

Annual General Meeting 2005

21 October 2005



Caloundra Hotel (CBX), QLD

ALE Property Group

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Australian Leisure and Entertainment Property Management Limited ABN 45 105 275 278
Australian Leisure and Entertainment Property Trust ARSN 106 063 049

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Highlights

- **FY 05 results were above expectations at all levels**
- **JV of Woolworths (75%) and Mathieson (25%) takeover for ALH at price of \$1.3 billion in October 2004**
- **After 2 years IPO investors have accrued unrealised gains and distributions of \$1.40 on top of each \$1.00 invested**
- **Acquisition of Caloundra Hotel / CBX, Sunshine Coast, QLD**
- **One of Australia's best performing listed property trusts**
- **Australia's largest freehold owner of pub property**
- **The outlook is positive !**

FY 05 Results

Highlights

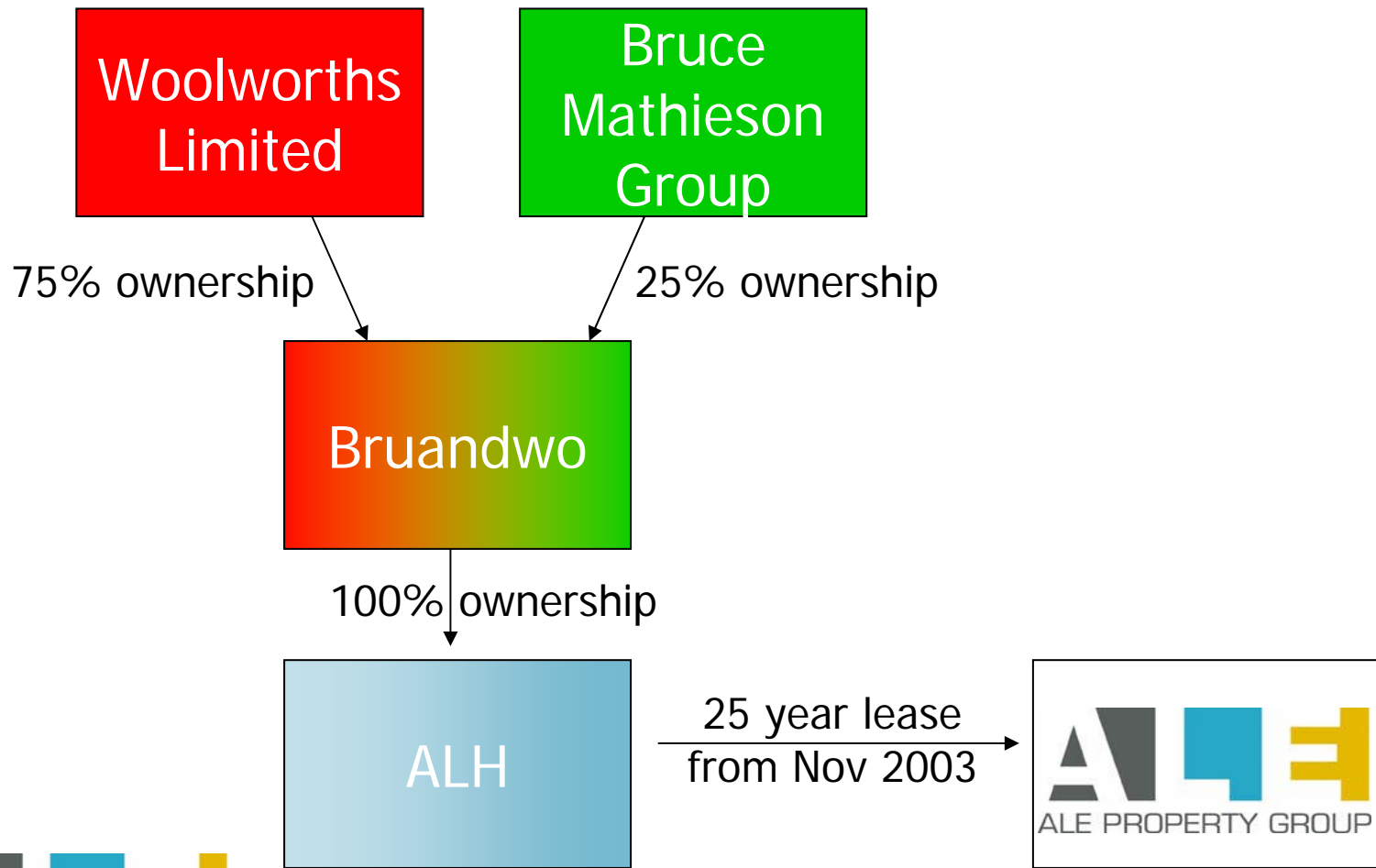
	<u>FY05</u>	<u>FY04</u> ¹	<u>Change</u>
Net Profit After Tax	\$5.3m	\$3.9m	↑ \$1.4m
Distributable Profit ²	\$11.7m	\$8.0m	↑ \$3.7m
Distribution per Stapled Security	12.85¢	7.50¢	↑ 5.35¢
Portfolio Value	\$651.5m	\$576.7m	↑ \$74.8m
Stapled Security Price	\$2.06	\$1.31	↑ 75¢

1 - FY04 effectively commenced November 2003

2 - Distributable Profit includes add backs for non-cash accounting items

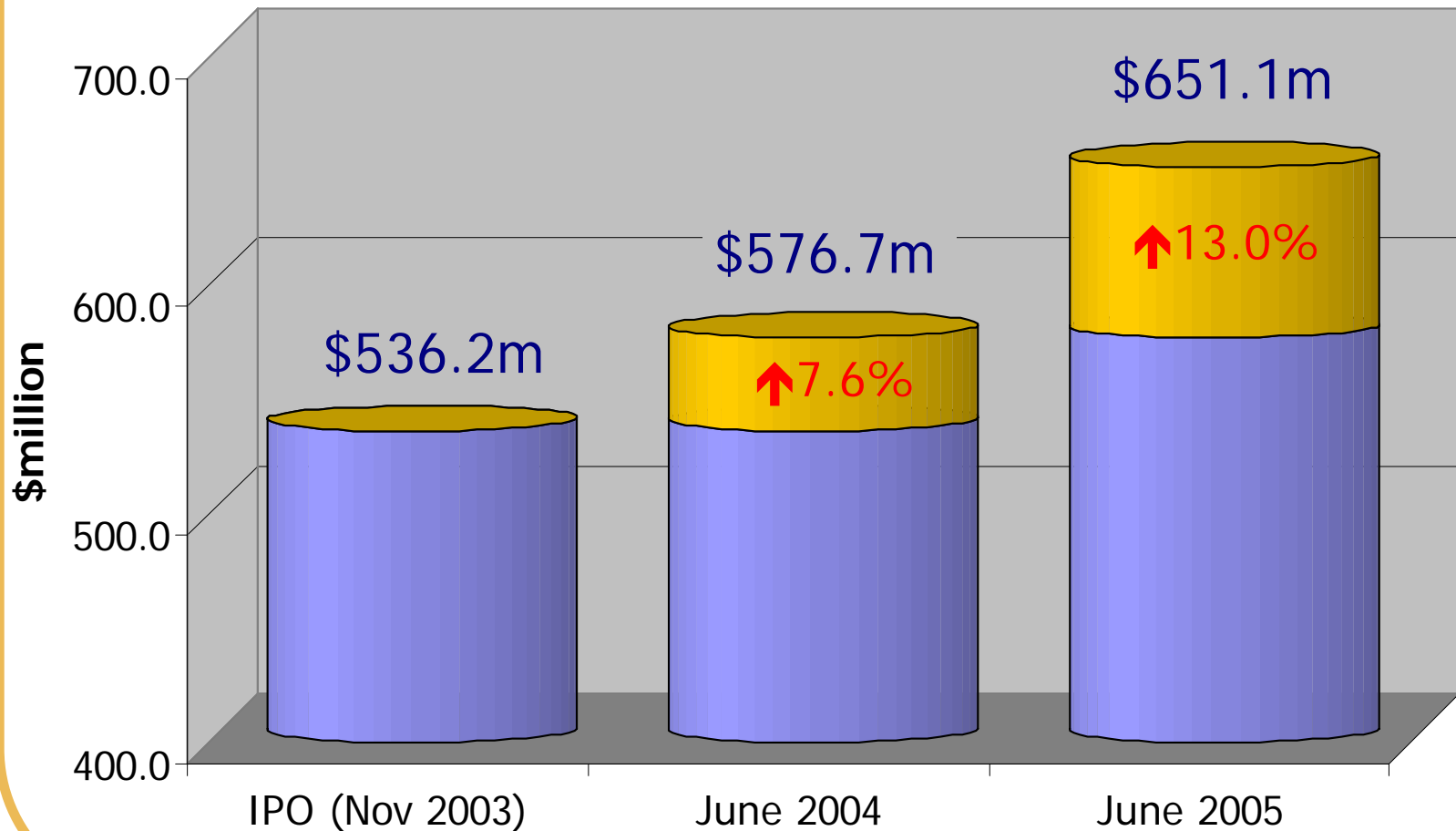
ALE's Property Portfolio

New ALH Ownership



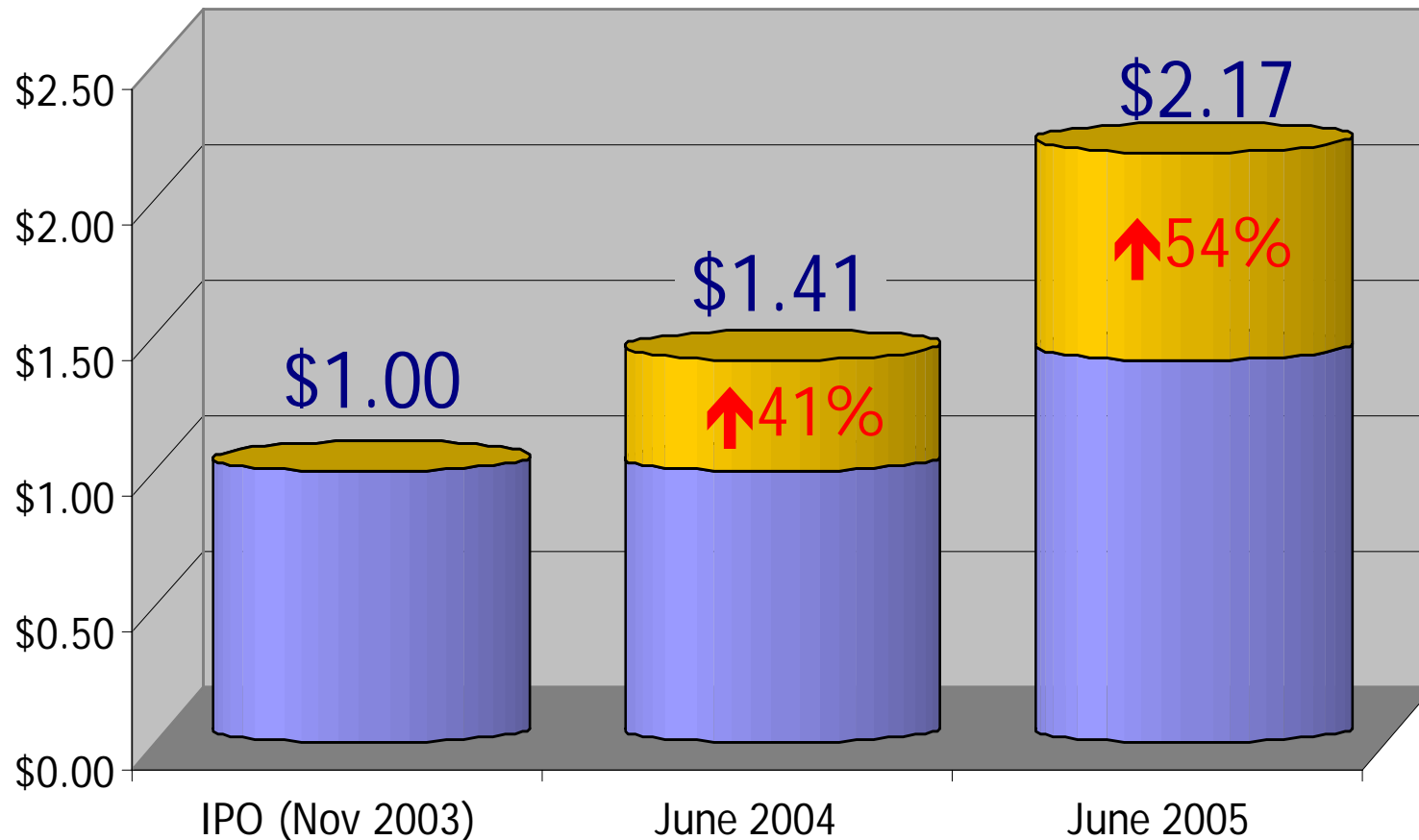
ALE's Property Portfolio

Increasing Property Values



ALE's Property Portfolio

Increasing Net Assets



ALE's Property Portfolio

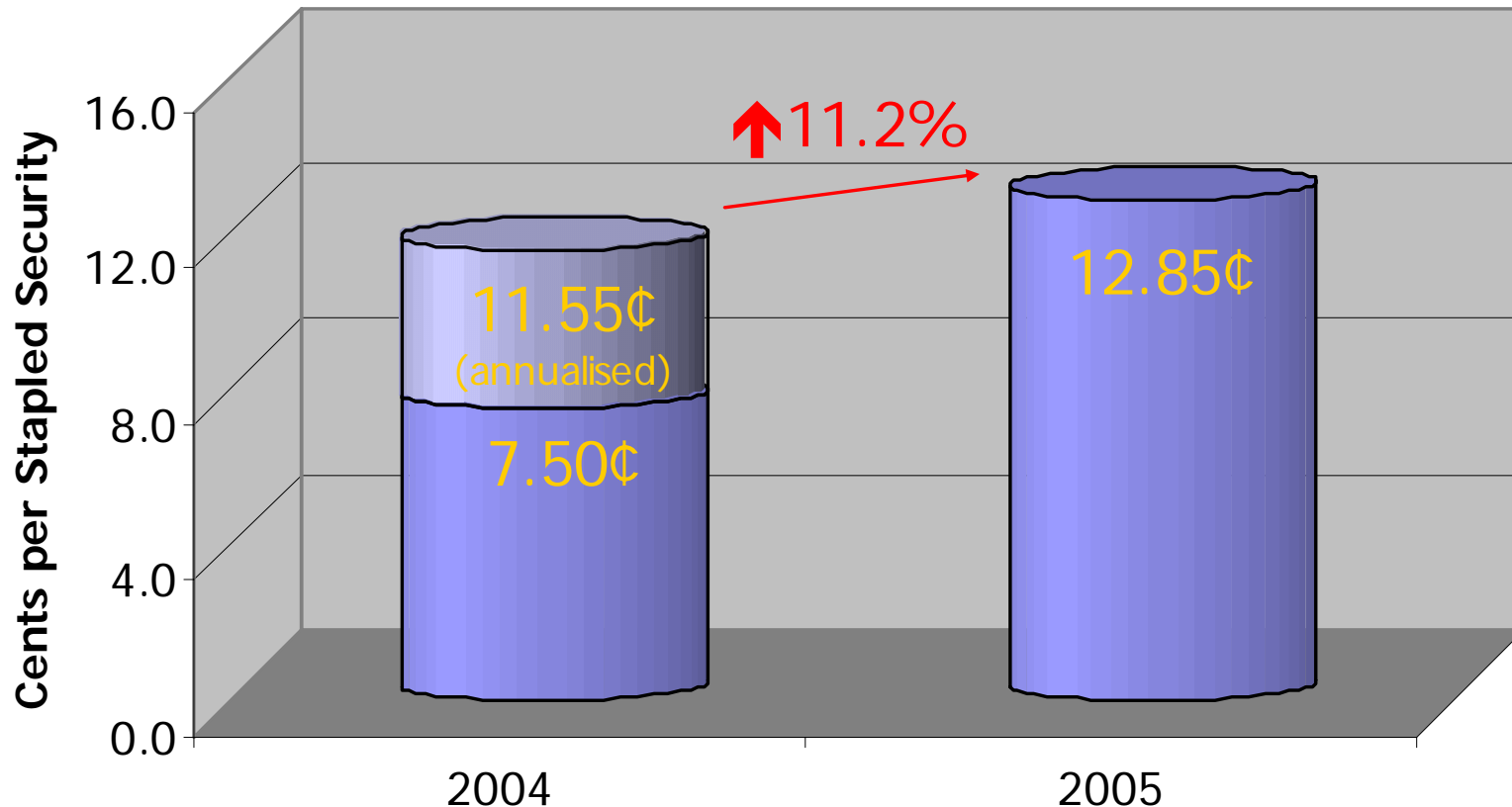
Current Risk Snapshot

- Properties producing income 100%
- Average tenant credit quality A-
- Average lease expiry 23 years
- Next market rent review (with cap/collar) 13 years

- Income derived from development 0%
- Income derived from residential 0%
- Direct exposure to discretionary spend 0%
- Exposure to foreign exchange risks 0%

Finance and Capital Management

Distribution Growth



2.1% '04 CPI delivered 11.2% FY 05 distribution growth

Finance and Capital Management

Management Structure Preserves Value

- ALE's Management Expense Ratio: 0.24% for FY 05
- LPT industry average of 0.7% in FY 04
- Value of outperformance¹
 - 8 months to June 2004 \$15.4m
 - Year to June 2005 \$50.5m
- Internal management avoids outperformance fee leakage²
 - Period to June 2004 \$3.1m
 - Year to June 2005 \$10.1m
- Avoided outperformance fees = equivalent of 71% of equity distributions of \$18.5m in same period

1 Compared to the ASX Property 300

2 Assumed to be 20% of outperformance against S&P / ASX Property 300

Finance and Capital Management

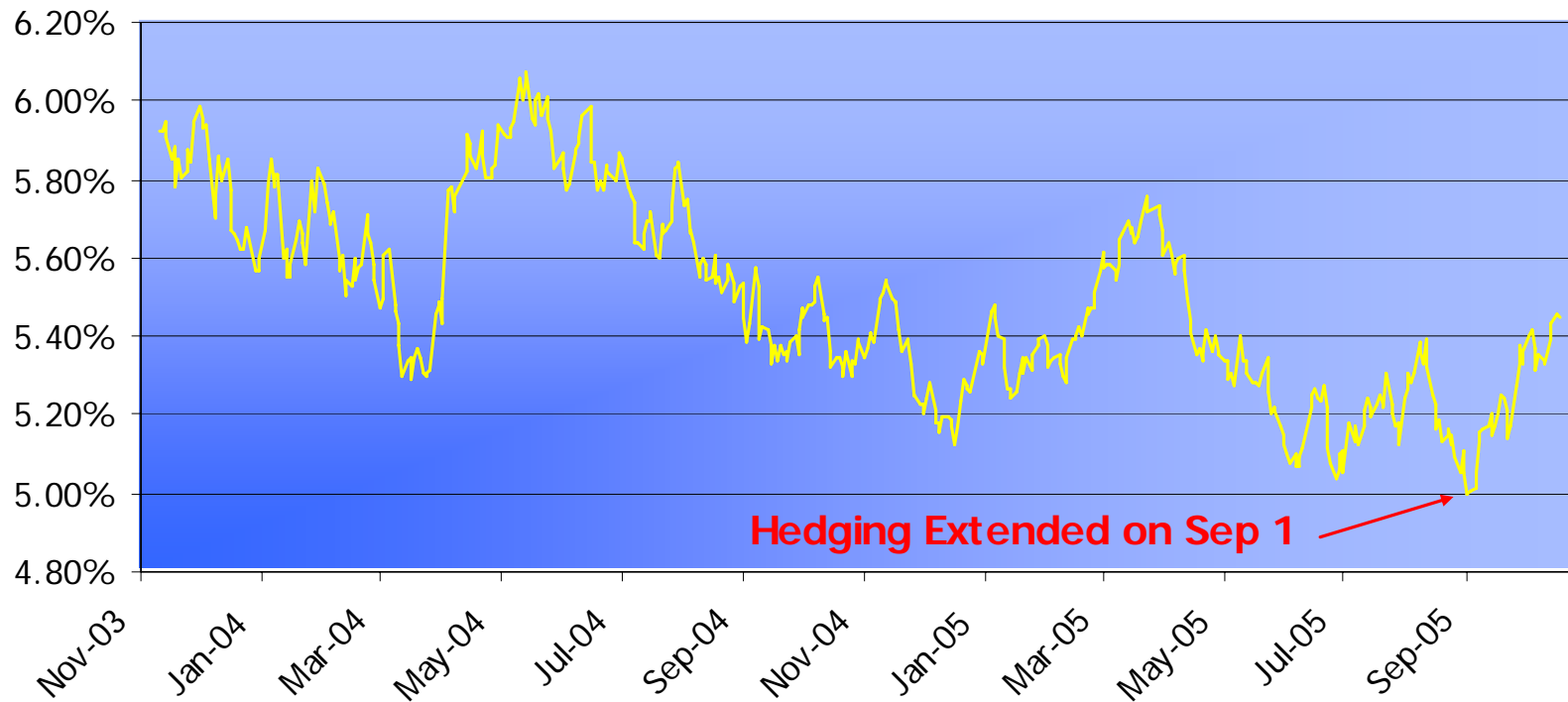
Value From Capital Management

- ALE listed in November 2003 with gearing of 88.6%
- At 30 June 2005 gearing had reduced to 69.5%
- \$330m senior debt maturity from November 2008
 - 3 years to maturity
- \$150m subordinated debt maturity September 2011
 - 6 years to maturity
- Prepayment rights from November 2005

Finance and Capital Management:

Hedging

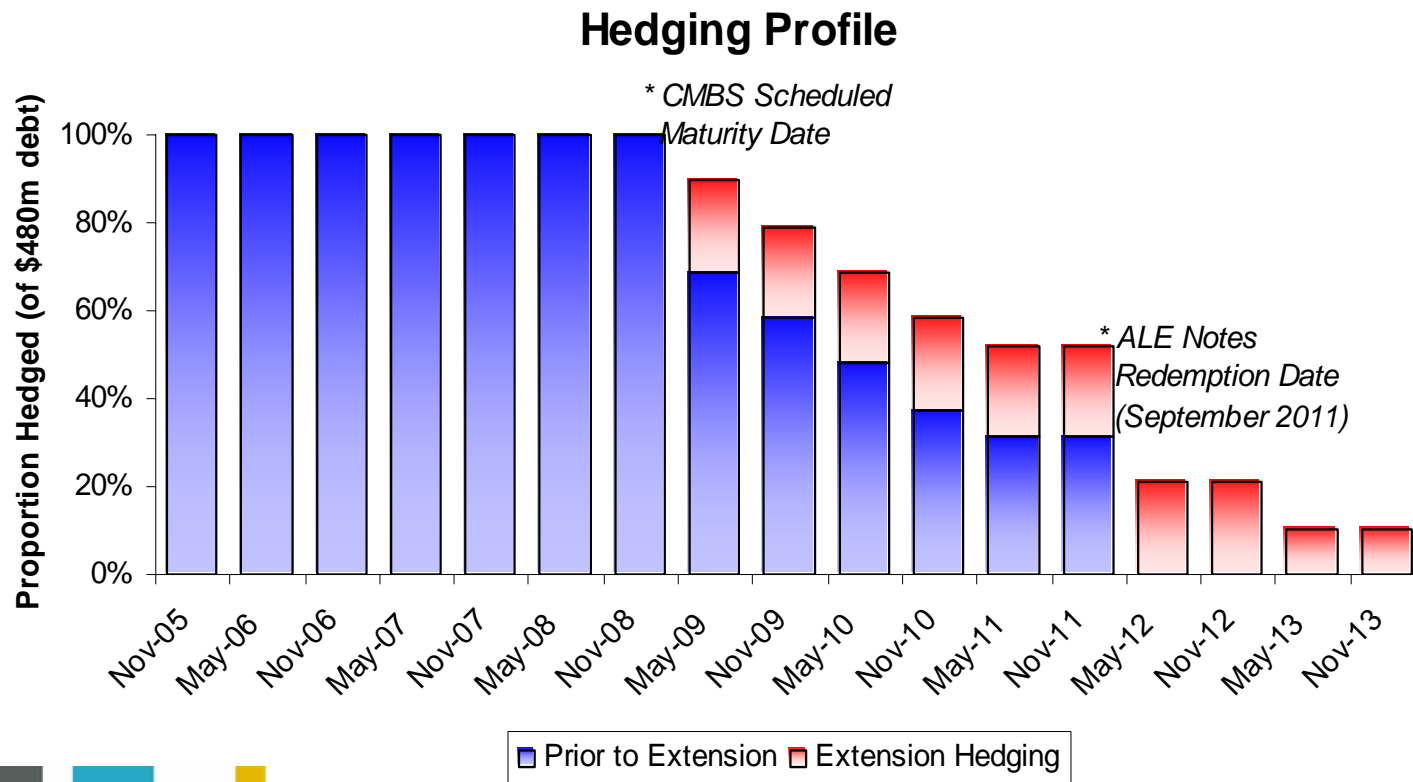
10 year Commonwealth Government Bond Rate - IPO to 18 October 2005



Finance and Capital Management

Impact of Hedging Extensions

- ALE has adopted a conservative hedging strategy since IPO
- \$100m of additional interest rate swaps transacted 1 Sep 05



Acquisitions

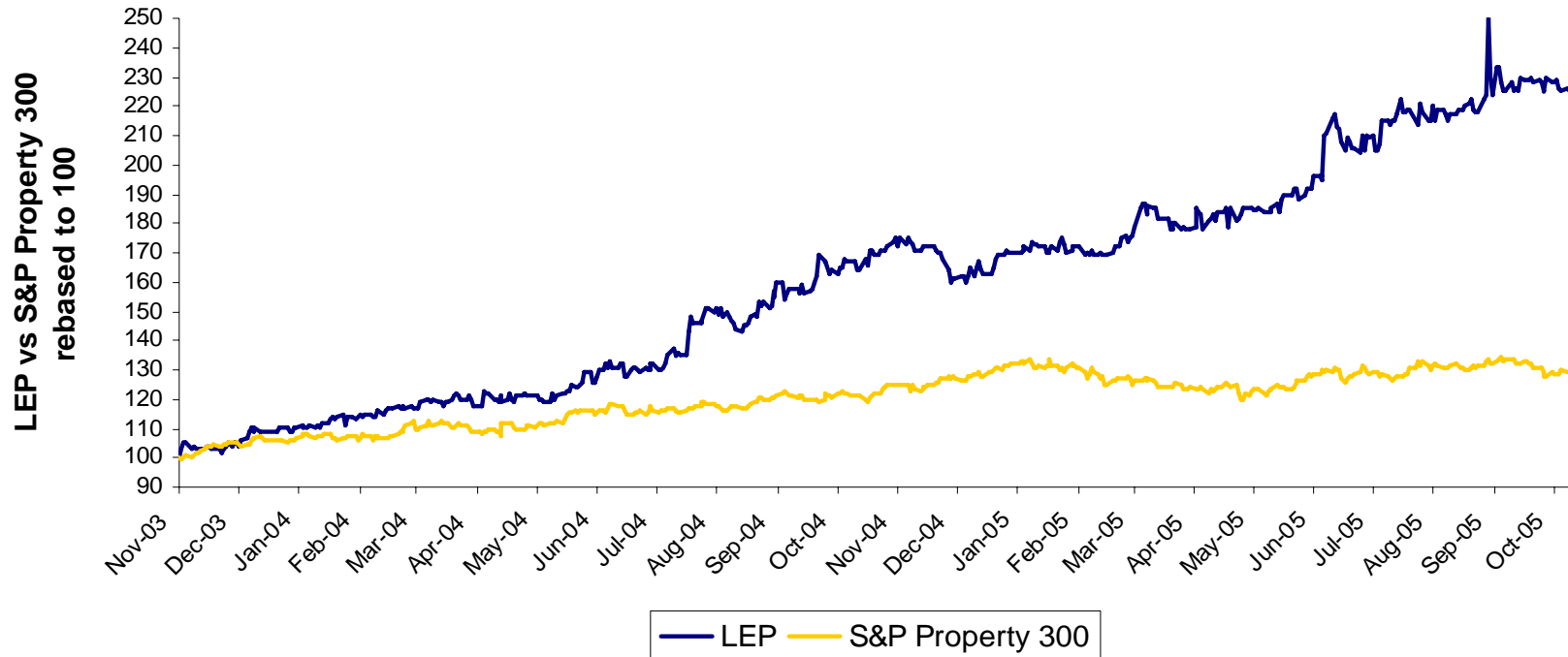
Caloundra Hotel (CBX), Sunshine Coast, QLD



- Acquired October 2005 for \$4.6m (purchase yield of 7.91%)
- Leased to ALH until Sep 2029 plus four 10 year options
- Valued by DTZ on acquisition at \$5.2m
- **Acquired at 13% discount to current valuation**

ALE's Performance

ALE Stapled Securities vs Other LPTs



Total returns: 68.4% pa for FY05

61.2% pa from IPO to Oct 18, 2005



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Acquisitions

Patience and discipline

- Patient and disciplined approach in what is clearly a vendor's market
- Selective investment opportunities only
- A number of acquisitions have been considered over FY 05
- ALE currently has a competitive cost of capital
- Current and future opportunities will continue to focus on assets that meet the stated investment criteria

FY 06 Outlook

Impact of CPI result

- '05 CPI result published 26th October
- Impact of final '05 CPI result

'05 CPI	FY 06 Distributable Income Impact
2.75%	13.80 cents
+/- 1.00%	+/- 0.32 cents

FY 06 Outlook

Conclusion

- ALE's outlook is positive
 - price currently at 1.4% premium to June 05 net assets per security of \$2.17
 - LPT market trades at a 15%+ premium
- Based on '05 CPI rent review of **2.75%**
 - **FY 06 distribution of 13.8 cents**
 - expected to be **100% tax deferred**
 - **13.1% higher than PDS** FY 06 forecast of 12.2 cents
 - **7.4% increase over FY 05** distribution of 12.85 cents
 - **Each 1% of '05 CPI** increase in revenue **adds 7.2 cents* to net assets** per security
- Other value initiatives
 - lower hedged interest expenses boost post '08 distributions
 - continuing capital management focus
 - growth from the existing portfolio + acquisitions

* Notional amount - assumes June 05 valuation capitalisation rates apply

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Annexure

AIFRS (Aust. Equivalents to International Financial Report Standards)

- No effect on
 - Business operations
 - Cash Flows
 - Distributions
 - Debt Covenants

- Potential accounting income statement volatility due to the inclusion in net profit of
 - Investment property revaluations
 - Pattern of amortisation of pre-paid financing costs
 - Mark to market of financial instruments

- Trust constitutions were amended June 05
 - equity treatment of trust equity capital and distributions

Annexure

AIFRS

- Statement of Financial Performance
 - FY 05 NPAT significantly increased from \$5.33m to \$80.12m
 - Property revaluation is the main item of variance
 - Future “Headline” net profit expected to be volatile
- Statement of Financial Position
 - FY 05 Net Assets and Total Equity unchanged at \$196.8m
- Next Steps
 - December 2005 Financial Reports completed under AIFRS

Resolution 1

Re-election of John Henderson

- **Shares entitled to vote** 90,800,100

	Proxy votes received	Valid
For/Chair	31,277,783	99.11%
Against	4,800	0.02%
Others	274,500	0.87%
Abstain	14,300	N/A
No Instruction	1,534,846	N/A
Total	33,106,229	100%

Resolution 2

Non Binding Advisory Vote on the Remuneration Report

- **Shares entitled to vote** 90,800,100

	Proxy votes received	Valid
For/Chair	30,778,311	97.97%
Against	363,708	1.16%
Others	274,500	0.87%
Abstain	154,864	N/A
No Instruction	1,534,846	N/A
Total	33,106,229	100%