouse Hotel & reopen Bar \$80,000  
Spent at National Hotel since February  
\$75,000  
Tax savings on change of operating entity  
\$80,000

TOTAL  
\$235,000

So now extra spending on both properties has stopped. Lighthouse Beach Resort income is improving and outstanding interest on all loans should be able to be met at current interest rates and as shown by our latest P&L.

I sent an email to Rob Byatt on 6th May asking if we were going to be charged the 18% default interest if the facility wasn't repaid by the End of May. I have had no reply on that.

My concern is that if the facility isn't extended and if we are charged 18% interest then I will be unable to meet interest expenses at that level.

I sent Rob Byatt a proposal last week which I attach now.

We have had a very good relationship with Bankwest for over 8 years as you know and I want to do all I can to work this out.

I will talk to Brian this afternoon and call you to discuss.

Regards,

Jean Butler

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From: [Daniel.Smith@bankwest.com.au](mailto:Daniel.Smith@bankwest.com.au) [<mailto:Daniel.Smith@bankwest.com.au>]  
Sent: Friday, 27 May 2011 5:05 PM  
To: [sbutler@iinet.net.au](mailto:sbutler@iinet.net.au)  
Subject: \*Confidential: Bankwest Facilities  
Importance: High

Good Afternoon Sean,

As per my phone message, please refer to the attached correspondence.

Look forward to speaking with you Monday.

Daniel Smith | Manager | Credit & Asset Management | Risk Management |  
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(See attached file: Bankwest Letter to S.Butler.pdf)