

Sean Butler

From: Brian Benari <bbenari@challenger.com.au>
Sent: Tuesday, 31 May 2011 1:06 PM
To: Daniel.Smith@bankwest.com.au
Cc: Sean Butler
Subject: Lighthouse and National Hotels
Attachments: Bankwest Letter to B.Benari.pdf

Importance: High

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Daniel

Further to your above letter I confirm a commitment to address the repayment of the Bankwest debt as soon as commercially possible and apologise for the delay in responding to your request for information. I have detailed below some background information and what would be required from Bankwest to commercially unwind the current debts. I trust the mail will clarify the pro-active steps that are being taken to address Bankwest's concerns.

Background

You will be aware that recently a campaign was conducted for the sale of the Lighthouse Beach Hotel and the National Hotel by CBRE and Burgess Rawson. Regarding the Lighthouse, the best offer received was \$14m. The National at the time was in a very unfinished state and as a consequence buyers were deterred. Since then work has been done by Sean Butler cleaning up the property to have it in a more saleable state.

Plan to address outstanding facilities

With regard to a plan for the expedient repayment of the Lighthouse (LBH) and National debt the following actions are relevant / proposed;

By Brian when he changed his mind and with advising or consulting me

A) In May the external bidder for the Lighthouse (Keyform), who had previously bid 14m, was approached about reconsidering acquiring the LBH. They agreed to rekindle their cash offer and were due to sign on Friday 20 May but advised on the day of signing that settlement of another property which would have provided the funding was deferred for 3 weeks. A copy of this contract has been furnished to Bankwest. The matter has been managed by Graeme Clarke of Burgess Rawson. The sale of the Lighthouse to Keyform would have provided sufficient funds to extinguish the original Lighthouse debt of \$7.6m, the Puro farm debt of \$1.7m as well as the National Hotel debt of \$4.8m. To achieve this sale, Keyform will need to settle a sale on another property which they advised would now be 10 June. Accordingly an extension of facility would be required to circa end August to ensure that liquor license transfer approval is granted if the contract was signed on 10 June.

On terms to match the earlier \$14m offer. No such offer received from Brian

B) A buyer has been sourced for Butlers interest in the Lighthouse Beach Hotel Unit Trust for a consideration of \$7million - being half of the \$14m noted above. The offer by Berns (buyer) is for cash and debt through NAB. Simultaneous with the Berns settlement, the remaining LBH debt and the Puro farm debt would also be repaid from a new approved NAB facility. A draft copy of this contract has been provided to Bankwest as well as the finance correspondence. To pursue this avenue an extension until end July would be required to effect the license transfer.

As valued were offered \$3.5m for 1/2 share

C) The National Hotel has been placed on the market for sale for \$7.05m. I expect that it will take three months to see the completion of the sale hence at least a three month extension would be required. Graeme Clarke of Burgess Rawson is handling the matter and Sean can give a better understanding of timing for the matter.

D) The properties at 1 Fraser Street and 2 Carey Street Bunbury can be placed on the market over the next week for \$720,000 and \$800,000 respectively with proceeds used to repay Bankwest.

Other;

E) Sean has advised that sufficient funds are available from trading profits to meet all outstanding interest payments on the Lighthouse and Puro loan. I have today made payment to Bankwest on the outstanding interest on the National from my personal resources. I will confirm transfer details.

F) I will organise a copy of my 2010 tax return and Sean can provide ATO statements regarding GST etc.

Daniel, I hope this addresses the key issues. You can see from the above that key actions are being taken by the obligors to address your concerns. I am available to discuss the above on 0421 317060

Regards

Brian

Brian Benari
Tel: 02 9994 7025

-----Original Message-----

From: Daniel.Smith@bankwest.com.au [<mailto:Daniel.Smith@bankwest.com.au>]
Sent: Friday, 27 May 2011 7:02 PM
To: Brian Benari
Subject: *Confidential: Bankwest Facilities
Importance: High

Good Afternoon Brian,

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

Look forward to speaking with you Monday.

Kind Regards

Daniel Smith | Manager | Credit & Asset Management | Risk Management | Bankwest Level 33, Bankwest Tower, 108 St Georges Terrace, Perth WA 6000
Phone: 08 9449 7447 | Mobile: 0467 723 902 Fax: 08 9449 6451 | Email:
daniel.smith@bankwest.com.au

(See attached file: Bankwest Letter to B.Benari.pdf)

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