

Dear Robin

I refer to our conversation concerning matters relating to the Chancellor's investment in the Tattersalls Hotel on Friday 17th February 2006, and your subsequent email to me on the same evening requesting a report on the relevant facts and events up to the present time.

During our discussion when you raised with me the issue of Tattersalls Hotel, I reminded you of the telephone conversation that I had had with the Chancellor on the 9th February when he first advised me that he had invested in the Tattersalls Hotel. I responded to him by saying that I was thankful that he had informed me because I was aware of rumors in the local community that he had procured an interest in the hotel. I advised him that it had concerned me because he could have been perceived to have had an advantage through his role as Chancellor of the University and his involvement in decisions relating to the establishment of ServicesUNE. He agreed that this perception could have existed. He explained to me however in some detail the reasons why in reality he had not gained any advantage. He said that he had obtained legal advice and intended to write to the Audit and Compliance Committee of Council to explain the circumstances surrounding his decision to invest in the Hotel. I advised him that I agreed with his decision to inform the Audit Compliance Committee, and that I was supportive and that this action relieved my concerns. I then suggested that the legal advice he obtains covers three further matters that were not included in his explanation to me.

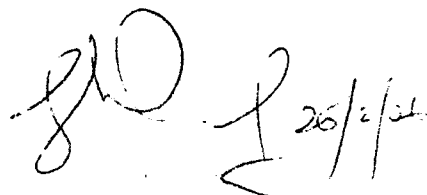
- Firstly, that he was not advantaged by having access to the Receiver/Manager's full report on the UNE Union and UNE Union Ltd.
- Secondly, that he was not advantaged through his participation in the working group that decided to not agree with the Receiver/Manager's recommendation to sell the Tattersalls Hotel immediately, but to allow the new board of Services UNE to decide the future of the Hotel.
- Thirdly, he was not advantaged over his influence on the Receiver/Manager's decision to not enter into discussions with a firm offering \$3 million for the property.

The Chancellor subsequently tabled his paper at the Audit and Compliance Committee meeting of the 10th February 2006. The paper did not include any reference to the three matters above. The Chancellor however may have obtained legal advice on these matters and decided that they were not substantive enough to include in his explanation.

My concern as explained to you on Friday evening is that in the absence of a more explicit statement on these matters there could remain a perception that the Chancellor gained an advantage in his purchase of a share of the Hotel.

I raise this with you because I believe that if these matters have not been considered there may be a risk to both the Chancellor and the University.

I forward this to you for your consideration.

Handwritten signature and date: 26/2/06