

26 July 2017

ASX Market Announcements
Australian Stock Exchange Limited
via ASX Online

OUR PLAN TO DELIVER POTENTIALLY UP TO \$1 BILLION OF ADDITIONAL VALUE FOR ALL ARDENT SECURITY HOLDERS

Ariadne Australia Ltd and its associates are pleased to attach, further to the announcement on 26 July 2017, their plan to deliver a substantial uplift in value for all Ardent security holders.

Shareholders are also encouraged to visit <http://www.fixardent.com.au/> for further information relating to the upcoming general meeting of Ardent Leisure Limited and our views on and strategy for Ardent.

ENDS

For further information please contact:

Dr Gary Weiss
Executive Director
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25 July 2017

Dear fellow Ardent security holders,

**THE RIGHT PLAN + STRENGTHENED BOARD = OUR PATHWAY TO DELIVER
POTENTIALLY \$1 BILLION OF ADDITIONAL VALUE**

Together with our associates, we now hold over 10% of the issued capital of Ardent Leisure Group (**Ardent**).

As the largest security holder group in Ardent, we write to set out our plan to deliver a substantial uplift in value for ALL Ardent security holders.

You will be only too aware of the loss in value of your Ardent investment over the last few years.

The Ardent Board (which collectively holds less than 0.4% of Ardent's capital) **has overseen a dramatic loss of value, with the market value of Ardent having plummeted by over \$900 million** between October 2014 and March 2017, **just prior to our emergence as a substantial security holder.**

Ardent's highly unsatisfactory performance has culminated in the recently announced slashing by 76% of this year's distribution from 12.5c in FY16 to 3c for FY17.

On any objective basis, Ardent's operational and financial results, coupled with its governance issues over the last few years, have been poor.

The market's lack of confidence in the ability of the current Board to effect a turnaround is reflected not only by the substantial decline in the security price over the last few years, but also by the fact that Ardent today is one of the most heavily shorted stocks on the ASX, with the short interest having increased significantly over the last twelve months.

Put simply, Ardent has lost its way.

There is now a clear and urgent requirement for real changes at Ardent to restore value.

The recent mediocre performance of Ardent demonstrates that the current Board is clearly unable to do so on their own. As we have previously stated, we do not consider that this Board, which has presided over such a substantial loss of value, can now miraculously transform themselves into wealth creators and belatedly deliver improved returns to security holders.

We believe that we have both the vision and strategy and, with our other nominees, the combined skills and experience to reverse Ardent's under-performance.

As part of a strengthened Board, we will oversee the delivery of improved returns, with the prospect of significant additional value being delivered for security holders.

Ardent has some very valuable assets, with good upside potential.

With the right Board in place and the successful execution of the plan set out in the accompanying presentation, our analysis indicates the potential for an uplift of up to \$1 billion in value for Ardent security holders over the next three years - delivering a potential value of \$4 per security (based upon current issued capital), which includes increasing distributions over that period.

We, together with our associates, have invested nearly \$100 million¹ in Ardent because we consider that there is a great opportunity, with the right Board and leadership team in place, to improve overall performance and financial returns for security holders. But realisation of this potential requires a strengthened Board, with the skills and experience which our nominees will bring, to be in place.

Our goal is to dramatically improve Ardent for the benefit of its security holders, its employees and its customers.

The first step in achieving this plan requires change at the top - at Board level - to strengthen the Board to ensure the right mix of skill sets, plus proprietorial involvement and focus, to lead Ardent to future success.

Each of the candidates proposed for the Board - both ourselves and the independent nominees, Brad Richmond and Andy Hedges - has the proven skills and experience necessary to help fix Ardent and maximise its value for all security holders.

Our unanimous goal, as part of a strengthened Board, will be to materially enhance the value of your investment in Ardent by overseeing the delivery of the plan and focusing on the following:

- Improve the operational and financial performance of each of Ardent's business units
- Establish capital discipline and a focus on return on capital
- Maintain an appropriate level of gearing and balance sheet strength, while at the same time seeking to increase distributions to security holders in a tax-efficient manner
- Reduce central overhead costs through a stringent focus on operational efficiencies, reduction in consulting and other 3rd party fees, and decentralisation
- Investigate structural and other options to deliver value for ALL Ardent investors

In our case, we not only bring our extensive business experience but also our clear focus as substantial investors in Ardent - our interests are entirely aligned with every other Ardent security holder.

To further demonstrate our commitment to the task of turning around Ardent, we have already stated that, for a minimum period of 12 months following our appointment as directors, we will not take any director's fees or other compensation.

Predicted Ardent Board Response

Consistent with previous communications, we predict the Ardent Board will respond to this letter with the same excuses and poor attempts to explain away Ardent's underperformance over the last few years.

We expect the Ardent Board will seek to convince security holders that it is addressing a number of the issues we have raised - principally by outsourcing strategy to highly paid external consultants.

As fellow security holders you should ask yourself:

- Why has the Ardent Board not chosen to act until now (after we emerged onto the security holder register)?
- Do you believe the current Ardent Board can implement a turnaround without a strengthened Board – importantly comprising the fresh perspectives and critical skills and experience which our nominees will bring?
- Why has the Ardent Board attempted to deflect criticism and obstruct us, rather than work constructively with us to improve value for all security holders?
- Why is the Board determined to try and keep substantial owners out of the boardroom?

¹ Based on \$2.08 security price as at 20 July 2017

In Summary

- The current Board of Ardent has presided over a collapse in the value of Ardent
- Strengthened leadership is needed to improve overall performance at Ardent and to deliver enhanced value for ALL security holders
- Help Ardent to take the necessary steps to arrest poor performance and to transform Ardent by VOTING IN FAVOUR OF ALL RESOLUTIONS to strengthen the Board

YOUR VOTE ON 4 SEPTEMBER IS CRITICAL

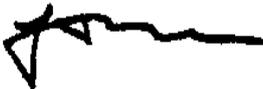
VOTE FOR CHANGE

COMPLETE THE ENCLOSED BLUE PROXY FORM TODAY

Further information is available at www.fixardent.com.au.

Yours sincerely,

Portfolio Services Pty Ltd



Dr. Gary H. Weiss
Director

Kayaal Pty Ltd



Mr. Kevin Seymour AM
Director

FIX ARDENT

A PLAN TO DELIVER UP TO \$1 BILLION OF ADDITIONAL VALUE

DELIVERING THE POTENTIAL UPLIFT IN VALUE OF ARDENT

REQUIRES A STRENGTHENED BOARD AND A PROPRIETORIAL FOCUS

- HELP FIX ARDENT'S POOR PERFORMANCE
- ACT NOW TO DELIVER THE UPLIFT IN VALUE BY APPOINTING NEW DIRECTORS WITH THE PROVEN SKILLS TO IMPROVE PERFORMANCE
- RECOMMENDATION - VOTE IN FAVOUR OF THE NEW DIRECTORS TO MAXIMISE THE VALUE OF YOUR INVESTMENT IN ARDENT

The Benefits of Our Plan

Ardent Leisure Group (Ardent) security holders stand to substantially benefit from our plan to deliver an uplift in value of potentially \$1 billion, including increased distributions, through the introduction of fresh perspectives and critical skills and experience to the Ardent Board



Board composition is enhanced to afford Ardent security holders the best chance to deliver the uplift in value

- Dr. Gary H. Weiss and Mr. Kevin W. Seymour AM have material financial alignment and are experienced public company directors, with relevant experience in turning around underperforming businesses like Ardent. Together with associates, our investment in Ardent is valued at ~\$100m¹ and we are prepared to forego director's fees for a minimum of 12 months from appointment
- Mr. Carl Bradford (Brad) Richmond and Mr. Andy M. Hedges exhibit much needed sector and strategy experience materially enhancing the oversight of the Board and enhancing value for ALL Ardent security holders



ALL Ardent security holders stand to benefit from delivering potentially \$1 billion in additional value

- Over the last three years the Ardent Board has overseen a decline in market value of \$900m²
- We have identified a range of opportunities over a 3 year plan which could add potentially \$1 billion in additional value for ALL Ardent security holders
- In light of recent performance, we have no confidence the current Board can achieve this without adding fresh perspectives and new skills at Board level



Distributions expected to recover while maintaining disciplined capital allocation

- The Ardent Board has recently cut distributions from 12.5c in FY16 to 3c in FY17
- Our plan has the potential to restore distributions to prior levels with expected distributions growing to 12c per security over the short term, while at the same time we remain committed to ensuring Ardent retains responsible financial leverage

1) Based on \$2.08 security price as at 20 July 2017

2) Based on trading at a peak security price of \$3.49 in October 2014 and a low of \$1.52 in March 2017 prior to our emergence on Ardent's security holder register

Delivering the Potential Uplift in the Value of Ardent – Summary 3 Year Plan

Dr. Gary H. Weiss and Mr. Kevin W. Seymour AM are experienced public company directors with experience in turning around underperforming businesses. Together with our proposed independent directors, Mr. Carl Bradford (Brad) Richmond and Mr. Andy M. Hedges, a reinvigorated Ardent Board with the requisite skills and experience will be best positioned to deliver the following value enhancements for ALL security holders

1	Main Event Operational Enhancements (page 13) <ul style="list-style-type: none">Supported by independent third party analysis	\$175m
2	Main Event Centre Rollout (page 13) <ul style="list-style-type: none">Requires a strengthened Board composition to oversee and monitor a disciplined and structured rollout	\$425m
3	Theme Parks Increase in Attendance (page 23) <ul style="list-style-type: none">Reinvest in Dreamworld and other Theme Park assets to improve consumer appeal	\$275m
4	Sale of Potential Surplus Land at Coomera (page 23) <ul style="list-style-type: none">Proceeds applied to fund the reinvestment in Theme Parks	\$25m
5	Corporate Costs Reduction (page 25) <ul style="list-style-type: none">Remove bloated head office costs	\$100m
		~\$1 billion

Delivering the Uplift in Value Will Require
Strengthened Board Composition

Why the Opportunity Exists?

The current security price reveals low confidence in a turnaround – new Board members with relevant experience and a proprietorial focus are required to restore market standing

Negative security price drivers

Recent Security Price Performance: Over the last year the Ardent security price has had three obvious negative drivers:

1 Dreamworld Incident and Negative Reaction to the Board's Response (25 Oct 2016):

- The security price dropped 55 cents (22%) from \$2.55 (24 Oct 16) to \$2.00 (26 Oct 16). Following the incident there was substantial negative press coverage for several weeks
- Significant public backlash caused by Ardent holding the AGM two days later and voting through a CEO incentive package
- Subsequent investigations have cleared the Park's maintenance procedures, however visitor numbers are down some 30-40% on a Like for Like (LFL) basis (February to June 2017)

2 Main Event Poor Performance (23 Feb 2017):

Ardent released 1H17 results indicating Main Event constant centre revenue was down 2.9%, continuing the negative trend over the last 18 months

- The security price dropped 60.5 cents (28%) from \$2.16 (22 Feb 2017) to \$1.55 (1 Mar 2017)

3 FY17 Results Update, Continued Underperformance (23 Jun 2017):

Ardent updated the market for expected group and Main Event performance in FY17

- The security price dropped 25 cents (12%) from \$2.13 (22 Jun 2017) to \$1.88 (30 Jun 2017)
- LFL sales remain negative and margins continue to compress (~20% in FY17e vs ~25% in FY16e)
- Recognition that **Ardent was unable to handle the pace of rollout while sustaining operating performance**



* SHK Group, backed by Mr. Seng Huang Lee, which owns Malaysia's largest real estate developer, Mulpha, announced a substantial security holding in Ardent leading to an 8% rise in security price due to speculation of corporate activity

1) Based on \$2.13 price of Ardent securities as at 22 June 2017 and closing security price of \$1.63 on 27 March 2017, the day immediately prior to the public emergence of Portfolio Services Pty Ltd and Kayaal Pty Ltd onto the security holder register

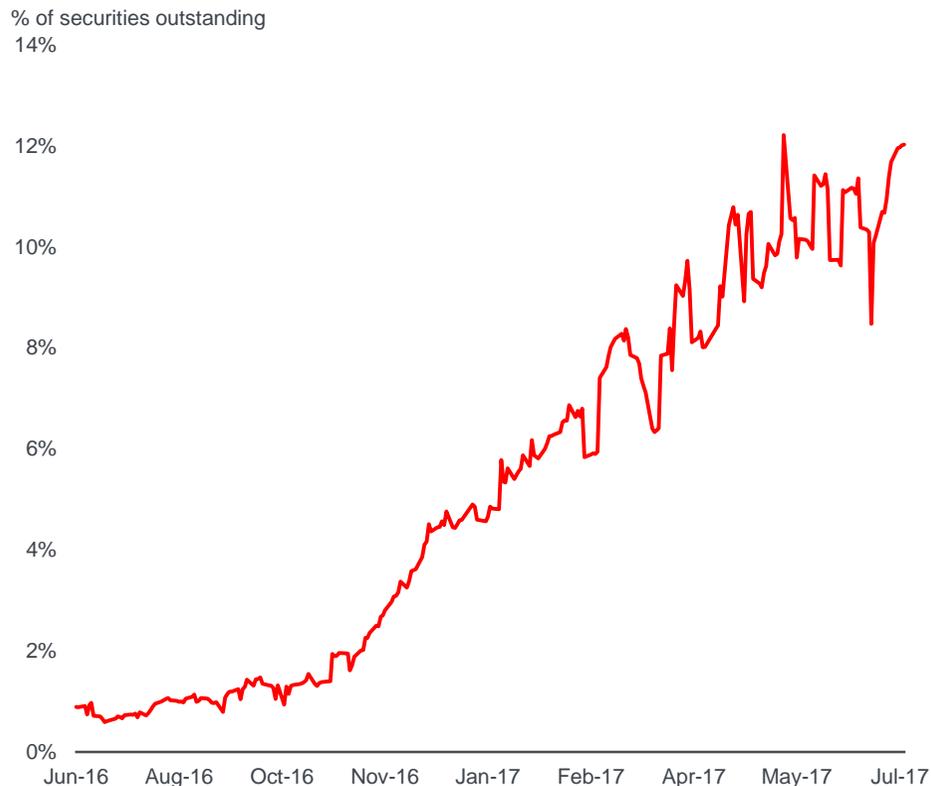
Low Confidence in Turnaround Without Change – Ardent is One of the Most Heavily Shorted Stocks on the ASX

The current security price reveals low confidence in a turnaround – new Board members with relevant experience and a proprietorial focus are required to restore market standing

Increasing short interest in Ardent

- **Ardent is now in ASX's top 10 for short interest positions¹**, a strong indicator the market has low confidence in the current Board's ability to execute the turnaround

Ardent Short Interest



1) Source: ASIC as at 13 July 2017.

Low market confidence in turnaround

- The current security price and increased shorting of Ardent implies:
 - Concern about an **absence of a credible strategy** for the Group – Ardent has announced four strategic reviews in a little over a year, commissioned numerous external consultants to help find the right strategy and made multiple management changes since 2015
 - **Low confidence in the Ardent Board** without fresh perspectives and the addition of relevant skills to capture the opportunity
 - **Low confidence in the US centre rollout** and the ability to deliver and sustain attractive ROIC through a rollout
 - **Low confidence that current Main Event operational performance** can be enhanced
 - **Low confidence in a recovery in Theme Park attendance**
- This is not surprising given:
 - ✗ Lack of relevant experience on the Board:
 - No experience in running significant consumer facing retail businesses in Australia and the US**
 - No US Director with Leisure/Dining experience**
 - ✗ Overall corporate governance:
 - Multiple changes in senior management and questionable remuneration practices**
 - ✗ Lack of significant financial alignment of the Board with security holders:
 - Board members own <0.4% of Ardent**
 - ✗ Recent track record of downgrades:
 - Negative Main Event constant centre sales and margin compression**

Why Have We Invested in Ardent?

Ardent has attractive assets in an appealing sector with significant turnaround potential, under the right strengthened Board composition. Together with our associates, our investment in Ardent is valued at ~\$100m¹

Investment appeal

✓ Attractive assets:

- Ardent has an attractive suite of businesses with significant latent potential that can be realised with the right leadership, strategy and execution
- Main Event stores are on-trend, with wide demographic appeal
- A combination of better in-store execution and a more disciplined rollout strategy creates scope for a substantial improvement in returns for Main Event
- Gold Coast theme park assets are iconic but require the right investment and positioning to restore attendance and capture the opportunity available from increasing inbound tourism

✓ Operational management capability in need of strengthened Board:

- Through our “outside-in” due diligence, we have been impressed with a number of the operational management personnel at Ardent
- We feel with the right strengthened Board composition, oversight and focus, management will be empowered to execute on clearly defined strategies

✓ Well managed leisure and experience based offerings have significant investment appeal:

- Dave & Buster's (D&B), a comparable U.S. based business with 99 venues in North America, was listed on NASDAQ in October 2014. Since then it has grown earnings consistently through strong centre level performance and a successful new centre rollout program. **The stock price has increased by more than 4x – from \$16 per share at listing to \$66 per share – in less than three years**
- Providence Private Equity, one of the largest private equity funds in the world, has recently invested in Top Golf (30+ large format high-tech golf driving ranges in the U.S., U.K)
- There are currently limited investment opportunities available for those seeking high quality exposure to the leisure/entertainment sector

✓ Scale of opportunity:

- We believe a professionally managed and well executed repositioning of Ardent can deliver potentially **\$1 BILLION** in additional value over the coming years

✓ Our expertise – highly relevant for Ardent:

- Our proposed director nominees have direct experience relevant for capturing the potential value of Ardent. Specifically:
 - **Dr. Gary Weiss** has extensive international business experience beneficial for improving and growing Ardent's overall operations and has a proven track record in turning around underperforming businesses
 - **Kevin Seymour AM** has extensive investment and property experience, particularly beneficial for reinvigorating Ardent's Theme Park operations and professionally assessing development opportunities for Ardent's various property interests
 - **Brad Richmond** is a highly regarded US senior executive with a background in the full service restaurant sector in the US. Brad played a leading role in the Darden turnaround and his skills and experience will be particularly beneficial for improving the operational and financial performance of Main Event
 - **Andy Hedges** held senior roles at Scentre Group which will be invaluable with regard to driving value in Theme Parks, Bowling Centres and reviewing the potential for locating Main Event centres in major shopping malls

1) Based on \$2.08 security price as at 20 July 2017

Why Have We Invested in Ardent? (cont'd)

Ardent has attractive assets in an appealing sector with significant turnaround potential, under the right strengthened Board composition. Together with our associates, our investment in Ardent is valued at ~\$100m¹

External due diligence process

- We have undertaken extensive “outside-in” due diligence on Ardent **at our own cost** utilising the skills of numerous industry, technical, capital market and legal advisors
- Our reports identify a number of operational issues and weaknesses, and provided recommendations to improve operating and other processes to improve financial performance
- In many cases these critical issues have not been addressed for a number of years or have been exacerbated by the rapid rollout of new Main Event centres
- While our due diligence process have had significant independent external input we have not had the benefit of full Board / management level granularity

Critical steps to deliver value

- 1 The Ardent Board currently lacks a material ownership interest and, in our view, lacks the requisite level of experience in both the US casual dining sector and US / Australian consumer-facing retail businesses
- 2 We believe the addition of the proposed **new directors** to the Ardent Board **with appropriate skills and a proprietorial focus is necessary to deliver the potential uplift in the value of Ardent**
- 3 We are seeking to address these issues through the appointment of 4 experienced directors, including 2 independent directors, to the Ardent Board at the **upcoming general meeting on 4 September 2017**

1) Based on \$2.08 security price as at 20 July 2017

**PATHWAY TO DELIVERING POTENTIALLY \$1 BILLION OF ADDITIONAL
VALUE –**

**Potential For Ardent Leisure with A STRENGTHENED BOARD AND A
PROPRIETORIAL FOCUS**

Ardent Security Price At Present

Main Event accounts for the majority of value attributed to Ardent and corporate costs are a large drag on valuation

Current Market Valuation

- We have undertaken an analysis of the current security price, assessing its components of value by looking at market expectations for division level EBITDA in FY18e, broker “sum of the parts” (SOTP) valuations for FY18e and peer group multiples
- We have used the \$1.88 security price on 30 June 2017 as the base security price reference point. 30 June 2017 is a date one week following the 23 June 2017 “Full Year Result Update” - sufficient time for the market to have digested the update. It is also a date prior to the substantial security holder notice from SHK (4th July 2017) which impacted the trading in Ardent due to corporate speculation
- We have used the median of consensus division level EBITDA estimates for FY18e¹. We have also taken into account both FY18e SOTP broker valuations and peer group multiples in attributing value to each division
- Based on consensus SOTP valuations:
 - The majority of Ardent value is currently attributed to Main Event
 - Limited value is being attributed to the Theme Park division
 - Corporate costs are a large drag on valuation

		FY18e EBITDA ¹	EV/ EBITDA	Value
Main Event	A\$m	79.8	11.0x ²	878
Theme Parks	A\$m	10.5	12.0x ³	126
Bowling Centres	A\$m	18.7	8.0x ⁴	150
Corporate Costs	A\$m	-17.4	10.6x ⁵	-184
Operating Divisions	A\$m	91.6	10.6x	969
Less Net Debt	A\$m			-110
Add Surplus Land	A\$m			25
Equity Value	A\$m			884
Diluted Securities	m			470
Security Price	A\$			1.88

Components of the current security price



1) Market Implied EBITDA is based on the median of broker divisional estimates for FY18e where those estimates are disclosed (Citigroup, CCZ, Credit Suisse, Morgans, Baillieu Holst)
 2) Main Event EBITDA Multiple based on midpoint of a 10.0x – 12.0x range, reflecting broker SOTP valuations of Credit Suisse (12.0x), Morgans (10.5x), Citi (7.8x) and CCZ (11.0x) and D&B historical average multiple of 11.2x
 3) Theme Parks EBITDA Multiple based on midpoint of a 11.0x – 13.0x range, reflecting broker SOTP valuations of Credit Suisse (11.0x) and CCZ (11.0x) (excludes Citi outlier of 49.5x) and 3 year average EV / EBITDA trading multiple of global theme park peers (Merlin Entertainment, Six Flags and Cedar Fair) of 13.2x
 4) Bowling Centres EBITDA multiple based on midpoint of a 7.0x – 9.0x range, reflecting broker SOTP valuations of Credit Suisse (8.6x), Morgans (8.0x), Citi (5.6x) and CCZ (9.0x)
 5) Corporate Costs EBITDA multiple assumed to be consistent with valuation of Ardent as a whole

Delivering Potentially \$1 Billion of Additional Value by Turning Around Ardent

✓ \$600m potential opportunity in Main Event

- \$425m opportunity through rolling out another 24 Main Event centres (US\$7.5m capex per centre) if strong new centre economics can be achieved (25%¹ centre level ROIC). At ~ 8 centres p.a. this will take around 3yrs to achieve
- \$175m opportunity available from turning around underperforming existing Main Event centres base. Assumes US\$11.8m EBITDA improvement in the existing portfolio of Main Event centres (reflecting the low end of third party identified EBITDA opportunities)²

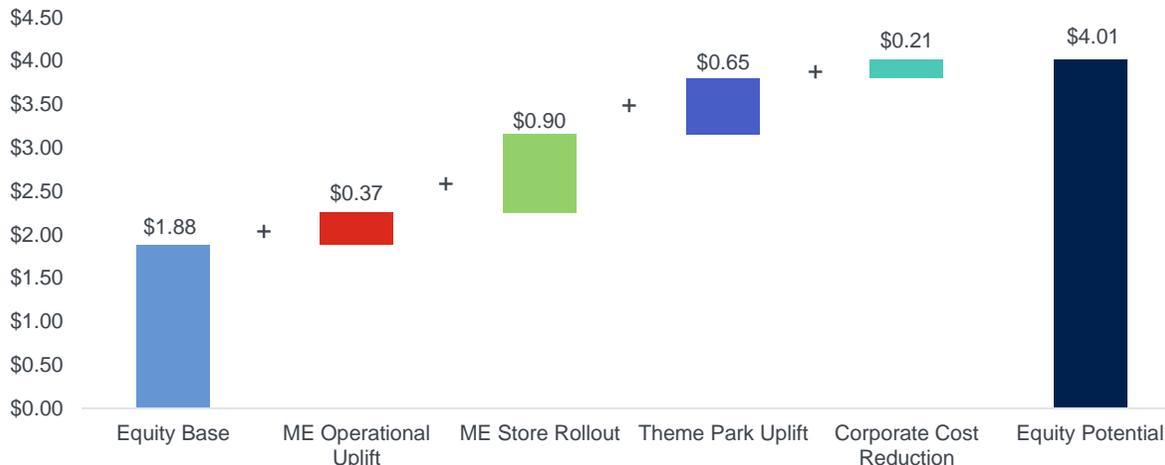
✓ \$300m potential opportunity in Theme Parks

- \$300m potential opportunity available through increasing Theme Park attendance to FY16 levels
- \$25m in development capex is assumed to reinvigorate the Dreamworld offering which may (subject to review of Dreamworld's plans and requirements moving forward) be funded by the sale of potential excess land at Coomera (~\$25m³ value attributed to excess land, equivalent to \$1m/ha)

✓ \$100m potential opportunity in Corporate Costs

- Reducing corporate costs by ~\$9m p.a. unlocks ~\$100m in valuation drag

Delivering Potential Value = \$1 billion opportunity and value of \$4.00 per security



Value Breakdown	Implied Current	Mid Potential
Main Event	A\$m 878	1,716
Theme Parks	A\$m 126	431
Bowling Centres	A\$m 150	150
Corporate Costs	A\$m -184	-87
Operating Divisions	A\$m 969	2,210
Less Net Debt	A\$m -110	-110
Less Development Capex	A\$m	-240
Less Surplus Land (Coomera)	A\$m 25	25
Equity Value	A\$m 884	1,885
Diluted Securities	m 470	470
Value per Security	A\$ 1.88	4.01

Fair Multiple Range ⁴	Low	High	Mid
Main Event	10.0x	12.0x	11.0x
Theme Parks	11.0x	13.0x	12.0x
Bowling Centres	7.0x	9.0x	8.0x
Corporate Costs	9.6x	11.6x	10.6x

Potential Value Range	Low	High	Mid
Current Value \$m	884	884	884
Current Value per Security	A\$1.88	A\$1.88	A\$1.88
Additional Value \$m	798	1,203	1,000
Additional Value per Security	A\$1.70	A\$2.57	A\$2.13
Potential Value \$m	1,682	2,087	1,885
Potential Value per Security	A\$3.58	A\$4.44	A\$4.01

Composition of Uplift (Mid Case)	Potential	per security
Main Event	A\$m 598	A\$1.27
Operational Enhancements	A\$m 173	A\$0.37
Centre Rollout (less dev capex)	A\$m 425	A\$0.90
Theme Parks	A\$m 305	A\$0.65
Overall Increase in Attendance	A\$m 305	A\$0.65
Development Capex	A\$m -25	-A\$0.05
Surplus land (Coomera)	A\$m 25	A\$0.05
Corporate Cost Reduction	A\$m 97	A\$0.21
Total Additional Value	A\$m 1,000	A\$2.13

1) Main Event targets ROI in first year of more than 30%. D&B targets cash on cash returns in year 1 of at least 35% and an average of at least 25% cash on cash returns over the first 5 years

2) Based on low end of 3rd party identified EBITDA opportunities of ~US\$11.8m to US\$21.1m and FX Rate of US\$0.75 / A\$

3) Based on redevelopment of 25 ha potential surplus land into 25 lots / ha, sold at \$40k per lot (per UBS estimates)

4) Refer to page 8 for rationale regarding multiple ranges

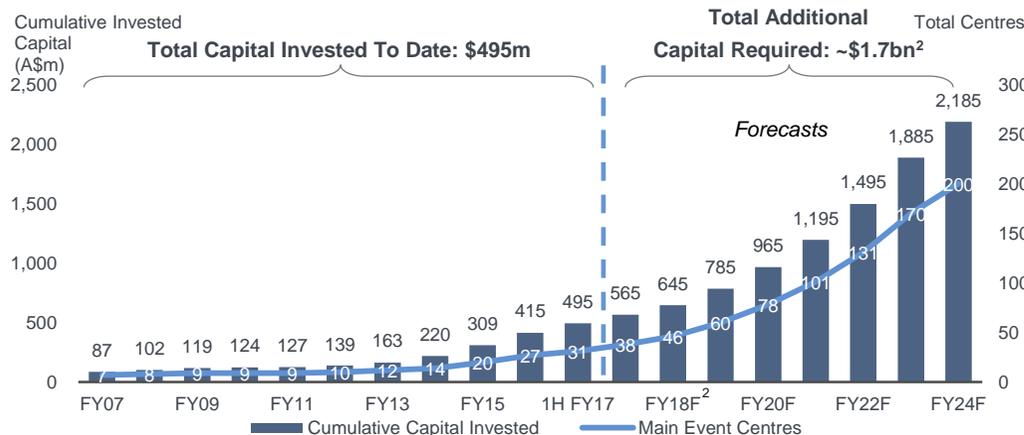
Disciplined Capital Allocation Needed to Fund Growth and Return to Meaningful Distributions

Ardent's Board can benefit from a proprietorial focus to ensure disciplined capital allocation

✘ Ardent's Board requires proprietorial focus

- We – like many of you – are wholly unconvinced by the Board's recent efforts
- Under the current Board:
 - ✘ Distributions have been cut from 12.5c in FY16 to 3c in FY17¹
 - ✘ The price of Ardent securities has more than halved over the last three years (equating to a decline in market value of more than \$900m)
- If the Board's announced strategy of up to 200 Main Event centres is to be pursued this will inevitably require the incurring of significant debt obligations as well as likely requiring material additional security holder contributions to fund this growth

✘ Ardent's announced Main Event strategy risks significant capital investment



✔ Our approach will achieve STEADY AND SUSTAINABLE success

- Adopting a more measured roll out of Main Event, while re-investing in Ardent's existing businesses including Theme Parks, has the potential to deliver an uplift in value of \$1 billion for ALL Ardent security holders
- Our proposed Directors have proven credentials in turning around underperforming businesses and have specifically been chosen to maximise Ardent's chances of success

✔ Allows for disciplined capital allocation and return of meaningful distributions³

Cash Flow Profile		FY18e	FY19e	FY20e
Operating Cashflow	\$m	68	96	127
Maintenance Capex	\$m	-59	-66	-74
Cashflow Available for Growth	\$m	9	30	53
Growth Capex	\$m	-101	-98	-89
Debt	\$m	111	106	92
Equity	\$m	0	0	0
Free Cashflow	\$m	19	38	56
Distributions	\$m	-19	-38	-56

Gearing Profile		FY18e	FY19e	FY20e
Net Debt / EBITDA ⁴	x	2.3	2.4	2.4
DPS	c	4.0	8.0	12.0
<i>Growth in DPS</i>	%	33.3%	100.0%	50.0%

1) Ardent announcement 23 June 2017

2) Based on 30% growth in centres p.a. and assuming capital cost of US\$7.5m per centre, converted at AUD / USD FX Rate of 0.75 USD / AUD. Based on Q3 FY17 Trading Update

3) Operating Cash Flow calculated as EBITDA less interest and tax. EBITDA based on FY18e consensus of brokers who disclose divisional earnings and assumes phase in of US\$11.8m Main Event uplift over 3 years from FY19e, rollout of 8 new Main Event centres p.a. over 3 years from 2H FY18 onwards, increase in Dreamworld attendance over 3 years to FY20e, and achieving \$9m in corporate savings over a 3 year period from 2H FY18e. Bowling assumes EBITDA and revenue growth rate of 3% p.a. from FY19e. Maintenance capex consistent with FY16 routine capex for Theme Parks and Bowling, and scaled up in Main Event to reflect increase in average centres for each period. Development capex includes rollout of new Main Event Centres at US\$7.5m per centre and announced refurbishment of 7 centres at US\$2.5m per centre. AUD / USD FX Rate of 0.75 AUD / USD. Tax assumes US tax rate of 35% on Main Event earnings. Interest rate of 4.3% assumed, consistent with FY16 weighted average AUD interest rate. Increase in debt assumed to fund any remaining cash requirements

4) In comparison, based on full year reports, Ardent's net debt / EBITDA between FY12 and FY16 has been within the range of 2.2x and 2.5x EBITDA

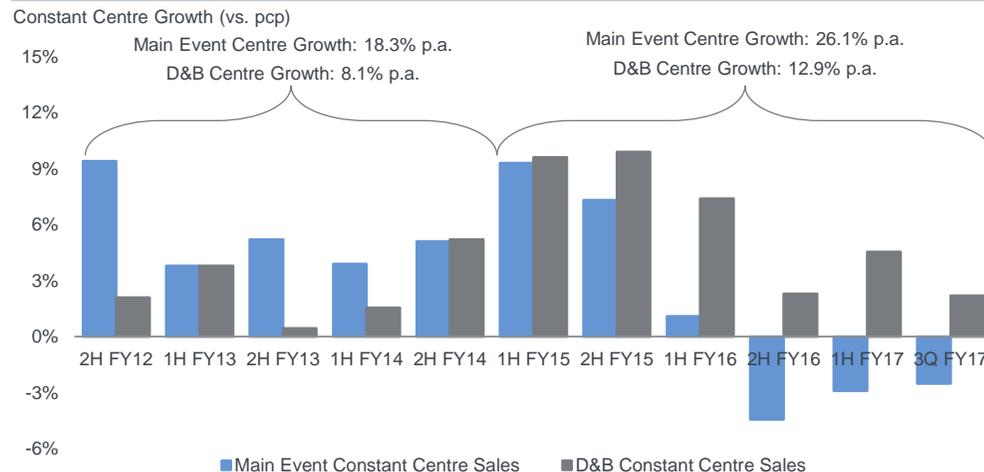
The Main Event Opportunity

Main Event Underperformance

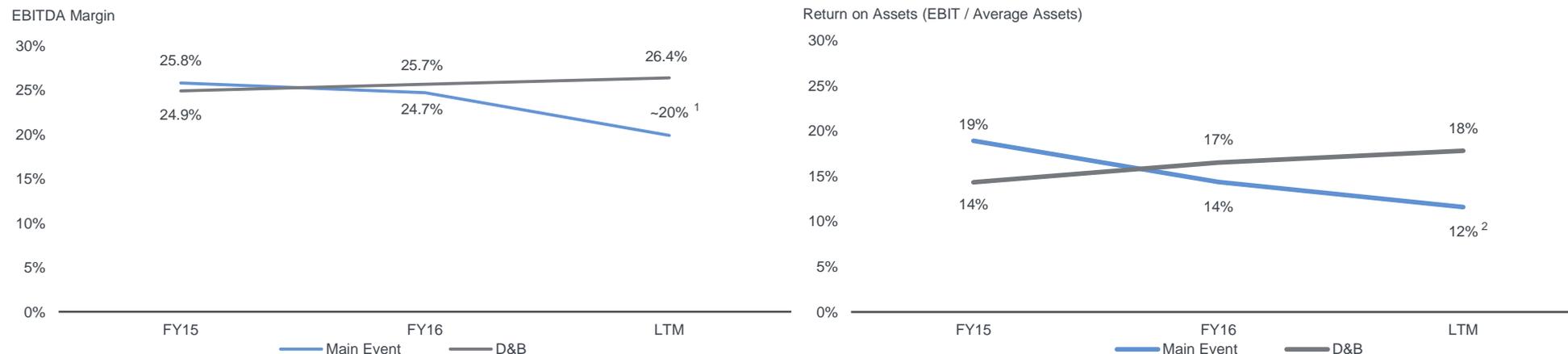
Financial performance has deteriorated as the rollout has become progressively more aggressive

- Main Event has clearly been unable to execute a successful new centre rollout while simultaneously preserving the performance of its existing centre base
- EBITDA margins and return on assets have fallen through a combination of aggressive ramp-up in corporate costs and existing centre underperformance
- Main Event has generated 18 months of negative LFL sales growth while its closest competitor D&B has exhibited strong LFL sales growth
- Main Event LFL performance has remained negative despite D&B experiencing tailwinds in Texas during the most recent period:
 - At its Q1 2017 (quarter ended 30 April 2017) conference call on 6 June 2017, D&B reported that: “From a regional standpoint, our Texas centres rebounded nicely and delivered comps above the system average for the first time in quite a while”
- Notably, D&B’s stock price has increased by more than 4x – from \$16 per share at listing to \$66 per share – in less than three years

Main Event’s increased rollout vs. D&B’s steady success



Ardent’s Board has overseen a concerning decline in Main Event’s financial performance as new centres have been rolled out



Source: Company filings.

1) LTM EBITDA Margin as at 30 June 2017, based on estimated FY17 EBITDA of US\$44-45m per Ardent Full Year Result Update, dated 23 June 2017

2) Based on LTM Return on Assets for the period ending 31 December 2016. Expected to decline further in FY2017, based on estimated FY17 EBITDA of US\$44-45m per Full Year Result Update on 23 June 2017 compared to LTM EBITDA of US \$46.6m as at 31 December 2016

Main Event Opportunity

Potential to deliver \$600m in value in Main Event via operational turnaround and new centre execution

Sizeable opportunity with the right proprietorial focus

✓ \$175m opportunity available from turning around existing operations:

- Independent third party analysis has identified potential to improve earnings at Main Event's existing centres by between US\$11.8m-US\$21.1m p.a.
- The low end of this range implies EBITDA improvement of ~A\$15.7m p.a.

✓ \$425m opportunity through rolling out another 24 Main Event centres:

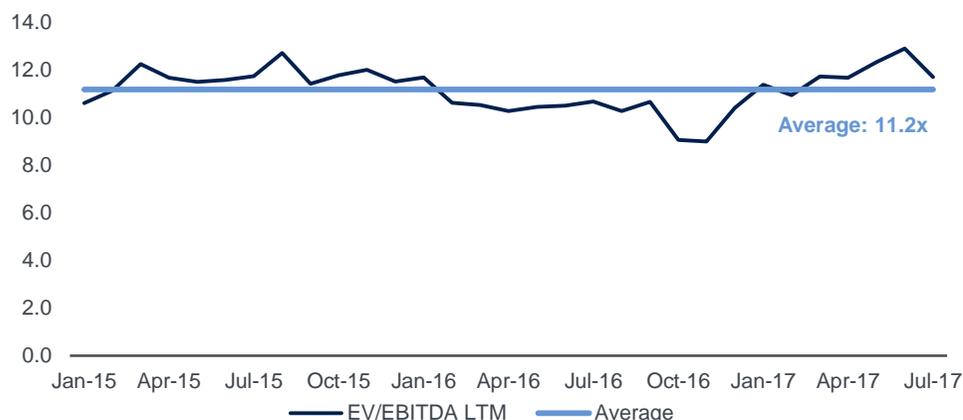
- Average net centre capex (post S&L) of US\$7.5m¹ per new centre
- Average incremental contribution of US\$1.9m per new centre, based on return on investment of 25%
- At ~8 centres p.a. this will take around 3 years to achieve

- An EV/EBITDA range of 10-12x (mid 11x) is supported by brokers and D&B trading history since listing

Main Event Opportunity		EBITDA	Mid Value
Main Event FY18e	A\$m	79.8	878
Operating Enhancements	A\$m	15.7	173
Centre Rollout - 24 centres	A\$m	60.5	665
Operating Division Potential	A\$m	156.0	1,716
Less Centre Rollout Capex	A\$m	-240	
Equity Value Potential	A\$m		1,476
Diluted Securities	m		470
Potential Value per Security A\$	A\$		3.14

Potential Value Range	Low	High	Mid
EV/EBITDA Multiple	10.0x	12.0x	11.0x
Current Value \$m	798	958	878
Current Value per Security	A\$1.70	A\$2.04	A\$1.87
Additional Value \$m	522	675	598
Additional Value per Security	A\$1.11	A\$1.44	A\$1.27
Potential Value \$m	1,320	1,632	1,476
Potential Value per Security	A\$2.81	A\$3.47	A\$3.14

D&B: LTM EV/EBITDA Multiple (Jan 2015 to Jul 2017)²



Potential additional value = \$600m value uplift (~\$1.27 per security)



1) FX of 0.75 USD/AUD assumed and based on upper end of Ardent disclosed centre costs (US\$7m-US\$7.5m)

2) Source S&P Capital IQ January 2015 to July 2017 (monthly basis)

Findings from Independent Consultants – Food & Beverage

At our own cost, we have commissioned two independent US-based consultants to assist our analysis of Main Event

Poor and inconsistent food is affecting customer experiences with negative impact on repeat visitation and constant centre sales

	Situation	US-based expert consultants have recommended
Food Quality	<p>Poor / inconsistent food quality:</p> <ul style="list-style-type: none"> • Mediocre food offering generally weak across all locations • Several menu items are viewed as disastrous: <ul style="list-style-type: none"> – Mac and Cheese, Chicken Primavera, Vanilla Gelato • Many menu items require improvement: <ul style="list-style-type: none"> – Examples: Sirloin – blue cheese topping has limited appeal, Nachos – soggy, Burgers – overcooked, Vegetables – dry/old 	<p>Improve quality & consistency of food:</p> <ul style="list-style-type: none"> • Develop high quality food offers, attractively priced to drive traffic for high margin amusement activities • Enhance the consistency of food preparation and delivery • Develop broadly appealing menu items that can be executed with a high level of consistency
Menu	<p>Menu Gaps:</p> <ul style="list-style-type: none"> • No breakfast offerings despite 9am open times in summer • Limited dessert range • Limited side offerings (sweet potato fries, onion rings etc) 	<p>Address Menu Gaps:</p> <ul style="list-style-type: none"> • Add breakfast, brunch to be served in La Bella's Pizza • Broaden dessert offerings • Introduce additional side offerings to create upsell opportunities
Premium Categories	<p>Limited premium beer and wine options:</p> <ul style="list-style-type: none"> • Many centres only have 1 or 2 craft or local beer offerings. When they are available they are typically not listed on the menu • Some centres did not offer a single Indian Pale Ale (IPA), one of the most popular and fastest growing types of beer in the US 	<p>Capture opportunities in premium wine and beer:</p> <ul style="list-style-type: none"> • Introduce more craft and IPA beer options and merchandise them appropriately • Introduce more premium wine options into the menu

Source: Independent third party assessment commissioned at our own cost

Findings from Independent Consultants – Service

Repeat customer demand impacted by poor service quality

	Situation	US-based expert consultants have recommended
Training	<p>Weak training regime and low staff motivation:</p> <ul style="list-style-type: none"> • Despite rapid growth and an ongoing need for new managers, employees are not incentivised to aspire to become managers • Managers are typically hired from outside the company and given 8 weeks training. Employees are only given 4-10 days of training (shadowing other employees) • Previous training regime disciplines have been removed (written test on food & drink offering, centre information) • Urgent need to implement a new training regime 	<p>Revamp Training:</p> <ul style="list-style-type: none"> • Develop standard training program: <ul style="list-style-type: none"> – Require longer training programs for new employees – Implement continuous education at 6 months intervals – Training when in-centre roles change • Shift hiring emphasis to be more conscious of employee career aspirations (Main Event: “Work for us” vs D&B: “Careers”)
Service	<p>Poor Service:</p> <ul style="list-style-type: none"> • Lack of clarity for customers on how to order • Long wait times for servers to reach table and low attentiveness • Evidence that employees are ignoring obvious blemishes as they fall outside their specific role • Perceived lack of management oversight at non-Dallas locations 	<p>Improve Service:</p> <ul style="list-style-type: none"> • Focus on building a customer centric service culture • Foster a more collaborative culture of getting things done • Ensure appropriate oversight for all locations • Track and reward exceptional performance • Use technology to enhance service (i.e. Tabletop ordering, kitchen display systems) • Consider introducing a greeter to guide customers as they walk in
Labour supply mismatch	<p>Understaffing and overstaffing are both problems:</p> <ul style="list-style-type: none"> • Centres are understaffed in busy periods (i.e. during sport playoffs) and overstaffed in quiet periods • Main Events multiple offerings also create trapped labour in bowling, laser tag, La Bella’s Pizza 	<p>Match Labour Supply to Demand:</p> <ul style="list-style-type: none"> • Improve demand forecasting to: <ul style="list-style-type: none"> – Increase staffing during known periods of high demand (sport events) – Reduce staffing during quiet periods • Consider limiting some amusement opening periods to busy periods of the day (i.e. laser tag, ropes) • Cross train staff to better meet demand requirements across the centre

Findings from Independent Consultants – Environment

Remodels are essential and should be accelerated. Wasted space should be repurposed

	Situation	US-based expert consultants have recommended
Legacy Centres	<p>Older Texas centres are a drag on group performance:</p> <ul style="list-style-type: none"> Older Texas centres are noticeably different to new centres and remodelled centres, hurting brand image The lack of a remodel deeply hurts the customer experience and employee engagement The bowling interface from older centres is far inferior to the newer locations which have better bowling hardware/software 	<p>Accelerate Remodels:</p> <ul style="list-style-type: none"> Accelerate remodels of both environment and consumer interfaces Remodels can be executed with somewhat limited interruptions to the business given construction crews work during the night and cordon off areas section by section until complete
Wasted Space	<p>Lost opportunity in wasted space:</p> <ul style="list-style-type: none"> Main Event centres have significant wasted space: <ul style="list-style-type: none"> Examples: dead space, party tables, expansive walkways, sales office, juice bar, karaoke, excess laser tag wait area Some activities appear to run with very low utilisation: <ul style="list-style-type: none"> Examples: Bocce ball, mini-golf La Bella's Pizza is a weak concept and should be replaced 	<p>Repurposed wasted space to high return activities:</p> <ul style="list-style-type: none"> Replace/shrink space allocated to low return activities Expand arcade footprint and density where possible Introduce high returning new activities: <ul style="list-style-type: none"> Examples: Escape Games (growing trend globally) and golf simulators Expand existing high returns activities: <ul style="list-style-type: none"> Examples: Rock wall climbing (where possible) Add upsell opportunities throughout the centre, particularly when people are loading up their FunCards Improve prominence of high value prizes within Prize centre Introduce Main Event branded prizes Enhance daypart utilisation: league bowling, lunch specials, happy hours, corporate events

Findings from Independent Consultants – Marketing

Marketing is weak and event opportunities are being missed

	Situation	US-based expert consultants have recommended
Weak Marketing	<p>Confused marketing message:</p> <ul style="list-style-type: none"> The marketing slogans and advertising campaigns are weak and do a poor job in highlighting Main Event strengths Main Event social media posts are sporadic and seem uncoordinated 	<p>Revamp marketing and customer segmentation:</p> <ul style="list-style-type: none"> Introduce a new-age marketing campaign that better targets Main Events key customer segments Build a more robust social media presence and use social media to better promote centre openings and promotions Push high-margin high-quality menu items Highlight centre strengths in marketing campaigns Accelerate email marketing by encouraging customers to provide an email in order to receive bonus arcade credit Build customer loyalty through a well structured loyalty program to grow brand affinity and drive high margin incremental sales (particularly during off-peak) Offer rewards that have low cost to Main Event but are valuable to customers (free bowling or arcade time on low volume days)
Missed Event Opportunities	<p>Weak processes to capture event demand:</p> <ul style="list-style-type: none"> Event calls are routed to the Events office at each centre which may be unstaffed Event staff do not consistently offer tours of the facility Event staff generally do not collect customer information or attempt to follow up Main Event does not effectively target corporate events 	<p>Capture missed sales, building opportunities:</p> <ul style="list-style-type: none"> Event requests should be handled by a centralised call centre (D&B has had significant success with a centralised sales call centre) Offer tours of the facility Use a CRM to capture customer information Increase the level of consistency in events packages and make the packages more user friendly and flexible Proactively attempt to build the events business

Main Event – Major Enhancement Opportunities

Valuable opportunities for improvement exist in league bowling, arcade density, beverage uplift

	Opportunity	Potential uplift ¹		
 League Bowling	Increase League Bowling utilisation: <ul style="list-style-type: none"> Main Event bowling is underutilised relative to peers Hosting between 11 and 27 leagues allows Super Bowl and MaxBowl to utilise 100% of lane capacity during weekday and night parts. Competitors generate \$1.2m to \$3.2m per centre per annum from league bowlers Main Event should add League Bowling on quiet nights (i.e. Tuesday) and during weekdays Potential recurring revenue stream of 1,000+ weekly bowlers (80-90 per league) with associated sales in food and beverage, arcades Potential revenue opportunity estimated at US\$0.5m to US\$1m per centre p.a. 	League Opportunity (US\$m)	Low	High
		Revenue Potential	\$16.0m	\$32.0m
		EBITDA Potential	\$4.0m	\$8.0m
 Arcade Density	Expand Arcade footprint: <ul style="list-style-type: none"> Main Event has 60% fewer customers per square foot compared to peers² Arcade density is also substantially lower at Main Event than peers² Main Event has 7.5 games per 1,000 square foot vs D&B at 14 games per 1,000 square foot Repurposing low returning space to arcade games can increase sales productivity significantly Areas worth repurposing include: expansive walkways, Bocce, La Bella's Pizza, excess Laser Tag Wait Area, Sales Office (move to Call Centre), Karaoke (combine with Party Room), Juice Bar (move to Bar), Winners Choice (replace with machines) Repurposing 25% of surplus space to games and assuming revenue equivalent to 50-80% of average annual revenue per game of ~US\$13k creates scope for a US\$10-US\$15m revenue uplift p.a. 	Arcade Opportunity (US\$m)	Low	High
		Revenue Potential	\$9.6m	\$15.4m
		EBITDA Potential	\$2.4m	\$3.8m

Source: Independent third party assessment commissioned at our own cost

1) Based on 21 centres visited and analysis assumes 32 total centres

2) Peers include D&B, Gameworks, Top Golf, Bowlero, Lucky Strike, Max Bowl, Painted Pin, Plano Super Bowl, Strikz

Main Event – Incremental Enhancement Opportunities

Incremental opportunities exist in corporate event promotion and labour demand matching

	Opportunity	Potential uplift ¹		
✓ Beverage	<p>Beverage opportunity:</p> <ul style="list-style-type: none"> Main Event substantially underperforms Top Golf and D&B in alcohol sales per square foot Top Golf has successfully focused on craft cocktails (70% of menu), extensive wine range and local craft beer. Main Event's offer seems focused on fruity cocktails (90% of cocktail items) and basic beer and wine options Improving Main Event's alcohol sales to 50-75% of D&B yield will generate incremental revenue of US\$11m to US\$16m p.a. 	Beverage Opportunity (US\$m)		
		Revenue Potential	Low \$10.8m	High \$16.3m
		EBITDA Potential	\$2.7m	\$4.0m
✓ Corporate Events	<p>Increase promotion of corporate events:</p> <ul style="list-style-type: none"> Main Event is missing an opportunity in corporate happy hours that competitors D&B and Top Golf have exploited to great success Main Event should use centralised sales call centres and expand the number of events per week Potential US\$1.2m to US\$3.5m p.a. revenue opportunity at 2 to 4 sessions per week (1 currently) 	Corporate Opportunity (US\$m)		
		Revenue Potential	Low \$1.2m	High \$3.5m
		EBITDA Potential	\$0.3m	\$0.9m
✓ Labour Scheduling	<p>Demand driven labour scheduling:</p> <ul style="list-style-type: none"> Main Event has ~70% fewer customers per employee compared to peers² Main Event's offerings create trapped labour in bowling, laser tag, ropes and La Bella's Pizza Closing laser tag and ropes at Main Event during off peak periods will reduce staffing costs Closing the labour hours per centre gap to D&B could save US\$2.5m to US\$4.4m p.a. 	Labour Opportunity (US\$m)		
		EBITDA Potential	Low \$2.5m	High \$4.4m

SUMMARY

Revenue Uplift: US\$37.4m to US\$67.2m

EBITDA Uplift: US\$11.8m to US\$21.1m

Source: Independent third party assessment commissioned at our own cost

1) Based on 21 centres visited and analysis assumes 32 total centres

2) Peers include D&B, Gameworks, Top Golf, Bowlero, Lucky Strike, Max Bowl, Painted Pin, Plano Super Bowl, Strikz

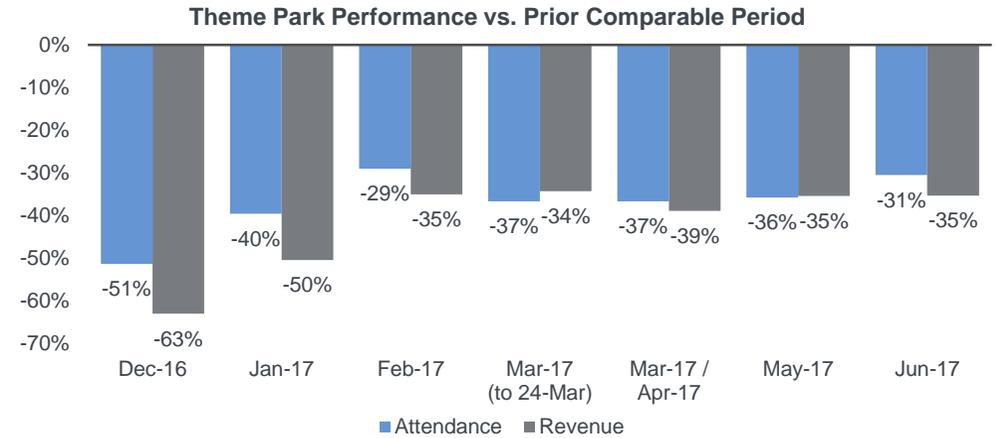
Theme Parks

Theme Park Underperformance

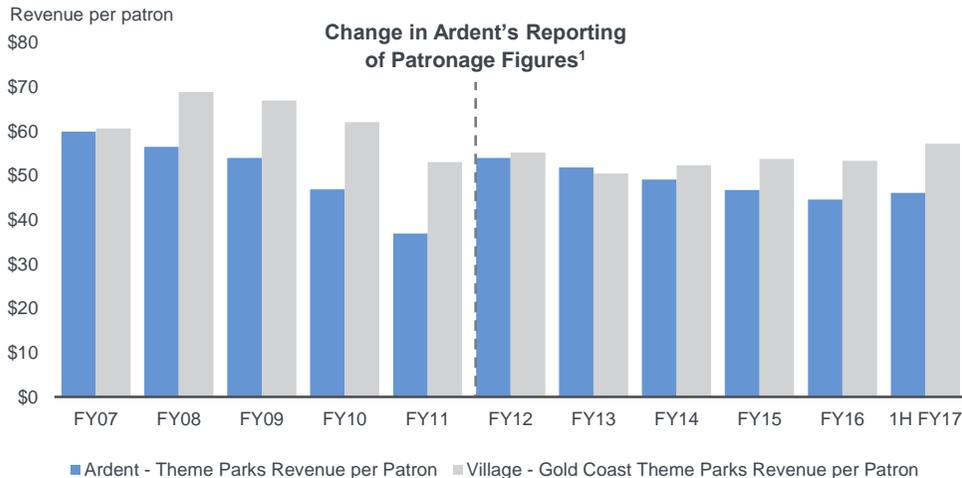
Attendance and performance remain weak post the Dreamworld incident and relative to Village Roadshow

Dreamworld revenue and attendance remains materially below pre-Dreamworld incident levels

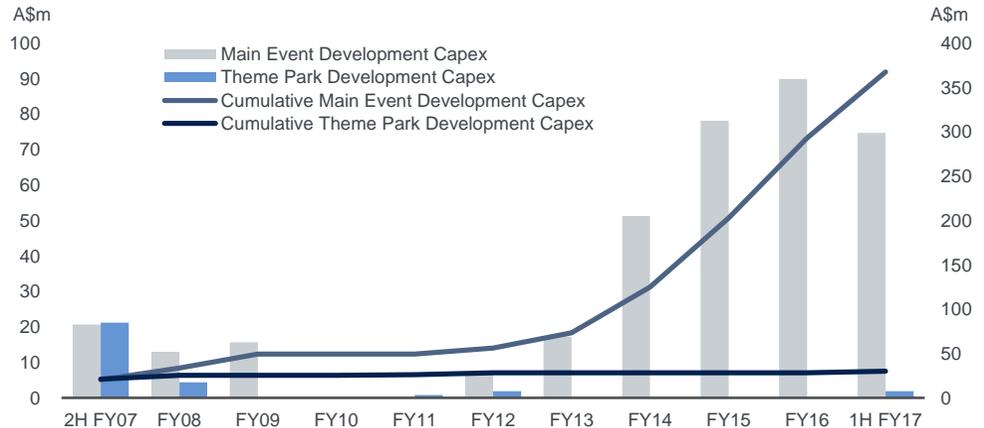
- Ardent has underinvested in its Theme Parks over the last decade. **Over the last 10 years Theme Park Development Capex amounts to less than 10% of the \$368m invested in Main Event over the same period**
- Ardent's Theme Parks underperform Village Roadshow's Gold Coast theme parks. **Revenue per patron is 19% below Village Roadshow's Gold Coast theme parks**
- Underperformance is reflected in the systemic decline in revenue per patron at Ardent's Theme Parks. Between FY12 and FY16, Ardent's Theme Park revenue per patron declined 17.5%. While revenue and attendance grew over this period, the decline in revenue per patron is indicative of discounting and potentially a missed opportunity notwithstanding growth in revenue and attendance (Village Roadshow revenue per patron declined 3.3% over this period)
- To date there is little evidence that the strategy to restore attendance at Dreamworld is having a meaningful effect



Even prior to the Dreamworld incident, Ardent has underperformed Village



Main Event's capital outlay has limited capex available for Theme Parks



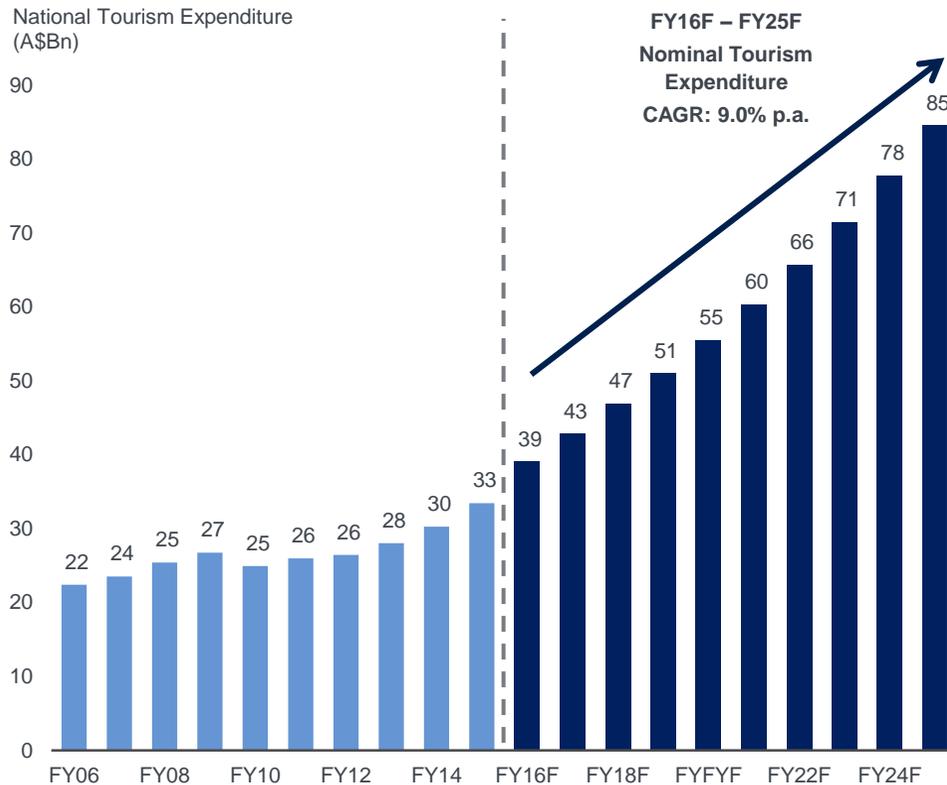
1) Per patron figures prior to FY12 are not comparable due to changes in Ardent's reporting of patronage figures. Prior to FY12, each World Pass sale was accounted for as entry of 2 patrons. From FY12 onwards, World Pass sales have been treated as entry of 1 patron

Theme Parks Positioned to Capture Inbound Tourism Opportunity

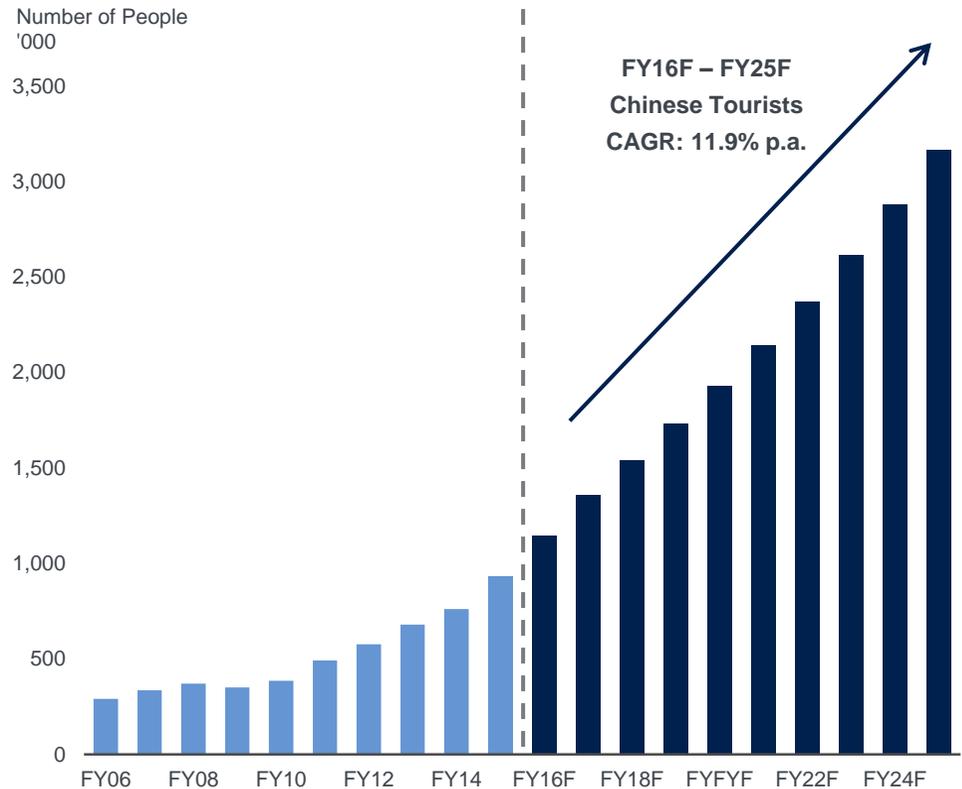
Ardent's Theme Parks have a unique opportunity to benefit from fast growing trend in inbound tourism

- Australian inbound tourism is estimated to have increased by 7.2% p.a. over the last 5 years and largely as a result of inbound Chinese tourism
- The Gold Coast has been a major beneficiary of this inbound tourism – since FY09, total annual tourists to the Gold Coast have increased by 15.8%
- Over the next decade, tourism expenditure is forecast to grow by 116% and Chinese tourism is forecast to grow by ~12% p.a.

Australian inbound tourism expenditure is set to more than double¹



Chinese tourism is forecast to grow at ~12% p.a. over the next decade¹



1) Source: Austrade Tourism Forecasts 2016

Theme Park Opportunity

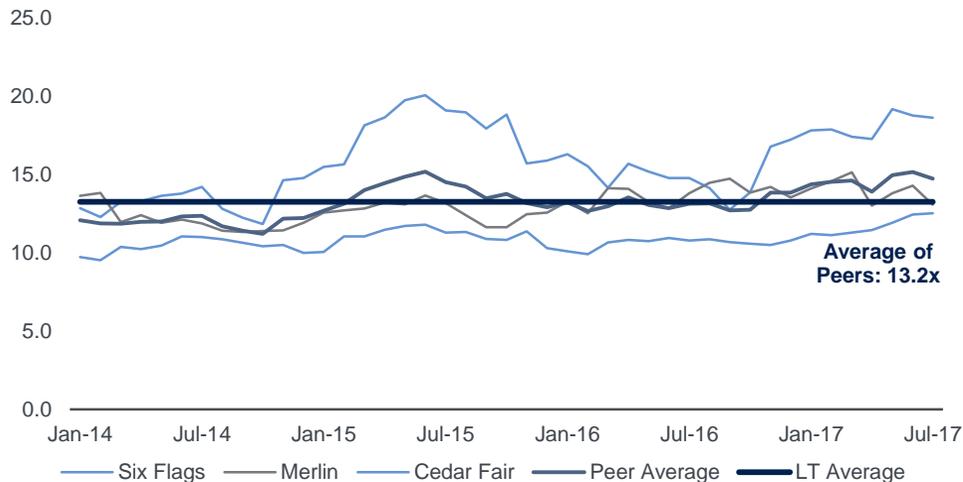
Potential to deliver \$300m in value through driving a Theme Park attendance recovery

- ✓ **\$275m opportunity through restoring Theme Park attendance:**
 - Restore attendance to FY16 levels by rebuilding trust
 - ~\$25m in development capex assumed to reinvigorate the offering through new attractions
 - There is additional upside potential available through closing the gap to Village Roadshow (~19% revenue/patron). **This upside has not been factored into our analysis**
- ✓ **\$25m opportunity available in potential surplus land at Coomera:**
 - Ardent has ~25 ha of potential surplus land in Coomera
 - Conservatively assuming \$1m per ha suggests \$25m in value – this is based on analysis of 25 lots per hectare and sale of each lot for a net profit of \$40k
 - This would be sufficient to self-fund theme park development capex
- An EV/EBITDA range of 11-13x (mid 12x) is supported by brokers and peers which have averaged c.13x over the past 3-4 years

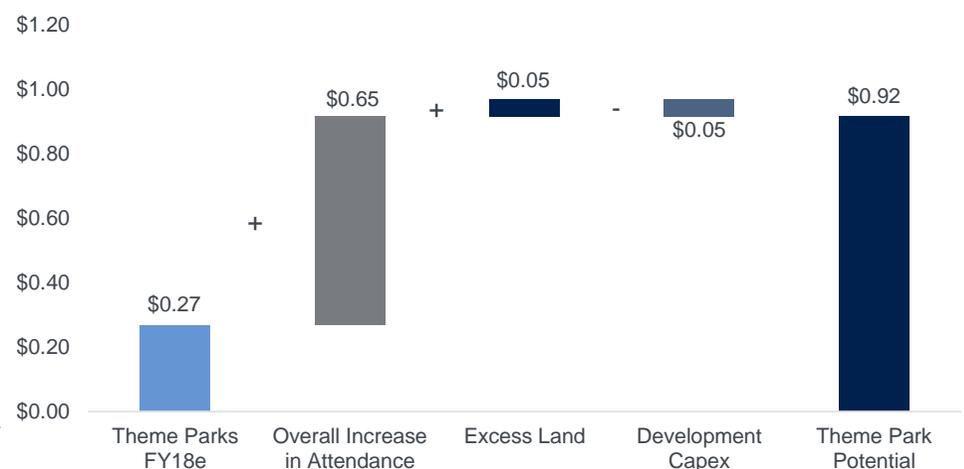
Theme Park Opportunity		EBITDA	Mid Value
Theme Parks FY18e	A\$m	10.5	126
Overall Increase in Attendance	A\$m	25.4	305
Operating Division Potential	A\$m	35.9	431
Development Capex	A\$m		-25
Sale of Surplus Land	A\$m		25
Equity Value Potential	A\$m		431
Diluted Securities	m		470
Potential Value per Security A\$	A\$		0.92

Potential Value Range	Low	High	Mid
EV/EBITDA Multiple	11.0x	13.0x	12.0x
Current Value \$m	116	137	126
Current Value per security	A\$0.25	A\$0.29	A\$0.27
Additional Value \$m	279	330	305
Additional Value per security	A\$0.59	A\$0.70	A\$0.65
Potential Value \$m	395	467	431
Potential Value per security	A\$0.84	A\$0.99	A\$0.92

Theme park peer EV/EBITDA multiples (LTM basis) ^{1,2}



Potential additional value



1) Source S&P Capital IQ Jan 2014 to July 2017 (monthly basis)
 2) Peer average is calculated based on the arithmetic average of monthly peer group multiples

Corporate Costs

Corporate Cost Opportunity

Potential to deliver \$100m in additional value through reducing corporate costs on a sustainable basis

✗ Ardent's blowout in corporate and management costs is a cause for concern

- Corporate costs have increased 80% since internalisation
- Brokers anticipate further growth in corporate costs to FY18, despite reduced scale and reduced operational complexity following the sale of Health Clubs and Marinas
- We expect a bottom up review of the true costs required to manage the ongoing requirements for the business would result in a dramatically lower number
- There is no tangible evidence in the form of improved operations or security price that there is value being added for these corporate costs

✓ ~\$100m opportunity through corporate cost reduction

- A ~\$9m annualised reduction in corporate costs equates to ~\$100m of valuation uplift
- A ~\$9m reduction takes corporate costs back to levels immediately post internalisation
- This may be achievable given a significant parallel build up in Main Event corporate infrastructure in the US and the dramatically reduced scale of the Australian operations

Corporate Cost Opportunity		EBITDA	Mid Value
Corporate Costs FY18e	A\$m	-17.4	-184
Corporate Cost Reduction	A\$m	9.2	97
Value Drag	A\$m	-8.2	-87
Diluted Securities	m		470
Value Drag per Security	A\$		-0.18

Potential Value Range	Low	High	Mid
EV/EBITDA Multiple	9.6x	11.6x	10.6x
Current Value \$m	-167	-202	-184
Current Value per security	-A\$0.36	-A\$0.43	-A\$0.39
Additional Value \$m	88	107	97
Additional Value per security	A\$0.19	A\$0.23	A\$0.21
Potential Value \$m	-79	-95	-87
Potential Value per security	-A\$0.17	-A\$0.20	-A\$0.18

Corporate costs have almost doubled since internalisation of management



1) FY17e-FY18e is an average of brokers which disclose their EBITDA forecast breakdown following the full year result update released on 23 June 2017, namely (Citi – 26 June 2017, Credit Suisse – 26 June 2017, Morgans – 27 June 2017, Baillieu Holst – 23 June 2017)

Future Strategic Options

Future Strategic Options

Subject to successful execution of the initiatives set out above, Ardent will have a number of attractive strategic options available to pursue at the right time

Strategic options to consider

Ardent has a number of strategic options available to pursue. However, the timing of any initiative will be critical to value creation. We believe a turnaround in performance for both Main Event and Theme Parks will greatly enhance the uplift in value available

Importantly, through the addition of the proposed 4 new director nominees, the strengthened Board will have the requisite skillset to properly assess the value proposition for ALL security holders

1 Consider options for Main Event including a US Listing or sale

- We believe a US listing or sale (in part or full) of Main Event will be worth considering once:
 - Performance of the existing centre base has been restored (evidenced by positive constant centre revenue momentum and margin restoration)
 - Demonstrated ability to execute a sustained and successful new centre rollout program while maintaining performance of existing stores
- At this point Main Event will have significant investment appeal as a stand alone leisure/entertainment concept with a strong consumer proposition and substantial rollout potential
- An alternative to a US listing may be a sale to a US based industry player or private equity fund

2 Reinvest in Theme Parks and explore strategic partnerships

- We would like to see Dreamworld restored as the best theme park in Australia through reinvestment in the customer experience
- An enhanced Theme Park offering in Queensland should attract additional local, interstate and overseas tourists
- There is also an opportunity to explore strategic partnerships with other industry players, particularly overseas groups seeking to enter the attractive Australian leisure and tourism market

3 Sale or development of excess land at Coomera

- Ardent potentially has 25ha of surplus land at Coomera, an attractive growth corridor between Brisbane and the Gold Coast
- We conservatively estimate that Ardent could realise ~\$1m per ha from the sale of the land (\$25m value)
- However, there may be more attractive development opportunities worth considering
- The impact on the Theme Parks of any development or sale needs to be considered prior to sale along with the longer term real estate requirements

4 Operational improvement or sale of Australian Bowling Assets

- Ardent should work to improve the performance of its Bowling business given a current suboptimal return on assets of 4.2%¹
- There may be an opportunity to upgrade some sites into a Main Event / Kingpin style offering
- There are immediate opportunities to capture the current trend of introducing entertainment and leisure offerings into Australian malls. Importantly, this will require the right level of access at the malls to drive optimal deals for Ardent
- In our view, the opportunity for Bowling is to capture the consumer offering beyond bowling – such as entertainment, gaming, eating and drinking – as well as assessing opportunities to reconfigure space to make the venues more productive
- There are a number of underperforming centres which should be rationalised
- If the return on assets cannot be improved, we believe Ardent should consider a sale of the Bowling assets to recycle capital into Theme Parks and Main Event given:
 - Maturity of the assets and low ROIC relative to the potential inherent in Main Event and Theme Parks
 - Modest size and limited functional and geographic synergies with Main Event and Theme Parks

1) Based on LTM EBIT / Average assets as at 31 December 2016

Strengthening the Board... Enhancing the Composition and Alignment of the Board

The Right Team

The right Board with a proprietorial focus, skills and experience is required to successfully oversee the plan

Governance and leadership constraints

✗ Poor track record:

- The existing Ardent Board has presided over a significant loss of value with the price of Ardent securities having more than halved over the last 3 years - from a high of \$3.49 in October 2014 to as low as \$1.52 a few months ago (a loss of over \$900m in market value)
- Overall corporate governance, particularly in relation to multiple senior management changes and questionable executive remuneration practices which, coupled with Ardent's poor operating and financial performance, have impacted on the overall market standing of Ardent

✗ Lack of material financial alignment:

- The current Ardent Board collectively owns less than 0.4% of Ardent's capital

✗ Lack of appropriate skills and experience:

- Despite Main Event representing more than 70% of EBITDA, Ardent has no US-based directors or directors with US Leisure or US Dining experience
- That deficiency was only acknowledged in April 2017 despite the Main Event business reporting 18 months of constant centre revenue declines and absorbing the vast majority of development capex spend in the Group

Board Financial Alignment	Interest in Securities 000's ¹	%
Simon Kelly		
- Securities	280	0.06%
- Rights	799	0.17%
George Venardos	216	0.05%
Roger Davis	201	0.04%
David Haslingden	160	0.03%
Donald Morris	14	0.00%
Melanie Wills	10	0.00%
Total	1,680	0.36%

Enhance the composition of the Board and ensuring the right leadership is critical

✓ Right alignment:

- It is critical that there is a proprietorial focus at Board level to maximise the value in Ardent
- Portfolio Services Pty Ltd, Kayaal Pty Ltd and associates hold more than 10% of Ardent and therefore have a substantial financial alignment with security holders
- Two candidates proposed by Ardent's largest security holder group – Dr. Gary Weiss (Portfolio Services Pty Ltd) and Kevin Seymour AM (Kayaal Pty Ltd)
- Two **INDEPENDENT** directors with highly relevant experience have also been proposed – Brad Richmond and Andy Hedges

✓ Adding to the skills and experience of the Board:

- **Dr. Gary Weiss** has extensive international business experience beneficial for improving and growing Ardent's overall operations and has a **proven track record in turning around underperforming businesses**. He also has deep experience in corporate governance through substantial board involvements over many years, including in highly-regulated sectors such as life insurance / wealth management and aged care
- **Kevin Seymour AM** has extensive investment and property experience, **particularly beneficial for reinvigorating Ardent's Theme Park operations and professionally assessing development opportunities for Ardent's various property interests**
- **Brad Richmond** is a highly regarded US senior executive with a background in the full service restaurant sector in the US. Brad played a leading role in the Darden turnaround and his skills and experience will be **particularly beneficial for improving the operational and financial performance of Main Event**
- **Andy Hedges** held senior roles at Scentre Group which will be **invaluable with regard to driving value in Theme Parks, Bowling Centres and reviewing the potential for locating Main Event centres in major shopping malls**

1) Source: Ardent FY2016 Annual Report and Appendix 3Ys. Includes 799,334 rights granted to Mr. Simon Kelly on 9 June 2017.

Our Board Nominees

It is time to arrest the significant loss of security holder wealth that has occurred under the stewardship of the current Board. BY VOTING IN FAVOUR of the four nominees below you will be backing individuals with proven skills and experience and a successful track record of improving operational and financial performance and building value



Dr. Gary H. Weiss

- Dr. Weiss is currently the Executive Director of Ariadne Australia Limited, a diversified investment company with investments in a variety of sectors, chairman of Ridley Corporation Limited and Estia Health Limited and a director of a number of other public companies, including Premier Investments Limited and The Straits Trading Company Limited
- Dr. Weiss is also a Commissioner of the Australian Rugby League Commission
- He was the former chairman of Coats plc, and ClearView Wealth Limited, a former director of Whitlam, Turnbull & Co and Guinness Peat Group plc and has sat on the boards of Westfield Holdings Limited and a number of other public companies. Dr. Weiss has also been involved in managing large businesses with operations in many regions including the USA and is familiar with investments across a wide range of industries, corporate finance and private equity type deals
- He also has deep experience in corporate governance through substantial board involvements over many years, including highly-regulated sectors such as life insurance, wealth management and aged care
- Dr. Weiss holds an LLB (Hons) and LLM from Victoria University of Wellington and a Doctor of the Science of Law (JSD) from Cornell University. He was admitted as a Barrister and Solicitor of the Supreme Court of New Zealand, a Barrister and Solicitor of the Supreme Court of Victoria and as a Solicitor of the Supreme Court of New South Wales
- He has authored a number of articles on a variety of legal and commercial topics



Mr. Kevin W. Seymour AM

- Mr. Seymour AM, has been a director of Ariadne since 23 December 1992 and he has extensive Queensland and property experience, beneficial for reinvigorating the Ardent Leisure's Theme Park operations
- Mr. Seymour is also the executive chairman of Seymour Group, one of the largest private property development and investment companies in Queensland and has substantial experience in the equities market in Australia, has extensive management and business experience including company restructuring. In June 2003, Mr. Seymour received the Centenary Medal for distinguished service to business and commerce through the construction industry and, in June 2005, he was awarded the Order of Australia Medal for his service to business, the racing industry, and the community
- Mr. Seymour also served as a director of Watpac Limited (appointed May 1996 and resigned 24 September 2013). Mr. Seymour is additionally a director of Tatts Group Limited (appointed 12 October 2006), having been a director of UniTAB Limited (appointed 1 September 2000) prior to its merger with Tattersall's Limited. He has had extensive involvement and experience in the gaming sector over many years

Our Board Nominees (Cont'd)

It is time to arrest the significant loss of security holder wealth that has occurred under the stewardship of the current Board. BY VOTING IN FAVOUR of the four nominees below you will be backing individuals with proven skills and experience and a successful track record of improving operational and financial performance and building value



Mr. Carl Bradford (Brad) Richmond

- Mr. Richmond is a senior US-based executive with proven turnaround credentials, who served as senior vice president and chief financial officer for Darden Restaurants from 2006 until 2015. Darden is the world's largest full-service restaurant operating company with annual sales of US\$6.9 billion in 2015. (The company owns and operates 2,200 Olive Garden, LongHorn Steakhouse, Season's 52, The Capital Grille, Eddie V's, Yard House and Bahama Breeze – including Red Lobster until 2014 – restaurants in North America, employs 220,000 and serves more than 460 million meals annually.)
- In that role, Mr. Richmond served as a key member of the executive team and advisor to the chairman and chief executive officer in achieving superior brand management and rejuvenation. In this role, he created significant shareholder value by driving sales and earnings growth, developing diverse talent, leading high-performing teams and expanding organizational capability
- Mr. Richmond spearheaded US \$1.4 billion transformative, US \$585 million growth and US \$66 million tuck-in acquisitions; arranged financing; led successful integration; and achieved significant cost and revenue synergies
- Together with the Board and executive management team, Mr. Richmond led the successful turnaround of Darden. During the turnaround period from December 2013 up until Mr. Richmond's departure in July 2015, Darden's share price grew more than 37% creating approximately US\$2.2 billion in shareholder value, resulting in a total shareholder return of 47.4% over the period



Mr. Andrew M. Hedges

- Andrew Hedges is an internationally experienced and highly regarded senior business leader who possesses broad commercial acumen having considerable expertise in strategy, marketing, sales, operations, HR, digital, OH&S and finance. These specialised skills are complemented by a professional accounting qualification and substantial operational experience
- Mr. Hedges' previous roles have included Director Shopping Centre Management and Director Shopping Centre Management & Marketing for Scentre Group, which owns and operates Westfield in Australia and New Zealand, and prior to that, SVP Regional Director Australia/New Zealand and General Manager (Canada) of Reckitt Benckiser
- In his role at Scentre Group Mr. Hedges' achievements included growing a diverse portfolio of income (casual retail, mall media, car parking, embedded electricity networks and storeroom leasing) by 230% over 8 years to over \$200 million net operating income, creating an incremental \$2 billion of value for the business. He additionally led the team to deliver a world class mall media business (BrandSpace) by creating a SuperScreen network of large format digital advertising screens and launching, in 2015, the SmartScreen network of over 1200 digital screens across Australia – one of the largest and most complex digital advertising networks in the world. Both initiatives had significantly accretive financial returns in addition to supporting the growth in net income of over 240%
- In his role at Reckitt Benckiser, Mr. Hedges' achievements included increasing net revenues by over 20% (base circa \$400 million), increasing operating profit by \$35 million, and introduction of 42 major new products adding significantly to annual revenues

FIX ARDENT BY VOTING IN FAVOUR OF ALL RESOLUTIONS

Ardent's Board Has Overseen Poor Performance

- ✘ **Poor financial and operational performance** both at group level (blow out in head office costs and recent profit downgrades) and particularly in the execution of the Main Event expansion (EBITDA margin deterioration, a concerning trend of negative constant centres revenue growth over the last 18 months and, consequentially, constant centre revenue performance at Main Event undershooting the stated long term target of low single digit growth)
- ✘ **Uncertain strategy relating to the funding of the Main Event rollout** which, based upon Ardent's announced strategy, is likely to see all of Ardent's free cash flow over the next five years (at least) being applied to expansion of the US operations, putting at risk not only potential further investment in Ardent's other operating businesses, but also the payment of distributions over that period. We note that distributions have already been cut from 12.5c in FY16 to 3c in FY17 (as announced on 23 June 2017)
- ✘ **Lack of clarity on strategy** for Ardent and for individual assets. The Board has previously emphasised a commitment to Main Event as the strategic focus of the group. Recent poor financial and operational performance in Main Event has brought the continued validity of this strategy into focus. Changes in leadership, conflicting statements on whether/which assets are for sale and the appointment of further consultants has led to confusion and consequent loss of market standing
- ✘ **Ability to continue investing in Australia** particularly in relation to Ardent's iconic Australian Theme Parks. It is imperative that, in addition to funding the expansion of Main Event, Ardent retains the financial ability and strength to be able to invest in its Australian businesses to capitalise on opportunities arising from the increase in inbound Australian tourism
- ✘ **Overall corporate governance** particularly in relation to senior management changes which, coupled with Ardent's poor operating and financial performance, have impacted on the market standing of Ardent over the last few years

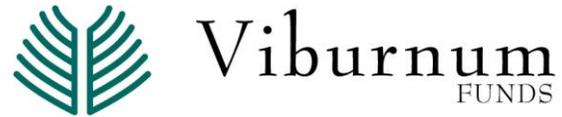
ACT NOW to have your say by VOTING IN FAVOUR of all resolutions being put to a vote at the general meeting of Ardent Leisure Limited on 4 September 2017

www.fixardent.com.au

Ardent – An Opportunity of \$1 Billion and a Plan to Deliver Value

This presentation has been prepared by

ARIADNE



in consultation with Kayaal Pty Ltd, and Investec Australia Limited as financial adviser to Ariadne Australia Limited.

We have also commissioned two separate studies, prepared by independent US-based consultants, to assist our analysis of Main Event.

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