

Chairman's Letter

Dear Shareholder

REJECT HAMILTON SECURITIES LIMITED'S UNSOLICITED AND INADEQUATE OFFER

Over the coming days you will receive a copy of the Bidder's Statement issued by Hamilton Securities Limited (**HSL**) which outlines their offer to acquire all of the shares in ARL (the **Offer**).

This Offer is opportunistic and was not solicited by the board of ARL.

ARL will be providing a Target's Statement which will set out information known to the Directors of ARL which is material to your decision whether to accept or **REJECT** the Offer. The Target's Statement will be issued within 15 days of receipt of notice from HSL confirming that the Bidder's Statement has been sent to all ARL Shareholders.

We strongly encourage you to do nothing until you have received and had the opportunity to read the Target's Statement. You will have sufficient time following receipt of the Target's Statement to accept the Offer if you decide to.

Recommendation

All of the directors of ARL (the **Directors**), have carefully considered the Offer and all relevant information known to the Directors, including that which is set out in the Bidder's Statement. Following consideration, the Directors of ARL unanimously recommend that Shareholders **REJECT** the Offer. The Directors reasons are set out below and will explained in more detail in the Target's Statement.

Reasons for Recommendation to REJECT the Offer

The Directors unanimously recommend that Shareholders **REJECT** the Offer because:

1. **The Offer significantly undervalues ARL.** As at 31 December 2014 the net tangible assets of ARL was \$19,517,964. The Offer price of \$0.01 per ARL Share values ARL at \$9,805,581.67 (There are currently 980,558,167 ARL shares on issue). Based on the net tangible asset backing as at 31 December 2014, the value of ARL is approximately \$0.0199 per ARL Share. ARL will be providing an updated value of net tangible assets in the Target's Statement.
2. **Pending return of capital by ARL equals the Offer.** ARL intends to make a further 1 cent per share distribution to shareholders subject to receipt of funds discussed below. The board is confident of this payment due to the fact that ARL presently has in excess of \$6 million in cash which represents \$0.0061 cents per share. Accordingly only \$3.8 million needs to be recovered to meet this payment. The Board will seek shareholder approval and endorsement from the Australian Tax Office to undertake a further return of capital to ARL Shareholder's of \$0.01 per share by no later than 30 June 2015. If shareholder approval or endorsement by the Australian Tax Office is not forthcoming, ARL will declare a dividend of \$0.01 per share.

The return of capital/dividend is the same value as the Consideration in the Offer of \$0.01 per ARL Share but allows ARL Shareholders to retain their ARL Shares and receive future distributions made by ARL.

The return of capital or payment of dividend is subject to receipt of the following funds:

Amount	Date Payable	Explanation
\$1.90 million	3 May 2015	Final repayment of vendor finance provided by ARL in connection with sale of Kooralbyn Resort.
\$1.05 million	6 June 2015	Final repayment of vendor finance provided by ARL in connection with sale of Mount Louisa, Townsville Qld.
\$1.65 million	17 June 2015	On 17 April 2015, the liquidators of Octaviar Administration Pty Ltd issued a "Notice of intention to declare a dividend". Subject to additional claims or debts being admitted by the liquidators, ARL will receive a distribution of approximately \$1.65 million on 17 June 2015 from the liquidators.

3. **Liquidator distributions.** The Offer does not attribute any value to further dividends that may be paid to ARL out of the liquidation of Octaviar Administration Pty Ltd and Octaviar Limited after 17 June 2015.
4. **Highly Conditional Offer.** The Offer is highly conditional and does not provide a sufficient degree of certainty for ARL Shareholders that the Offer will be completed.

How to REJECT the Offer

To **REJECT** the Offer, you should do nothing and not complete or return any documentation to HSL.

Enquiries

The Offer is currently scheduled to close at **7pm (Sydney time) AEST on 28 May 2015**, unless extended. If you are in doubt as to whether to **REJECT** the Offer, please consider obtaining professional advice.

We look forward to your continued support as an ARL shareholder.

Yours faithfully

A handwritten signature in black ink, appearing to read 'David Beddall', with a stylized flourish extending to the right.

David Beddall
Chairman
On behalf of the Directors