

MELBOURNE

RACING CLUB

23 December 2013

Mr G Sword, Cr M Lipshutz and Mr P Le Grand
Lease Renewal Sub-Committee
Caulfield Racecourse Reserve Trust



WITHOUT PREJUDICE

Dear Greg, Michael and Peter,

Re: Caulfield Racecourse Reserve ('the Reserve')

We refer to our previous discussions and correspondence in relation to this matter.

The Melbourne Racing Club ('the Club') is keen to resolve the matter of the lease renewal process.

As has been the case for the 137 years we have been racing at Caulfield, we are proud of our Club, the Racecourse and the exceptional way in which we maintain it.

We look forward to the continuation of our tenure and the future enhancements to be made at the course.

We are conscious of our place in the community and the obligations of the Trust to provide facilities for the patrons and public and to that end we are prepared to pay a substantial premium to the valuation we have received and an increase on the rent we currently pay.

This proposal is made in the context of the Club's recent \$1.8m upgrade to the Centre to enhance the amenity and facilities of the infield. A body of work that was undertaken without any contribution from the Trust or third parties.

Furthermore, we are also cognisant of the feedback received that the current entry points to the Centre require attention and recognise that that an above ground or at grade entry point to the infield is required.



VICTORIA AMATEUR TURF CLUB
(Incorporating the Melbourne Racing Club) Trading as the Melbourne Racing Club
ABN 96 267 203 634
CAULFIELD AND SANDOWN AND MORNINGTON RACECOURSES
P O BOX 231, CAULFIELD EAST VICTORIA 3145
PHONE: (+61 3) 9257 7200 FAX: (+61 3) 9257 7210
EMAIL: contact@melbournerracingclub.net.au WEBSITE: www.melbournerracingclub.net.au

MELBOURNE

RACING CLUB

The Club proposes an arrangement as follows:

1. A rental arrangement across the Reserve for a 21 year period;
2. The total rent payable in relation to the entire Reserve increases from the circa \$90,000 per annum including GST, as it currently stands, to \$150,000 per annum including GST for the duration of the 21 year lease renewal. This represents an increase of approximately 66% and is substantially more than any other racing club in Victoria pays for Crown Land they occupy. This proposed rent is put forward for the purposes of reaching agreement as the Club's view is that the appropriate rent is commensurate with the valuation of m3 Property having regard to our Club, our obligations to members and the nature and financial results of our operations;
3. The rent payable in relation to the Reserve to be fixed with no CPI increases;
4. The cash reserves of approximately \$400,000 currently held by the Trust be committed for investment in the Reserve within the next 12 months on a solution to provide above ground access to the Centre to enhance and encourage utilisation of the infield;
Should the cost of the solution be in excess of \$400,000 the Club would match the Trust's investment. We regard this matching aspect as material in the context of the increase in rent being offered and the \$1.8m centre upgrade project;
5. That at least 70% of the future rent received by the Trust be committed for investment in the Reserve within 12 months of receipt; and
6. The Club continues to be responsible for the maintenance and development of the Reserve and will spend at least \$300,000 per annum in keeping it to its present standard.

We are committed to working with the Trust as part of this process and look forward to discussing this proposal with your Sub-Committee.

Yours sincerely,



Mike Symons
Chairman

cc: All trustees, Minister for Racing, Minister for Environment and Climate Change, Department of Environment and Primary Industries

