

ABBOTSFORD CONVENT FOUNDATION

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Sharnaka Fernando

Lentil As Anything

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19 April 2010

Dear Shanaka,

Thank you for attending the meeting with representatives of the Board of the Abbotsford Convent Foundation (ACF) last Thursday.

I believe we made progress. The meeting created a better mutual understanding of the positions of the ACF and Lentil As Anything (LAA).

The Board admires the concept of LAA and respects what LAA is trying to achieve. I hope, conversely, that you and your colleagues gained a better understanding of the role and origins of the Board as well as its obligations to ensure good governance and balance the interests of all 117 tenants.

Our task together is to see if we can come to an arrangement under which LAA operates within the laws, regulations and lease conditions that govern the behavior of all similar tenants. In the food and beverage industry these obligations are especially onerous and must be taken seriously. Put simply, LAA must comply.

As I indicated at our meeting, the ACF is inviting LAA to lodge a proposal for a new lease from January 2011. No other prospective tenant will be invited to submit a proposal while the ACF believes it is possible for LAA to develop a strong and acceptable proposal.

The ACF is prepared to help LAA with its proposal. We are keen to see a proposal that gives LAA the best possible opportunity to gain a new lease.

The Board will be looking for undertakings, actions, management systems and proposals to demonstrate compliance in areas including but not limited to:

- Liquor licensing
- Food handling and preparation
- Waste management
- Fire safety
- Storage
- Noise
- On-time rental & utility payments

The LAA suggestion to appoint a compliance officer is an excellent idea. But we also need to know what systems will underpin the officer's activities and how a compliance culture will be instilled throughout the organization. I emphasise that we are looking for more than statements of intention about compliance.

We are also interested in developing elements of external inspection to ratify compliance. The ACF is looking to reduce the amount of management time spent dealing with compliance issues. There have been more than 100 reports, incidents and actions in relation to LAA placed on management files in the past four years. These matters, such as waste management and liquor consumption, have consumed considerable ACF management time which we believe would be better spent on site development. The need to involve ACF management could be avoided if appropriate procedures were in place at LAA.

More external involvement should also reduce tensions between ACF management and LAA. This tension is inevitable when there are so many issues arising.

We look forward to receiving suggestions from LAA about how independent external resources could be harnessed to provide regular evidence of compliance in some areas.

In your proposal, we would also expect to see how LAA believes it will contribute to the overall development of the convent community, including its philosophy on interaction with other tenants and visitors to the site.

The ACF understands the need to move quickly on this matter so that your trading position can be clarified as soon as possible. I suggest we meet again as soon as you have had a chance to absorb our suggestions.

As a separate exercise, the ACF will proceed with plans to create a mechanism for a tenants' group to meet directly with members of the Board.

I hope we can continue to make progress. Our task together will not be easy but it is achievable.

Your organisation's philosophy seems to be based on a level of flexibility which will always clash with structured environments. The ACF has shown a degree of flexibility by accommodating a wide range of activities and tenants on the site. But we cannot turn a blind eye to breaches of the law or failure to comply with lease obligations.

The advantage of proceeding now is that there is time to develop compliance processes and demonstrate their effectiveness ahead of the Board considering whether to grant LAA a new lease.

I look forward to hearing your response and continuing discussions in the near future

Yours sincerely

A handwritten signature in blue ink, appearing to read "Hayden Raysmith". The signature is stylized and cursive, with a large initial "H" and "R".

Hayden Raysmith

Chairman