CHAIRMAN'S ADDRESS

THE RESULTS FOR THE FOR THE YEAR TO 30 JUNE 2007

I am pleased to report another strong year for ALE. The performance was strong across a range of measures. Highlights include

- A 103% increase in total distributions to 32.5 cents per security
- An increase in net asset backing to $3.42 and $4.32 on a sum of individual and property portfolio basis respectively
- Reduced gearing to 63%

This has been achieved while maintaining a low management cost structure. ALE's costs are a fraction of what other listed property trusts charge in today's Australian markets.

The results are the outcome of a keen focus on capital and risk management as well as a disciplined acquisition strategy. The 2006 refinancing in particular has provided significant benefits in 2007, a transaction which could not be completed in today’s market conditions.

QUALITY GROWTH

ALE has consistently applied strict criteria to acquisition opportunities. The Board of ALE is now more confident than ever that the focus on quality is the correct strategy, particularly as we head into what may be more volatile asset and financial markets in the future.

ALE will continue to exercise this discipline for what we expect will be the continuing benefit of our security holders. As evidence of this, in recent months ALE has completed the acquisition of three quality properties on long term leases to

ALH. These transactions were at attractive yields with good prospects for inflation based rental growth.

CAPITAL MANAGEMENT

As foreshadowed at last year's AGM, ALE has instituted two capital management initiatives with a view to protecting and enhancing value.
First, ALE is around half way through an on-market buyback of 10% of its securities. In the absence of acquisitions of significant scale our current intention is to complete the buyback by May 2008.

Secondly, ALE adopted a policy commencing in February 2007 of distributing at least half of the revaluations related to the CPI indexed rental increases. The key objective was to ensure that the portfolio's gearing levels were not reduced by the natural increases in revaluations arising from annual increases to rent and going forward will be maintained at around its current conservative level.

We are pleased with the market's response to these initiatives and will continue to examine other opportunities in this area.

RISK MANAGEMENT

While the sun shone brightly in 2006 ALE took a number of steps to protect ALE's security holders against the risks of future volatility. Those efforts are now starting to produce rewards.

Additions to interest rate hedging, extensions to debt maturity terms and the issuance of inflation linked debt are together expect to provide significant protection to distribution growth for many years into the future.

The financial structure of ALE is/and will remain a valuable component of the business model. ALE continues to evaluate further options for risk to be managed.

MANAGEMENT

ALE has a small and highly focused management team. Consistent with market practice, it is proposed that management have a portion of their remuneration aligned with the returns achieved by ALE's security holders. A resolution will be put to the meeting today asking for approval to institute a long term incentive plan. The ALE Board recommends that proposal for your positive consideration.

Upon adoption of the plan managing director, Andrew Wilkinson will receive performance rights of a value equivalent to $75,000 per annum over the period of his extended contract that expires in May 2009. The vesting of these rights will only occur if the performance tests are met. The ALE Board may also from time to time give consideration to the issue of performance rights to other senior members of the management team to ensure the alignment of interests is strengthened even further.

COMPLIANCE AND GOVERNANCE

The Board continues to review its corporate governance functions in light of market best practice.

The audit compliance and risk management committee (ACRMC) during the year commissioned a review of the internal control functions within ALE. It was found that despite the small management team that the key risks were managed appropriately. A small number of minor recommendations have now been adopted to ensure best practice.

The Board has put forward a resolution, for determination at today's meeting, that the cap on the aggregate of directors' remuneration be increased. This is to allow for an increase in each individual director's remuneration. The Board recommends that this proposal be approved by the meeting in recognition that the proposed increases are the first in four years and recognises that there are increasing demands on the directors of public entities.

The Board obtained independent input to confirm that the proposed increased fees are well within the range normally paid to publicly listed entities of ALE's scale and type of business.

We commend this for your consideration.

The Board and ACRMC also had an independent review of their operations. The observations of the independent consultant conducting the review were that the Board was a cohesive group of individuals with an appropriate mix of skills working well together in an open environment in which all issues could be freely raised and debated. Our consultant made a small number of recommendations mainly of a procedural nature, which the Board will look to adopt in the immediate future.

OUTLOOK

Quality growth, capital and risk management will continue to be high priorities for ALE.

The past 6 months has seen some significant disruption in financial markets as a result of the fallout from the sub prime mortgage crisis in the U.S. This has manifested itself particularly in the financial services sector and structured debt markets.

This disruption means that in today's market conditions we would not be able to repeat the funding transaction we completed last year at anything like the pricing we then achieved, if at all. It also demonstrates the value of our reducing the refinancing risk of our borrowings by significantly extending their term.

We expect that the turmoil in financial markets will continue for some months yet and may lead to further opportunities to purchase quality investment properties at prices which will meet ALE's return criteria.

The Board is pleased to reaffirm total distribution guidance of at least 33.5 cents per security for the year ending 30 June 2008. This represents a growth of at least 3.1% on last year's significant achievement.

It is difficult to believe that just 4 years ago when ALE listed, those of us who were initial investors and subscribed $1.00 per stapled security are now receiving an ANNUAL distribution of 33.5 cents which is expected to continue to grow.

Over the last 4 years the annual ALE distributions have increased from 11.6 cents to 32.5 cents, a compound annual growth rate of 41%. This has been an incredible rate of increase by any measure and one which will be very difficult to maintain. However, it is your Board's aim to see the total annual distribution continue to grow at a rate in excess of the annual inflation rate and more in line with the rest of the LPT sector while continuing to maintain our current conservative risk management and capital management policies.