

CAULFIELD RACECOURSE RESERVE

17 December 2013

Mr Mike Symons
Chairman
Melbourne Racing Club
P.O. Box 231
CAULFEILD EAST, VIC, 3145

Dear Mike,

Lease

I write following the meeting of Trustees held on Friday December 13. The Trustee is concerned that discussions concerning a renewal of the current lease have been protracted and the current lease will expire on January 22nd.

The Trustee has already agreed to a one year extension of the lease to allow time for negotiations to be concluded. The additional time has almost expired.

The Trust has now authorised me to write to the Club and seek a commitment from the Club to progress negotiations with some urgency.

We now seek from the Club a commitment to an expedited timetable to hold and conclude negotiations concerning the tenure, economic terms, risk allocation, risk management strategies and use of the reserve in furthering the terms of the of the Crown Grant within the maximum over holding period.

Over -holding period

The Trustee is prepared to consent to over-holding of the lease until the next meeting of the Trustee's, to allow additional time for negotiations to take place. A further meeting of the Trustee is planned for late February to review progress of discussions.

Maintenance and Development Works

The Trust has noted the MRC has publicly circulated information as to their plan to renew the course proper following the 2014 Caulfield Cup.

The Trustee has asked me to remind the Club that Trustee's consent is required before any works are conducted on the Reserve and approval for this work has not been sought or given.

Valuer General

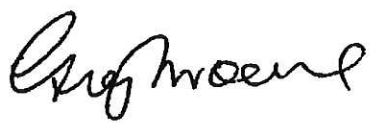
We believe there is a process available through the Department to resolve differences of opinion over competing valuations. This process involves referring the valuations to the Valuer General for a determination.

The Trustee has resolved to agree to a binding arbitration by the Valuer General in relation to a renewal of the current lease on the basis of a 21 year lease.

We now seek a similar commitment from the Club.

That is, in the event we are not able to reach agreement; The Trustee and Club would jointly seek assistance from the Department to enter into a binding arbitration process with the Valuer General.

Regards

A handwritten signature in black ink, appearing to read 'Greg Sword', written in a cursive style.

Greg Sword
Chairman
Caulfield Racecourse Reserve

Cc: All Trustees, Minister for Racing, Minister for Environment and Climate Change, Department of Environment and Primary Industries