

5 September 2014

Trustees
Caulfield Racecourse Reserve Trust (CRRT)
Level 1, 25 Flinders Lane
Melbourne, VIC 3000
Email: CRRTtrustees@bigpond.com

Dear All,

Caulfield Racecourse Reserve ('CRR')

The Melbourne Racing Club (the 'Club') has received the attached letter dated 3 September 2014 from Mr Greg Sword, the Chairman of the CRRT, on behalf of the Trustees.

The letter shows that the Chairman's unilateral actions have now reached a dangerous and questionable level which he purports to be the agreed view of the Trust.

The threat to the Club's plans to not allow for the course proper renovation takes the Trust into very risky territory. Trustees are well aware that an international standard of racetrack is essential for the Clubs activities. Failure to allow the track, a showcase of Victorian, national and international standing, to be re-surfaced as necessary, would make the Trust derelict in its duties and would arouse massive scrutiny at the highest levels.

The continued delay with the negotiations for the Club's tenure at the CRR is concerning. These delays have for most of 2014, been of the Chairman's making, with red herrings and distractions introduced to appear the delays are about process. We say the Chairman has, from the outset of his unilateral brief to Charter Keck Cramer, acted without proper recourse to and direction from the Trustees.

We do not share a similar view to the Chairman that the tenure arrangements cannot be finalised with the Club promptly. The Club was ready to meet the last deadline of 22 August 2014 but once again the Chairman found his "reasons" to delay and now proposes a further 12 months delay beyond 22 October 2014. This is not necessary and his reasons for it are not valid.

For example we believe the recommendations of the VAGO Report can be considered as a condition in any lease and licence granted to the Club, including the development of the Land Management Plan.

There is no need for this to cause further delay, provided it is a time bound condition of the lease and licence. It is our firm view that the Trustees should direct the Chairman to re-engage with the Club and attempt to finalise the arrangements prior to the expiry date of 22 October 2014.

All Trustees should be very concerned by the Chairman's claim that he represents their view, when he writes in the letter to the Club that no major works can be undertaken by the Club until there is a clear

understanding of how the parties are moving forward on the tenure arrangements. It is certainly not our view.

The Club presented a Maintenance & Development Plan dated 28 July 2014 (the 'Plan') to the Trustees for consideration at our meeting on 7 August 2014. It was agreed that the Chairman would seek further information from the Club in relation to what was planned for the Reserve.

The key maintenance and development projects outlined in the Plan are:

1. Course proper re-surface;
2. Masterplanning process; and
3. Implementation of a timing system known as Trakus.

We understand the Club has met and written to the Chairman to provide further detail on the above projects.

Pursuant to the Deed of Maintenance & Development dated 17 February 1997 (the 'Deed') between the Trustees and the Club, the Trustees have the right to review the progress of the Plan and include any agreed changes negotiated between the parties. The Trustees do not have the right to withhold approval to the planned maintenance and development outlined in the Plan, as stated in the letter written on behalf of the Trustees.

We are concerned that the Chairman's actions mean that Trustees are acting in breach of the Deed and more fundamentally are acting in dereliction of their duties. Pursuant to the Crown Grant we are obligated to ensure the CRR is used for its purposes of racing recreation (including training) and public park purposes. It is clear to us that the Plan provided by the Club clearly sets out the maintenance and development requirements that are needed in the next 12 months to ensure racing can continue to occur at the CRR. Regardless of the lease and licence negotiations, which have been halted at the behest of the Chairman, Trustees should still be meeting their obligations.

Further to the above, pursuant to the Crown Grant, the Club has the right to operate racing at the CRR independently of any lease or licence granted by the Trustees. By not providing approval for essential maintenance to the racecourse, the Trustees may be actively impeding the operation of the Crown Grant.

It should be noted that we are each personally liable for the actions of the Trust.

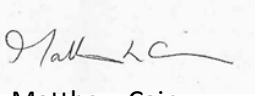
Finally, we note at Point 7 of the Chairman's attached letter that he believes adopting his approach will "Work to repair and build upon the relationship between all parties". Nothing would be further from reality and the already fractured relationship will be finally doomed by his actions and threats if ratified by the Trust. The Chairman has gone too far.

In light of the seriousness of these issues, we will be requesting an urgent meeting of all Trustees to resolve these matters one way or another.

Yours sincerely

A handwritten signature in black ink, appearing to be 'MS' or similar initials, written in a cursive style.

Mike Symons

A handwritten signature in black ink, appearing to be 'Matt Cain', written in a cursive style.

Matthew Cain

A handwritten signature in black ink, appearing to be 'Rod Fenwick', written in a cursive style.

Rod Fenwick

A handwritten signature in black ink, appearing to be 'Peter Le Grand', written in a cursive style.

Peter Le Grand

A handwritten signature in black ink, appearing to be 'Ian MacDonald', written in a cursive style.

Ian MacDonald

A handwritten signature in black ink, appearing to be 'Peter McCarthy', written in a cursive style.

Peter McCarthy