

Level 37  
The Chifley Tower  
2 Chifley Square  
Sydney NSW 2000  
Ph: 9229 1800  
Fax: 9231 5619

17 January 2003

Dear Member

We refer to the notice of meeting, explanatory memorandum and proxy form ("Ogden's Notice") you will have received in the mail from Ogden International Facilities Corporation Pty Ltd ("Ogden") calling a unitholder meeting of Stadium Australia Trust ("the Trust") to remove MTM Investment Management Ltd ("MTM") as responsible entity of the Trust.

Following receipt of advice from two law firms in relation to the validity of Ogden's Notice and in accordance with the Trustee Act 1925 (NSW), MTM has applied to the NSW Supreme Court to seek direction and advice in relation to Ogden's Notice, as well as seeking a declaration under the Corporations Act that Ogden's Notice is invalid. We will inform you at the earliest opportunity of whether a unitholder meeting will proceed on 29 January 2003 or whether it is to be postponed.

We consider that notwithstanding issues going to the validity of Ogden's Notice, members should be provided with accurate and complete information concerning whether or not to replace MTM as the responsible entity of the Trust. It is also considered appropriate for members to be provided with a personal statement from MTM in relation to this matter.

Accordingly, attached to this letter is a statement from MTM (in its personal capacity) putting forward its case.

MTM, as responsible entity of the Trust, makes certain disclosures in Schedule 1 to this letter.

**Proxy forms**

Please be aware that regardless of whether the unitholder meeting takes place on 29 January 2003 or is postponed, the proxy forms issued to you with the Ogden Notice should not be used.

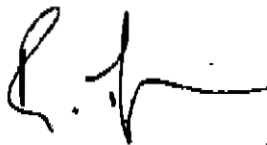
Attached to this letter is a proxy form which you may use to lodge your proxy vote. The proxy form should be returned in the enclosed envelope to Computershare Investor Services Pty Limited. If you wish to appoint the chairman of the meeting of your proxy, please be sure to direct the chairman as to how to vote to ensure that, irrespective of who the chairman of the meeting is, he or she is entitled to exercise your vote.

Please note that ASX Perpetual Registrars Limited is acting for Ogden in relation to this meeting and not the Trust. This includes in relation to the collection and processing of proxies. You should therefore not send any proxies to ASX Perpetual Registrars Limited and instead return them to Computershare Investor Services Pty Limited who has been authorised to receive them on behalf of the Trust.

In relation to any queries you may have, you may wish to contact Deborah Kelly at MTM on (02) 9229 1800.

Yours faithfully

**MTM Investment Management Ltd**

A handwritten signature in black ink, appearing to read 'R. Topfer', with a long horizontal flourish extending to the right.

**Robert Topfer**

**Director**

## Schedule 1

**Stadium Australia Group** The Stadium Australia Group ("SAG") consists of Stadium Australia Management Limited ("SAM") and the Trust.

SAM has responsibility for the whole of the business of managing, operating, maintaining and repairing Telstra Stadium ("the Stadium"). SAM has engaged Ogden to manage the Stadium business as agent on its behalf to assist in satisfying its obligations.

MTM is the responsible entity of the Trust. MTM is responsible for the management and administration of the Trust, administration of construction and the administration of repayment of debt obligations.

**Ownership of MTM**

An entity associated with Babcock & Brown Pty Ltd ("Babcock & Brown") and Multiplex Constructions Pty Ltd each own 50% of the ultimate parent company of MTM.

**MTM Management Fees**

The Trust Constitution registered under the Managed Investments Act 1998 entitles MTM to a fee of \$675,000 per annum (plus CPI).

On 16 March 2001 the MTM fee was reduced by \$280,000 per annum.

On 4 September 2001 the MTM fee was further amended to \$24,000 per month with the balance being deferred for payment until 1 July 2003.

Following the dispatch of the Ogden Notice, MTM has unilaterally agreed to reduce its annual fees to \$350,000 per

annum (plus CPI) should it remain responsible entity of the Trust.

The James Fielding Funds Management Limited ("JFG") proposed annual fee is \$400,000 (plus CPI).

MTM has partial use of a corporate suite at Telstra Stadium for the marketing and promotion of the Stadium. Ogden is entitled to use 25% of this suite during the year.

**Corporate  
Restructure**

In early 2002, MTM proposed an internalisation of the management of MTM ("Restructure") whereby the Trust would acquire MTM.

Under the Restructure, SAG would satisfy all previously deferred, and pre-pay all future MTM management fees by way of an issue of convertible notes to MTM due in 2030 on the same terms and conditions as the existing convertible notes on offer and convertible at \$0.07.

An independent expert's report was commissioned in relation to the Restructure. The expert concluded that the Restructure was fair and reasonable to SAG security holders as a whole and was fair and reasonable to the existing convertible noteholders.

SAG did not, however, obtain the necessary consents to pursue the Restructure. The Restructure was not put to stapled security holders and was not pursued by SAG.

**SCG Proposal** In May 2002 the Sydney Cricket & Sports Ground Trust ("SCG Trust") approached Babcock & Brown with a proposal for the joint operation of the Stadium, the Sydney Cricket Ground and Aussie Stadium ("SCG Proposal").

MTM allowed Babcock & Brown to develop a proposal with the SCG Trust.

Babcock & Brown and the SCG Trust received the approval of the NSW Government to further develop the SCG Proposal.

Babcock & Brown and the SCG Trust then approached the ANZ Bank with the SCG Proposal. The SCG Proposal required certain material concessions to be made by the Bank. The SCG Proposal was not attractive to the Bank and it was consequently put on hold.

**James Fielding  
Funds  
Management  
Limited**

JFG is a company associated with a former director of SAM, Greg Paramor.

Mr Paramor resigned from his role as director of SAM in February 2002.

**Performance of  
the Stadium  
Australia Group**

SAG has not made a profit since listing. SAG has not made any distributions.

Since January 2001 to the date of this letter, the SAG share price <SAX:AX> has declined from \$0.25 to \$0.09. This compares to an average of \$0.38 over the period since listing.

**Ogden Fees**                      Ogden received management fees in excess of \$800,000 in 2002 in respect of its management of the Stadium.

**Future MTM Management Fees**                      As indicated above, if MTM remains responsible entity of the Trust it will reduce its fees to \$350,000 per annum (plus CPI) and continue to utilise the corporate suite for the marketing and promotion of Telstra Stadium.

## STATEMENT BY MTM IN RELATION TO OGDEN'S NOTICE

In response to the Notice of Meeting of members of the Stadium Australia Trust ("the Trust") dated 27 December 2002, MTM Investment Management Limited ("MTM") wishes to provide members with relevant information about events that have occurred over the past two years and its own reasons why you should not replace MTM as responsible entity of the Trust.

### SUMMARY

In relation to the Ogden International Facilities Corporation Pty Ltd ("Ogden")/James Fielding Funds Management Ltd ("JFG") proposal and in respect of MTM's tenure as responsible entity of the Trust, MTM considers the following material matters should be taken into account by members:

- Implementation of the Ogden/JFG proposal will not reduce the costs of the Stadium Australia Group ("SAG"), and may in fact increase them;
- ★ In respect of fees drawn from SAG, MTM, along with certain other SAG stakeholders, has made material fee concessions over the past two years in an attempt to provide additional financial support to Telstra Stadium ("the Stadium").

In March 2001, MTM agreed to a reduction in its Trust management fees of \$280,000 per annum, to a base of \$415,000 per annum (plus CPI).

In September 2001, MTM agreed to a further amendment of its Trust management fees to \$24,000 per month, with the remainder deferred until 1 July 2003;

- ★ Ogden has refused requests to reduce or defer of any of its Stadium management fees at any time during its tenure as manager of the Stadium;
- ★ MTM has reviewed several proposals that may have been in the interests of members and presented them to SAG:
  - MTM proposed a corporate restructure in early 2002 which would have streamlined the management structure of SAG and reduced corporate overheads; and
  - Another such proposal was with The Sydney Cricket and Sports Ground Trust ("SCG Trust") for the joint management of the Stadium, the Sydney Cricket Ground and Aussie Stadium;
- ★ JFG is not making any new proposals but simply revisiting cost and restructuring proposals prepared and promoted by MTM;
- ★ As Ogden has nominated JFG to replace MTM, if JFG becomes responsible entity of the Trust one may well query whether JFG will have undue regard for Ogden's interests in making decisions as to the future of the Trust; and
- ★ Should the Ogden/JFG proposal be rejected and MTM remain as responsible entity to the Trust, MTM will reduce its Trust management fees to a new base of \$350,000 per annum (plus CPI). This is \$50,000 less than what Ogden/JFG are proposing as a Trust management fee.



## **THE PARTIES**

SAG is made up of Stadium Australia Management Limited ("SAM") and the Trust. SAG owns and operates the Stadium at Homebush Bay. SAM manages the Stadium Australia Club ("Club").

Ogden manages the Stadium business on behalf of SAM and in this capacity receives Stadium management fees.

MTM is the responsible entity of the Trust. MTM is responsible for the management and administration of the Trust, administration of construction of the Stadium and the administration of repayment of debt obligations. MTM receives Trust management fees for its role. MTM is ultimately owned as to 50% by Multiplex Constructions Pty Limited (Multiplex") and 50% by an entity associated with the international investment bank, Babcock & Brown Pty Limited ("Babcock & Brown").

In addition to its role in managing and operating the Stadium, Ogden owns 11.9% of the Trust. Ogden has called a Meeting to replace MTM with JFG.

JFG is a company associated with a former director of SAM, Mr Greg Paramor.

## **TRUST MANAGEMENT FEES**

### **1. MTM's Fee Stance**

At the time of listing the Trust, the base Trust management fee payable to the responsible entity of the Trust was \$600,000 per annum (plus CPI). That base fee was increased to A\$675,000 (plus CPI) when MTM took over the role of trustee (\$75,000 per annum plus CPI) on registration of the Trust as a managed investment scheme under the Managed Investment Act 1998 in June 2000.

In March 2001, MTM agreed to a reduction in its fee of \$280,000 per annum, to a base of \$415,000 per annum (plus CPI). That amounted to \$452,000 per annum at that time. This was part of a group of concessions made at the time by certain stakeholders in SAG.

In September 2001, MTM agreed to a further amendment of its fees. Under that amendment, MTM agreed to receive only \$24,000 per month to reimburse it for internal costs, with the balance of its fees to be deferred for payment until 1 July 2003.

As part of the September 2001 amendment, MTM also agreed to a proposed restructure of SAG's corporate structure. This restructure would have provided SAG with further operational cost savings. However, the restructure did not proceed. See "Corporate Restructure" below.

It is now proposed that MTM will further reduce its Trust management fee to a new base of \$350,000 per annum (plus CPI). If it remains as responsible entity to the Trust, it will take steps to implement this proposal immediately following the meeting of members of the Trust.

MTM and SAM each have partial use of a corporate suite at the Stadium for the marketing and promotion of the Stadium. Ogden is entitled to use 25% of each suite during the year. The use of the corporate suite is for the marketing and promotion of the Stadium and therefore does not form part of MTM's fees. Ogden has not advised members what is to happen with MTM's corporate suite entitlement under the Ogden/JFG proposal.

## **2. Ogden/JFG Fee Arrangements**

Ogden receives a base Stadium management fee each year. Further Stadium management fees are payable depending on the performance of the Stadium business. SAM has advised MTM that Ogden received over \$800,000 in Stadium management fees from SAG in 2002. This fee could potentially increase by 40% in 2003 with the staging of the Rugby World Cup at the Stadium.

Further, Ogden, who is and has been receiving substantial fees from SAG for its role in managing and operating the Stadium, has also been asked by MTM and Multiplex to make some reduction or deferral of its fees during its tenure as manager of the Stadium. Ogden has refused to consider all such requests.

Ogden/JFG have stated that if JFG assumes the role of responsible entity of the Trust, JFG will charge Trust management fees of \$400,000 per annum (plus CPI). As can be seen from the above, this proposal is not substantially different to the MTM fee

arrangements in place since March 2001. In addition, the Ogden/JFG proposed annual Trust management fee of \$400,000 exceeds by \$50,000 the fees which MTM is proposing to charge in the future.

## **RESTRUCTURE PROPOSALS MADE BY MTM**

### **1. Corporate Restructure**

In an effort to address some of the complexities in the corporate structure of SAG, MTM dedicated its own time and resources to the formulation of a proposal to streamline the management of SAG ("Restructure"). The Restructure was presented to SAG in early 2002 and, if fully implemented, would have had the following consequences:

#### **a. Simplified board structure and decrease in corporate costs**

The SAM and MTM boards were to be restructured so that they had the same directors with equal representation from SAM and MTM. From an operational perspective, SAG would have benefited from a single management structure.

It was estimated that a further \$200,000 per annum in corporate overheads could be saved from the Restructure. For this reason alone, MTM believed that the Restructure should be pursued by SAG.

#### **b. Decreased management expense**

SAG would satisfy all previously deferred, and pre-pay all future MTM management fees by way of an issue of convertible notes to MTM due in 2030 on the same terms and conditions as the existing convertible notes on offer and convertible at \$0.07.

#### **c. Interests of the Trust, SAM and the MTM would become more closely aligned**

MTM was to become an asset of the Trust. Thus both the members of the Trust and MTM would have the common aim of maximising returns from the Trust.

An independent expert's report was commissioned in relation to the proposed Restructure. The expert concluded that the Restructure was fair and reasonable to SAG security holders as a whole and was fair and reasonable to the existing convertible noteholders.

However, SAG did not obtain the necessary consents to pursue the Restructure. In addition, SAM rejected the streamlined board proposal which could have been implemented irrespective of whether or not the remainder of the Restructure proceeded.

## **2. SCG Proposal**

In May 2002 the SCG Trust approached Babcock & Brown with a proposal for the joint operation of the Stadium, the Sydney Cricket Ground and Aussie Stadium ("SCG Proposal").

At that time, as it does now, the board of MTM believed that it had a duty to examine and consider all proposals which may be in the interests of SAG stakeholders. Accordingly, Babcock & Brown was allowed to develop a proposal with the SCG Trust which would be for the benefit of SAG stakeholders.

The SCG Proposal indicated that there was *significant merit in jointly managing* the three stadia. It appeared that there could be significant operating cost savings, enhanced revenue opportunities, the potential for greater amenity for patrons and hirers and possibly reciprocal benefits across the three stadia for Gold and Platinum Members of the Club. Babcock & Brown believed that such a proposal could have secured the long-term financial viability of the Stadium and the rights of its members and patrons.

Babcock & Brown and the SCG Trust also received the approval of the NSW Government to further develop the SCG Proposal.

Babcock & Brown and the SCG Trust then approached the ANZ Bank. The SCG Proposal required certain material concessions to be made by the Bank. Unfortunately those concessions meant that the SCG Proposal was not attractive to the Bank and it was consequently put on hold. Babcock & Brown has since advised the Bank that it is prepared to refine the SCG Proposal where possible to take into account the Bank's

objectives and desired outcomes. The Bank has yet to respond to Babcock & Brown's proposal to revise the SCG Proposal. Should MTM remain as responsible entity of the Trust, it will continue to actively pursue this opportunity.

## **THE OGDEN/JFG PROPOSAL**

### **1. Who is James Fielding Funds Management Limited?**

JFG is a company associated with a former director of SAM, Greg Paramor. Mr Paramor resigned from his role as director of SAM in February 2002. It is SAM's responsibility to monitor the performance of Ogden, and up until February 2002, Mr Paramor was part of that monitoring function.

JFG states in the Notice that it proposes to undertake a comprehensive review of SAG's current operations in an effort to identify and implement cost savings. Furthermore it intends to review the current structure of SAG and recommend a streamlined structure to reduce complexity. As discussed above, both these processes have already been undertaken. JFG has thus not offered anything new and based on its Trust management fee proposal, will actually be costing SAG stakeholders more.

### **2. What about Ogden's performance?**

Instead of calling for the removal of MTM, Ogden should be focusing on its role as manager of the Stadium.

Ogden's performance to date has shown the following:

#### **★ Financial**

While under the operational management of Ogden, SAG has not made a profit since listing and has not made any distributions. The performance of SAG is reflected in its share price (Refer: SAX:AX). Since January 2001 when the Stadium began operating in a post-Olympics environment, to the date of this letter, the SAG share price has declined from \$0.25 to \$0.09, a reduction of 64%. This compares to an average price of \$0.38 since listing.

★ No concession on Stadium management fees

Ogden has not made any concession on its Stadium management fees. In fact it has rejected all requests to do so. As noted above, Ogden received fees in excess of \$800,000 in 2002 for its role in managing the Stadium.

If the Trust's members agree to the appointment of JFG as the responsible entity of the Trust, Ogden's continuing role in relation to the future of SAG must be considered.

The NSW Government is currently undertaking a major venues study to identify issues, trends, risks and opportunities relating to major venues and events in NSW. It is envisaged that this study will assist in formulating a more coherent approach to the management of venues across Sydney. MTM believed that the SCG Proposal went some way to achieving the outcomes of this study.

A responsible entity properly exercising its fiduciary duties, must objectively approach and consider all proposals impacting security holders. MTM has demonstrated a willingness to do this through its consideration of proposals such as the Restructure and the SCG Proposal. As a contracted manager, any future proposal to reduce costs in the Trust may involve Ogden having to take a cut in their fees or, in the case of the SCG Proposal for example, may significantly affect its management role and fee base by either substantially curtailing its role or making it redundant.

Any successor to MTM would be required to objectively review the findings of the Government's major venues study. As Ogden has nominated JFG to replace MTM, one may well query whether JFG will have undue regard for Ogden's interests in making any decisions about the future of the Trust.

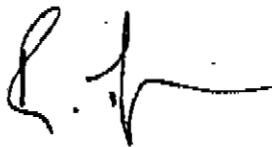
**WHAT HAPPENS NOW?**

On the basis that the original Notice may be invalid and misleading, MTM requested Ogden to postpone the meeting until mid-February 2003. This would have ensured that the meeting was properly called and conducted, and would have provided additional time to ensure that all Trust members were given full and proper information about Ogden's proposals with sufficient time for that information to be properly considered prior to a meeting. Such a proposal would also have avoided any court proceedings. Ogden refused that request.

If you vote against the Ogden/JFG proposal, MTM will remain as responsible entity to the Trust. As stated above, MTM will reduce its Trust management fees to a new base \$350,000 per annum (plus CPI) immediately following the meeting of members and continue to utilise the corporate suite for the marketing and promotion of the Stadium. However, more importantly, it will continue to pursue and consider opportunities that are in the interests of all SAG stakeholders.

The directors of MTM recommend that you reject the Ogden/JFG proposal.

Yours sincerely



---

**Robert Topfer**

**Director**

**MTM Investment Management Limited**