

**WOOLWORTHS LIMITED**

A.B.N 88 000 014 675

8 July 2004

The Manager, Companies  
Australian Stock Exchange Limited  
Company Announcements Office  
Exchange Centre  
Level 6  
20 Bridge Street  
SYDNEY NSW 2000

Dear Sir/Madam

**RE: BRUANDWO PTY LTD ANNOUNCES BID FOR ALH**

Woolworths Limited attaches an announcement by Bruandwo Pty Ltd of its takeover bid for shares in Australian Leisure and Hospitality Group Limited (ALH).

**For and on behalf of  
WOOLWORTHS LIMITED**



**RKS JEFFS  
COMPANY SECRETARY**

# Bruandwo Pty Ltd

ACN 098212134

Level 2, 56-58 Clarendon Street

South Yarra VIC 3141

## \$2.75 cash per share takeover bid for ALH

**SYDNEY 8 July 2004:** Bruandwo Pty Limited (**Bruandwo**), a company jointly owned by The Bruce Mathieson Group and Woolworths Limited (**Woolworths**) today announced that it intends to make a takeover bid for all of the issued ordinary shares in Australian Leisure & Hospitality Group Limited (**ALH**) that it does not already have a relevant interest in for \$2.75 cash per share.

Bruandwo has a relevant interest in 15.8% of ALH, which is greater than any other relevant interest in the company. This interest was acquired on the share market between 3 June and 2 July 2004 at prices ranging from \$2.23 to \$2.75, and at an average price of \$2.62.

Bruandwo's offer will provide substantial value to ALH shareholders including those that participated in ALH's recent IPO at prices ranging from \$2.00 to \$2.50. The price offered represents:

- a premium of 23% over \$2.23, the closing price on 2 June 2004, the day before buying began. ALH had until then traded at a volume weighted average price of \$2.31 since listing
- a premium of 37% over the institutional firm offer price of \$2.00 in ALH's IPO in November 2003, and a 10-15% premium to the \$2.40 or \$2.50 paid by other investors
- a price earnings ratio of 16.4 times 2004 forecast net profit provided in the ALH prospectus which is attractive compared to the 11.9 times multiple implied by the price paid by certain institutional investors in the IPO at the institutional firm offer price of \$2.00, and also compared to the 14.3 and 14.9 times multiplies implied by the IPO issue prices of \$2.40 and \$2.50 paid by other investors.

Mr Roger Corbett, Chief Executive Officer of Woolworths, commented "Our proposed offer will provide an attractive price for ALH shareholders. Our offer price is much higher than any price at which ALH shares had ever traded before we started buying shares on market, and is 52 cents higher than the closing price of ALH shares of \$2.23 on 2 June, which was the day before we started buying."

Mr Corbett went on to say "The volume weighted average price for ALH shares in the month prior to 3 June was \$2.25 and had been \$2.31 since listing, which is significantly below the price paid by most investors that participated in the IPO. Our offer allows those shareholders to realise a profit on their investment in cash without brokerage costs."

Mr Bruce Mathieson, founder and Managing Director of The Bruce Mathieson Group, added "We understand that the hotel industry is a tough one with increased regulation and many players have been burnt over the years. Additionally at the moment there is uncertainty surrounding the difficulties faced following the introduction of smoking bans in Victoria with other States destined to follow."

Following the acquisition of its interest, Bruandwo contacted ALH to open a dialogue in relation to whether they would be interested in exploring alternatives that may benefit both parties. Bruandwo has determined that an acceptable alternative to a takeover bid would be extremely difficult to achieve in the near term.

Bruandwo noted that during the period from 3 June to 2 July 2004 approximately 11.5 million shares were sold via a leading broker at an average price of \$2.33 per share.

Bruandwo's offer will be subject to a number of conditions, which are set out in full in Annexure A. These include a condition that Bruandwo acquires a relevant interest in at least 50.1% of ALH ordinary shares on issue.

In addition, Bruandwo will include as a condition of its offer that, during the offer period, ALH discloses that it will meet the forecasts set out in the prospectus for its recent IPO, and discloses matters including the composition of its earnings on a business by business basis in comparison with those set out in the prospectus, that the financial statements are prepared in accordance with statutory requirements and the accounting methodology and principles contained in the prospectus, and finally any variations from the material assumptions underlying the directors' forecast set out in the Prospectus.

ENDS

For further information please contact:

Roger Corbett

+61 2 9323 1632

## BID CONDITIONS

### 1. 50.1% Minimum acceptance condition

At the end of the Offer Period, Bruandwo has a relevant interest in more than 50.1% (by number) of the ALH Shares.

### 2. Regulatory approvals

All necessary approvals for the proposed transaction, including (without limitation):

- A. the approval or approvals required under the *Liquor Control Reform Act 1998* (Vic) to the acquisition of ALH Shares by Bruandwo or confirmation that no approvals will be required;
- B. the approval or approvals required under the *Liquor Licensing Act 1997* (SA) to the acquisition of ALH Shares by Bruandwo or confirmation that no approvals will be required;
- C. the approval or approvals required under the *Liquor Licensing Act 1988* (WA) to the acquisition of ALH Shares by Bruandwo or confirmation that no approvals will be required;
- D. the approval or approvals required under the *Gambling Regulations Act 2003* with respect to the association between ALH and Bruandwo (and, if applicable, its officers and shareholders) arising from the acquisition of ALH Shares by Bruandwo or confirmation that no approvals will be required;
- E. the approval or approvals required under the *Gaming Machines Act 1992* (SA) to the acquisition of ALH Shares by Bruandwo or confirmation that no approvals will be required,

are granted, given made or obtained on an unconditional basis and, at the end of the Offer Period, remain in full force and effect in all respects and are not subject to any notice intention or indication of intention to revoke, suspend, restrict, modify or not renew the same.

### 3. No regulatory actions

Between the Announcement Date and the end of the Offer Period:

- A. there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- B. no action or investigation is announced, commenced or threatened by any Public Authority; and
- C. no application is made to any Public Authority,

in consequence of, or in connection with, the Offer (other than an application to or a decision or order of ASIC or the Takeovers Panel for the purpose or in the exercise of the powers and discretions conferred on it by the Corporations Act), which restrains, prohibits or impedes or threatens to restrain, prohibit or impede or may otherwise materially adversely impact upon, the making of the Bid or which requires or purports to require the variation of the terms of the Offer or the completion of any transaction contemplated by the Bidder's Statement (including implementing the intentions expressed in Section 3 of the Bidder's Statement) or seeks to require the divestiture of any ALH shares or the divestiture of any assets by any company within ALH or Bruandwo.

#### **4. No material adverse change**

Between the Announcement Date and the end of the Offer Period, no event, matter or thing occurs or information is disclosed by ALH concerning any event, matter or thing which will or is reasonably likely to have a material adverse effect on the assets and liabilities, financial position and performance, profitability or prospects of ALH and its subsidiaries taken as a whole.

#### **5. No material acquisitions, disposals or new commitments**

Except for any proposed transaction publicly announced by ALH before the Announcement Date, none of the following events occurs during the period from the Announcement Date to the end of the Offer Period:

- A. ALH or any subsidiary of ALH acquires, offers to acquire or agrees to acquire one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount in aggregate greater than \$5 million or makes an announcement in relation to such an acquisition, offer or agreement;
- B. ALH or any subsidiary of ALH disposes of, offers to dispose of or agrees to dispose of one or more companies, businesses or assets (or any interest in one or more companies, businesses or assets) for an amount, or in respect of which the book value (as recorded in ALH's statement of financial position as at 31 December 2003) is, in aggregate, greater

than \$5 million or makes an announcement in relation to such a disposition, offer or agreement;

- C. ALH or any subsidiary of ALH enters into, or offers to enter into or agrees to enter into, any agreement, joint venture, partnership or commitment which would require expenditure, or the foregoing of revenue, by ALH and/or its subsidiaries of an amount which is, in aggregate, more than \$5 million, other than in the ordinary course of business, or makes an announcement in relation to such an entry, offer or agreement.

#### **6. Market change condition**

Before the end of the Offer Period the S&P ASX 200 Index does not fall below 3,030 on any trading day.

#### **7. Change in control**

- A. After the Announcement Date and before the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or any other instrument to which ALH or any subsidiary of ALH is a party, or by or to which ALH or any subsidiary of ALH or any of its assets may be bound or be subject, which results, or could result, to an extent which is material in the context of ALH or ALH and its subsidiaries taken as a whole, in:

- I. any moneys borrowed by ALH or any subsidiary of ALH being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;
- II. any such agreement or other instrument being terminated or modified or any action being taken or arising thereunder;
- III. the interest of ALH or any subsidiary of ALH in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated or modified; or
- IV. the business of ALH or any subsidiary of ALH with any other person being adversely affected,

as a result of the acquisition of ALH Shares by Bruandwo.

- B. After the Announcement Date and before the end of Offer Period, ALH receives from each person, who is entitled to exercise any right under any provision of any material

agreement to which ALH or any subsidiary of ALH is a party, including any of the agreements referred to in Section 10.4 of the Bidder's Statement, that entitles the person to terminate or modify the agreement as a result of the acquisition of ALH Shares by Bruandwo, an irrevocable and unconditional waiver or release of that right in writing and provides Bruandwo with a copy of that written waiver or release.

#### **8. Force majeure**

After the Announcement Date and before the end of the Offer Period, no act of war (whether declared or not) or terrorism, mobilisation of armed forces, civil commotion or labour disturbance, fire or natural disaster, or other event beyond the control of ALH or a relevant subsidiary occurs which has or is likely to have a materially adverse effect on the assets, liabilities, financial position, performance, profitability or prospects of ALH and its subsidiaries taken as a whole.

#### **9. Equal access to information**

At all times during the period from the Announcement Date to the end of the Offer Period, ALH promptly (and in any event within 2 business days) provides to Bruandwo a copy of all information that is not generally available (within the meaning of the Corporations Act) relating to ALH or any subsidiary of ALH or any of their respective businesses or operations that has been provided by ALH or any subsidiary of ALH or any of their respective officers, employees, advisers or agents to any person (other than Bruandwo) for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person, in relation to a transaction under which:

- A. any person (together with its associates) may acquire voting power of 10% or more in ALH or any subsidiary of ALH (whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act, or otherwise);
- B. any person may acquire, directly or indirectly (including by way of joint venture, dual listed company structure or otherwise), any interest in all or a substantial part of the business or assets of ALH or of any subsidiary of ALH; or
- C. that person may otherwise acquire control of or merge or amalgamate with ALH or any subsidiary of ALH.

#### **10. Earnings Condition**

Before the end of the Offer Period ALH releases to ASX a statement of ALH's financial performance for the period ending on or about 30 June 2004 (**Financial Statement**) which:

- (a) complies with Accounting Standards, the Corporations Regulations 2001 (Cth) and other mandatory professional reporting requirements in Australia and on the basis of the accounting policies which are set out in Annexure 1 to, and section 6.13 of, Foster's Prospectus; and
- (b) discloses:
  - (i) Berry's earnings before interest, tax, depreciation, amortisation and rent in respect of that financial period (**EBITDAR**) in an amount which is not less than \$187.5 million (which does not exclude any recurring expense items that are expected to be incurred in the normal operations of its business, and includes only those non-recurring items disclosed in Foster's Prospectus);
  - (ii) Berry's earnings before interest and tax in respect of that financial period (**EBIT**) in an amount which is not less than \$93.2 million (which does not exclude any recurring expense items that are expected to be incurred in the normal operations of its business, and includes only those non-recurring items disclosed in Foster's Prospectus);
  - (iii) Berry's net profit attributable to members in respect of that financial period (**NPAT**) in an amount which is not less than \$59.1 million (which does not exclude any recurring expense items that are expected to be incurred in the normal operations of its business, and includes only those non-recurring items disclosed in Foster's Prospectus);
  - (iv) details of all non-recurring items included in EBITDAR, EBIT or NPAT having a value in excess of \$2 million in aggregate;
  - (v) the composition of EBITDAR on a business by business basis;
  - (vi) details of any variation in the composition of EBITDAR on a business by business basis from that disclosed in the Foster's Prospectus;
  - (vii) details of any variations from the material assumptions underlying the directors forecasts set out in section 6.5 of Foster's Prospectus.

**11. No prescribed occurrences**

None of the following events happen before the end of the Offer Period:



- A. ALH converting all or any of its shares into a larger or smaller number of shares under section 254H of the Corporations Act;
- B. ALH or a subsidiary of ALH resolving to reduce its share capital in any way;
- C. ALH or a subsidiary of ALH entering into a buyback agreement or resolving to approve the terms of a buyback agreement under sections 257C(1) or 257D(1) of the Corporations Act;
- D. ALH or a subsidiary of ALH making an issue of its shares or granting an option over its shares or agreeing to make such an issue or grant such an option;
- E. ALH or a subsidiary of ALH issuing, or agreeing to issue, convertible notes;
- F. ALH or a subsidiary of ALH disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- G. ALH or a subsidiary of ALH charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- H. ALH or a subsidiary of ALH resolving that it be wound up;
- I. the appointment of a liquidator or provisional liquidator of ALH or of a subsidiary of ALH;
- J. the making of an order by a court for the winding up of ALH or of a subsidiary of ALH;
- K. an administrator of ALH or of a subsidiary of ALH being appointed under section 436A, 436B or 436C of the Corporations Act;
- L. ALH or a subsidiary of ALH executing a deed of company arrangement; or
- M. the appointment of a receiver, receiver and manager, other controller (as defined in the Corporations Act) or similar official in relation to the whole, or a substantial part, of the property of ALH or of a subsidiary of ALH.