



Australian Leisure and Entertainment Property Management Limited

ALE PROPERTY GROUP ANNUAL GENERAL MEETING 2021

CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen and welcome to the Scheme Meetings of ALE Property Group.

I would like to acknowledge the Gadigal People of the Eora Nation, the traditional custodians of the land on which this meeting is being conducted and pay my respects to the Elders both past and present.

My name is Robert Mactier. I'm the Chairman of the Board of Directors of ALE Property Group and it's my privilege to chair today's meetings. Due to the COVID-19 pandemic, the meetings are being held virtually via a webinar, in a way that Securityholders, their proxies, attorneys and representatives can participate safely. There are no physical meetings where ALE Securityholders or their proxies, attorneys or corporate representatives can attend in person.

The appointed time has arrived and as the necessary quorum is present, I declare this Scheme Meeting of Australian Leisure and Entertainment Property Management Limited in conjunction with a Scheme Meeting of Australian Leisure and Entertainment Property Trust, properly constituted and open.

On behalf of the Board and Management of ALE Property Group, I extend a very warm welcome to all ALE Securityholders who have joined us virtually today. I am accompanied by our CEO and Managing Director Guy Farrands, independent directors Pippa Downes, Nancy Milne and Paul Say and Caledonia Nominee Directors Michael Triguboff and Bernard Stanton. Michael Clarke, ALE's Chief Financial Officer and Company Secretary is also in attendance along with Mark Crick, our Asset Manager.

Before I begin the formal procedures of the Scheme Meetings I would like to explain the process for today.

Ask A Question

I know that we mentioned this in the previous meeting, but because there may be some people who are attending only this Extraordinary General Meeting, and did not attend the Annual General Meeting, I will repeat it.

If you have a question that you would like to ask today, there are two ways to do so.

Asking questions on-line

Firstly, you may type questions into the online platform. To do this, click 'Ask a question' and follow the prompts. There is a limit of 512 characters for written questions.

To ensure you have enough time to type and submit your question, I encourage you to type this now instead of waiting until later in the meeting.

Questions that are relevant to the business of this meeting will be read aloud to me by an ALE staff member. We may aggregate questions if we receive multiple questions on the same topic.

Asking questions by phone

The second way to ask a question is by phone. To do so, you must enter your unique PIN that you will have obtained from Link Market Services prior to the meeting. After you have dialled in, you will be asked to mute your computer and listen to the meeting by phone. If you wish to ask a question, press 'Star 1'. The moderator will ask you your name and will introduce you to the meeting at the relevant time. Please then unmute your phone and ask your question.

We will first take questions from securityholders using the online platform, and then take questions received over the phone. Securityholders will have an opportunity to ask questions on the Schemes in general. We will then take questions on all of the formal resolutions in one block, which is logistically easier for a virtual meeting and less likely to create any technical issues.

All questions should be addressed to me as Chairman. I ask you to please restrict yourself to no more than two questions per item. Please also keep them short and to the point, so that as many people as possible have the chance to ask a question.

If you have any questions to put to the meeting today, and you are not on the conference call telephone line, we suggest that you submit your questions as early as you can –specifying whether the question relates to general business or a specific resolution – and these will be addressed at the appropriate time during the meeting.

If you experience any technical issues during the course of these virtual meetings, you may contact ALE's registry, Link Market Services by telephone on 1300 554 474 (within Australia) or +61 1300 554 474 (outside Australia) for assistance.

There will be a Company Scheme Meeting and a Trust Scheme Meeting held today. The purpose of the Company Scheme Meeting is to seek Securityholder's approval (in their capacity as holders of Company Shares) of the Company Scheme and the unstapling of the ALE Shares and Units. The purpose of the Trust Scheme Meeting is to seek Securityholders' approval (in their capacity as holders of Trust Units) of the Trust Scheme and of the unstapling of the ALE Shares and Units.

Background and Overview of the Schemes

On 20 September 2021, ALE announced that it had entered into a Scheme Implementation Deed with a consortium comprised of Charter Hall Long WALE REIT and Hostplus, hereafter referred to as the 'Consortium' under which the consortium agreed to acquire all of the securities in ALE by way of a company scheme of arrangement and a trust scheme.

Under the terms of the schemes, the consortium will acquire all of the securities in ALE and you are being offered mixed consideration of 0.408 CLW Securities and \$3.673 cash for each ALE security.

The schemes also provided you with the option to elect to receive a 'mix and match' alternative instead of the mixed consideration. If either of the two alternatives are oversubscribed, they will be scaled back on a pro rata basis. As announced to the ASX on 26 November 2021, the indicative election results suggest that the Scaleback Arrangements will apply to the Maximum Cash Consideration. Therefore, securityholders who elected the maximum scrip consideration are expected to receive 1.1546 CLW securities for each ALE security and securityholders who elected the maximum cash consideration are expected to receive \$4.187 cash and 0.3035 CLW securities for each ALE security.

These election outcomes are indicative only, and the final election outcome will not be known until the Record Date on 13 December 2021. If you did not make a valid election prior to the election date or if you are an Ineligible Foreign Securityholder, you will be deemed to have elected to receive the mixed consideration.

Scheme Consideration

The directors consider that the Scheme Consideration provides an attractive premium for ALE Securityholders. Based on the \$4.97 closing price of CLW Securities on 26 October 2021, being the last practicable trading day before the date of the Scheme Booklet, the implied value of the Mixed Consideration was \$5.701 per ALE Security, which represented a:

- 21.3% premium to the closing price of ALE Securities of \$4.70 on 17 September 2021, being the last trading day prior to the announcement of the Schemes;
- 19.3% premium to the 1 month VWAP of ALE Securities of \$4.78 on 17 September 2021;
- 19.0% premium to the 3 month VWAP of ALE Securities of \$4.79 on 17 September 2021; and
- 38.6% premium to the 30 June 2021 Pro Forma net tangible assets of \$4.11 per ALE Security based on independent desktop assessments as at 30 August 2021.

Today, Securityholders will be asked to vote on Scheme Resolutions which require your approval for the transaction to proceed. I will present the Scheme Resolutions to be considered and there will be time for questions and discussion. Following this, I will present the proxy votes for the Scheme Resolutions and will take a vote by way of a poll on the Scheme Resolutions. The results of today's Scheme Meetings will be announced to the ASX and posted on ALE's website later today.

Directors Recommendation

Your Directors continue to believe that the reasons set out in the Scheme Booklet to vote in favour of the schemes outweigh the potential reasons to vote against the schemes. Accordingly, we maintain our previously stated recommendation that ALE Securityholders should vote in favour of the schemes in the absence of a superior proposal. The ALE Board confirms that no Superior Proposal has been received by ALE since announcement of the Scheme Implementation Agreement on 20 September 2021.

Each of your Directors intends to vote any ALE securities held or controlled by them, or on their behalf, in favour of the Scheme resolutions.

In recommending the Schemes, the ALE Board had considered alternative options available to ALE in order to maximise securityholder value, including continuing as a standalone entity.

While the ALE Directors note the potential for substantial rental reversion in 2028, the ALE Directors consider that the Scheme Consideration represents attractive value for ALE Securityholders and accelerates the realisation of the incremental valuation uplift that would reasonably be expected to occur but only once the outcome of the uncapped rent review in 2028 is certain.

In reaching their recommendation, ALE's Board, in conjunction with its advisers, have carefully considered the outlook for ALE Group as a standalone entity, including:

- the structure and terms of the existing lease arrangements with Endeavour Group;
- the prospects for future development of ALE Group's portfolio and the potential value that could accrue to ALE Securityholders;

- the 2018 rent determination process, including outcomes and implications for the 2028 uncapped rent review as well as the impact on the future prospects of ALE Group;
- the result of the Victorian litigation and remaining uncertainty in relation to the outcome of the 2018 and 2028 rent determination processes;
- the results of independent desktop assessments for ALE's portfolio as at 6 September 2021, which increased the carrying value of ALE's portfolio by approximately 6% relative to carrying values at 30 June 2021; and
- various historic initiatives to seek to restructure the leases and rent review process with ALH that were not progressed to a mutually acceptable outcome.

Reasons to vote in favour of the Schemes, and reasons to vote against the Schemes, were set out in more detail in sections 1.3 and 1.4 of the Scheme Booklet.

Independent Expert's Report

The ALE Directors appointed Kroll as the Independent Expert. The Independent Expert has concluded that the Schemes are in the best interests of ALE Securityholders, in the absence of a Superior Proposal.

The Independent Expert has determined the fully diluted value of an ALE Security is in the range of \$5.40 to \$5.71 on a 100% controlling basis. Furthermore, the Independent Expert has assessed the implied value of the Scheme Consideration (for the mixed consideration) to be in the range of \$5.67 to \$5.79 per ALE Security. This is at the upper end of, or above, the Independent Expert's assessed value range for ALE Securities.

Scheme conditions

The implementation of the Schemes is subject to a number of conditions. The relevant conditions which remain outstanding at this time are:

- the approval of the Schemes by ALE Securityholders, which is why we are holding the Scheme Meetings today;
- certain other customary conditions as outlined in the Scheme Implementation Deed; and
- the approval of the Schemes by the Supreme Court of New South Wales, which will be sought following this meeting in the event ALE Securityholders approve the Schemes.

Your Directors are not aware of any circumstance to date which would prevent any of the outstanding conditions from being satisfied.

Timetable for implementation

If the Schemes are approved by the requisite majorities of ALE Securityholders, the expected next key dates in the Scheme timetable are:

- on Tuesday, 7 December, ALE will seek the approval of the Supreme Court of New South Wales to implement the Schemes. If the Court approves the Schemes and issues the orders sought, then on 8 December, ALE will lodge with the Australian Securities and Investments Commission a copy of the Court's orders and a copy of the Supplemental Deed and the Schemes will become legally effective. ALE will apply to the ASX for ALE securities to be suspended from official quotation from close of trade that day;
- the Scheme Record Date will be 7:00pm (Sydney time) on Monday, 13 December. All ALE Securityholders who hold ALE securities on the Scheme Record Date will be entitled to receive the Scheme Consideration; and
- the Implementation Date will be Friday, 17 December. All ALE Scheme Securityholders will receive the Scheme Consideration to which they are entitled on this date.

These dates are indicative only and, among other things, are subject to satisfaction of applicable conditions, including approval from the Court. Any changes will be announced on the ASX.

Robert Mactier
Chairman

2 December 2021