

# Annual General Meeting 2006



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# Highlights

- FY 06
  - DPS growth of 25%
  - Net Asset growth of 22%
  - Accumulated Total Return of 39% pa
  - Net Profit of \$52.2m
  - Award winning refinancing completed
  
- 3 Year Performance
  - ALE has outperformed every other Australian listed property trust since listing in Nov 2003



# FY06 Results



RAMSGATE HOTEL,  
HENLEY BEACH, SA

# FY 06 Results

## Three Year Summary

	FY04 <sup>1</sup>	FY05	FY06	FY05-FY06 Change	
Distributable Profit <sup>2</sup>	\$8.0m	\$11.7m	\$14.6m	\$2.9m	↑
Distribution <i>per Stapled Security</i>	7.50¢	12.85¢	16.0¢	3.15¢	↑
Portfolio Value	\$576.7m	\$651.5m	\$717.6m	\$66.1m	↑
Gearing <sup>3</sup>	80%	72%	68%	4%	↓
Stapled Security Price <sup>4</sup>	\$1.31	\$2.06	\$2.70	\$0.64	↑
Net Assets <i>per Stapled Security</i>	\$1.41	\$2.17	\$2.64	\$0.47	↑

1. FY04 effectively commenced November 2003

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

3. Total Liabilities as a % of Total Assets

4. At 30 June

# FY 06 Results

## *Distributable Profit<sup>1</sup>*

	\$m
Revenue	48.8
Borrowing Expense	(29.0)
Management Expense	(4.0)
Land Tax Expense	(1.2)
<b>Distributable Profit<sup>1</sup></b>	<b>14.6</b>
Distributions Paid	14.5
<b>Distribution per Security</b>	<b>16.0 cents</b>

1. Excludes non-cash accounting items



# Major Debt Refinancing



SAIL AND ANCHOR  
PUB BREWERY

# Major Debt Refinancing

*Met all key objectives*

## The refinancing

- Partly matches the indexed lease assets with a CIB<sup>1</sup>
- Extends the debt maturities
- Extends the term of fixed interest rates
- Reduces and defers the refinancing risk
- Reduces the credit margins
- Increases the announced FY06 & FY07 distributions
- Increases certainty of distribution growth for an extended period
- Provides undrawn CMBS facilities to enhance future acquisition capacity



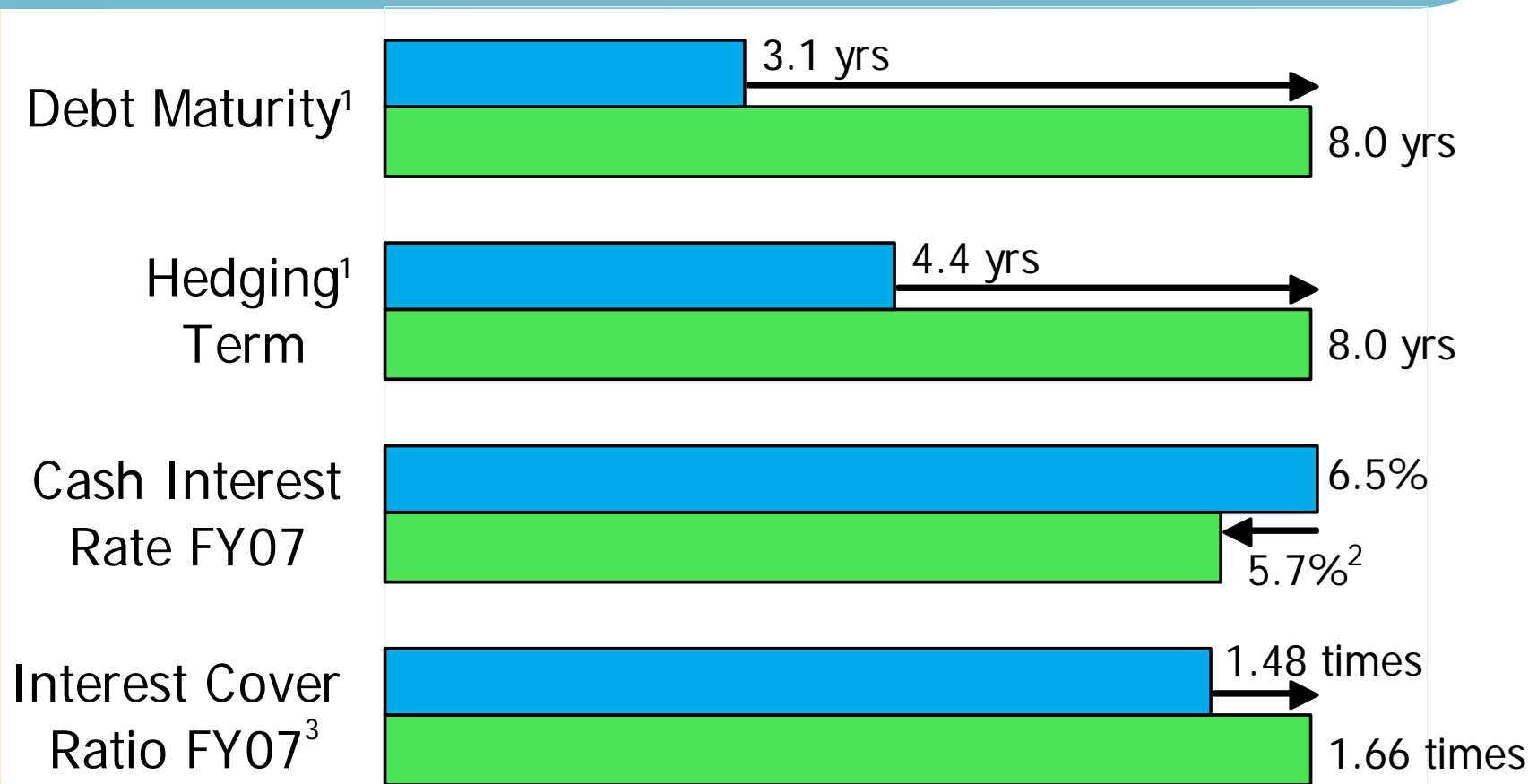
1. capital (inflation) indexed bond

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# Major Debt Refinancing

*Key metrics: reduced cost and risk*



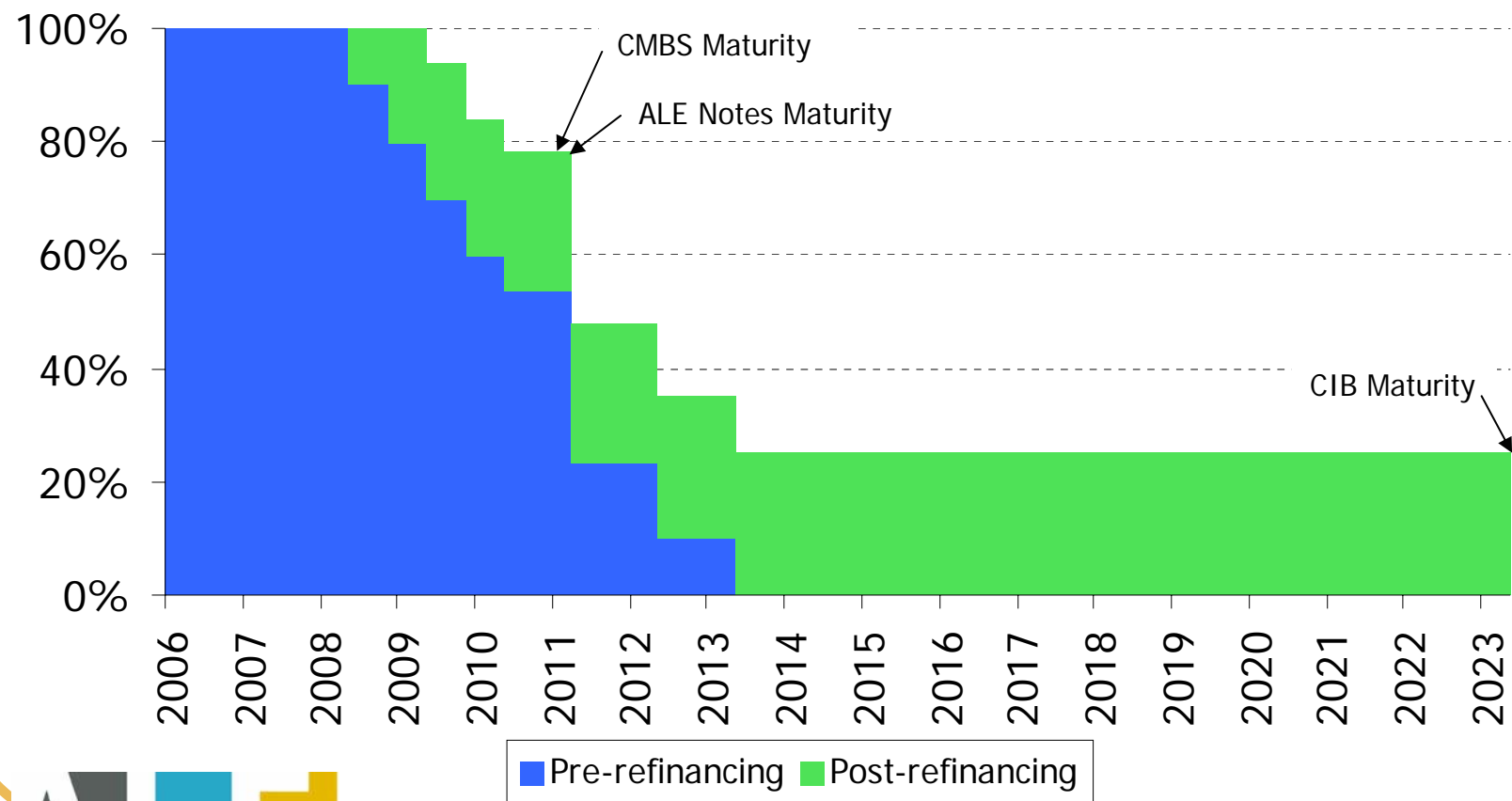
1. Weighted average

2. Estimate - will vary with CPI

3. Ratio of net operating cash flow to net cash interest obligations

# Major Debt Refinancing *Hedging*

Average hedging term extended from 4.4 years to 8.0 years



# Major Debt Refinancing

## *Award Winning*

### ALE's refinancing won "Insto" Award

- 1<sup>st</sup> CIB\* issued by an Australian LPT
- 1<sup>st</sup> CIB to be included in a CMBS transaction
- 1<sup>st</sup> CIB with super-senior security structure
- 1<sup>st</sup> split maturity Australian CMBS with tranches from 5 years through to 17.5 years
- longest tenor of CIB issued by any LPT at 17.5 years

# Property Portfolio





# Property Portfolio – Acquisitions

## *Caloundra Hotel (CBX), Sunshine Coast, QLD*



- Settled October 2005 for \$4.6m (purchase yield of 7.91%)
- Leased to ALH until Sep 2029 plus four 10 year options
- Valued by DTZ at 30 June 2006 at \$5.5m
- **Acquired at 16% discount to current valuation**

# Property Portfolio – Acquisitions

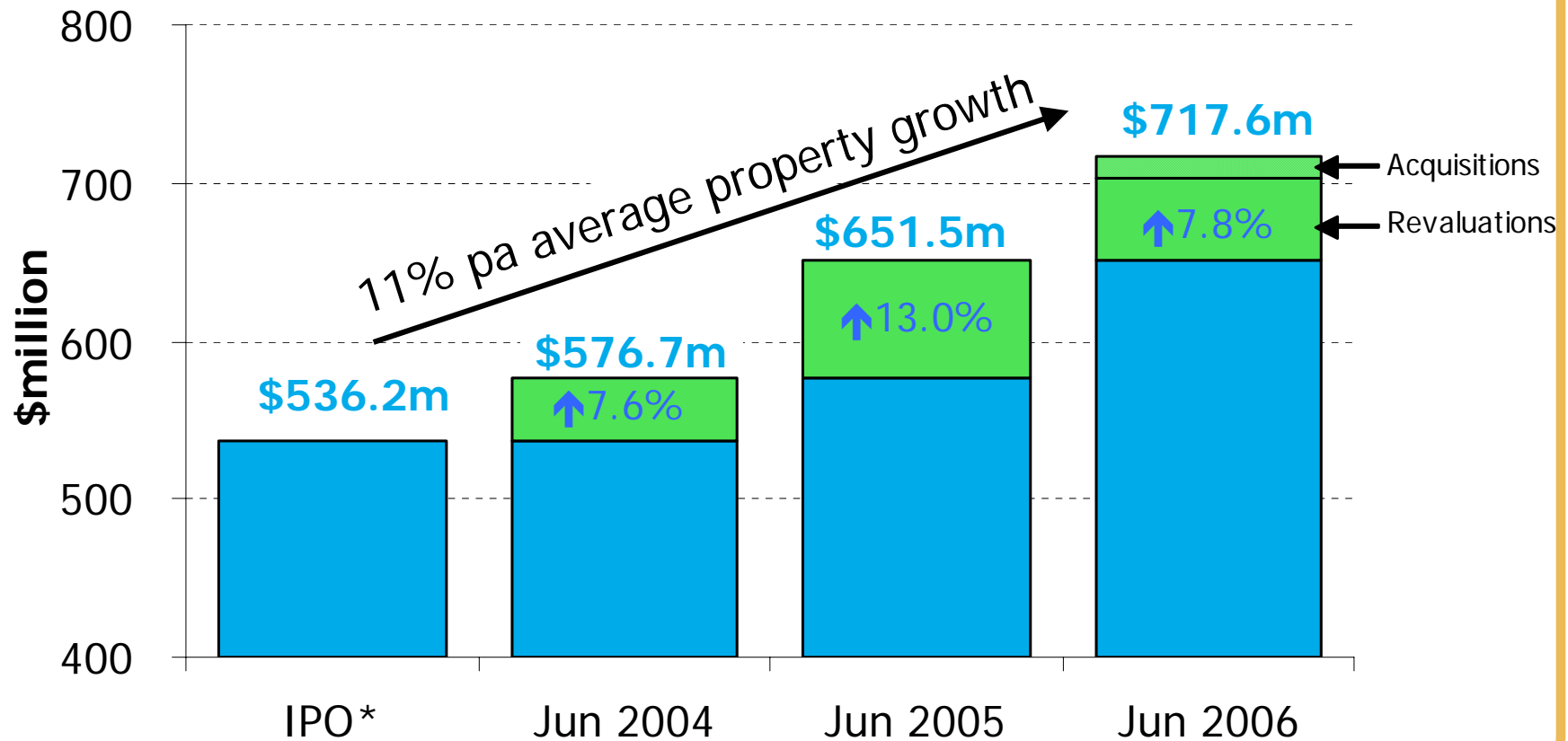
## *Berwick Inn Hotel, Melbourne, VIC*

- Acquired February 2006 for \$15.0m (purchase yield of 7.0%)
- Leased to ALH until Nov 2028 plus four 10 year options
- Valued by DTZ at 30 June 2006 at \$16.0m
- **Acquired at 6% discount to current valuation**



# Property Portfolio

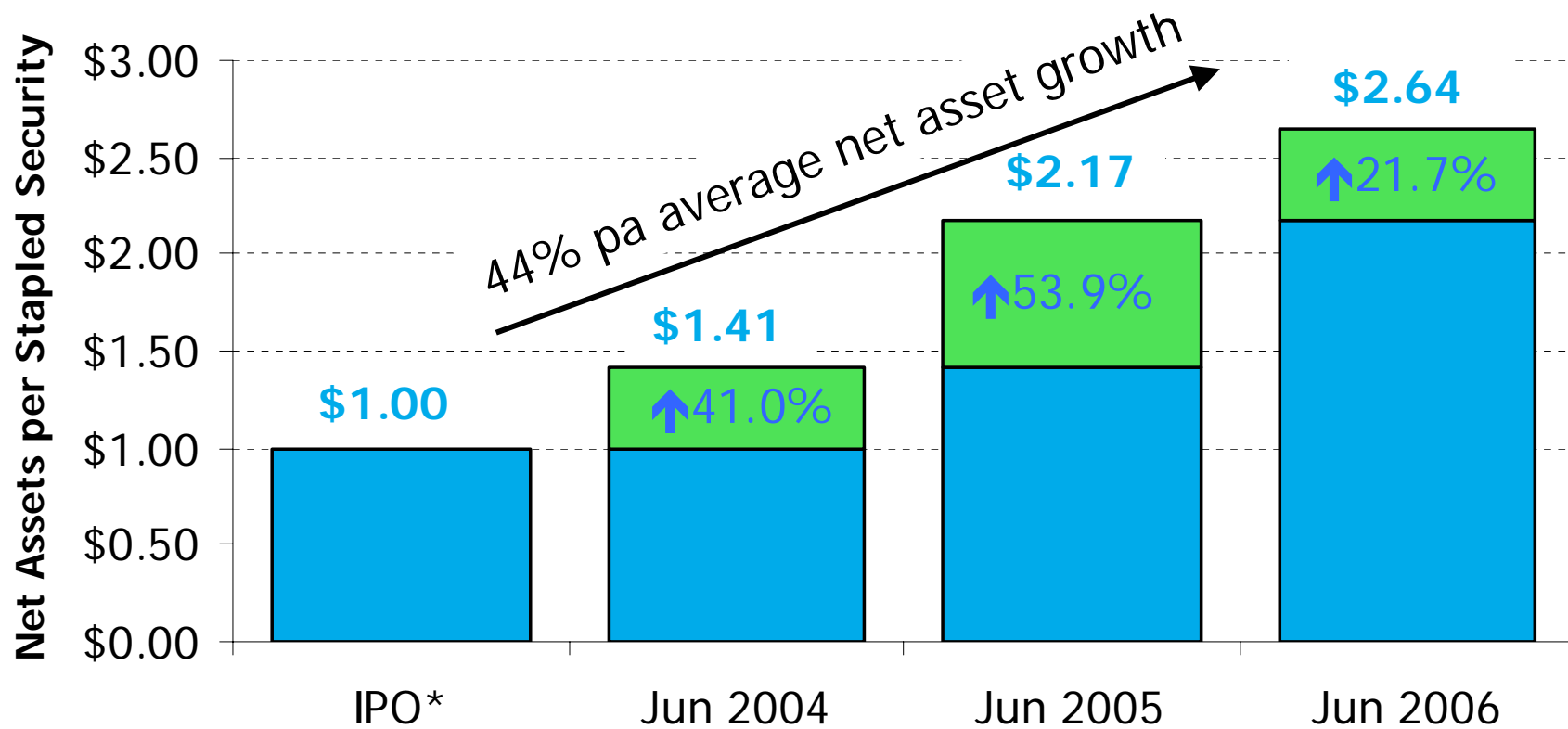
## *Increasing Property Values*



\* November 2003

# Property Portfolio

## *Increasing Net Assets*



\* November 2003



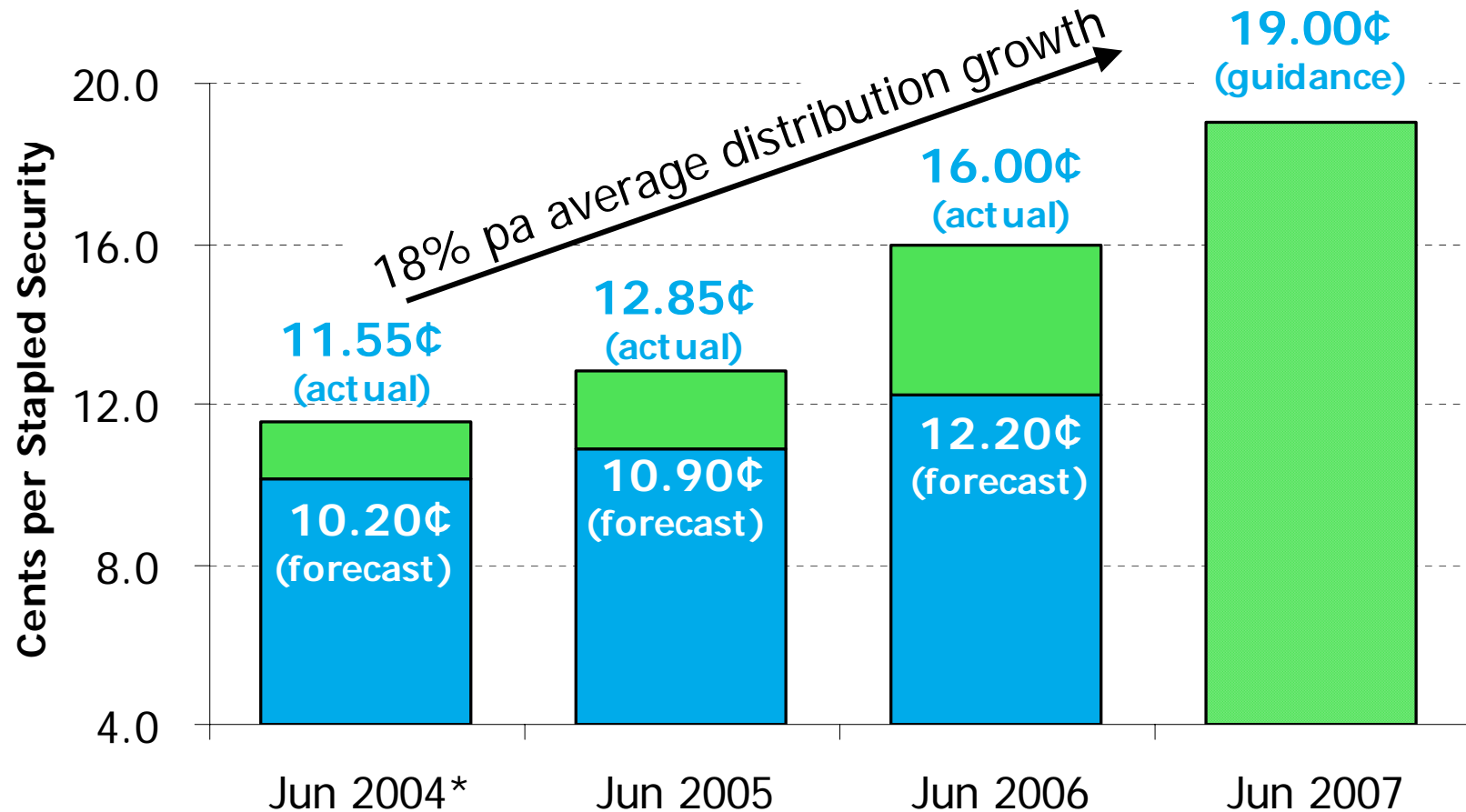
# Performance



# Performance *Highlights*

- November 03 listing to June 06
  - Materially exceeded all PDS forecasts
  - Strong outperformance in DPS and Net Asset growth
  - Market capitalisation growth from \$90.8m to \$245.2m

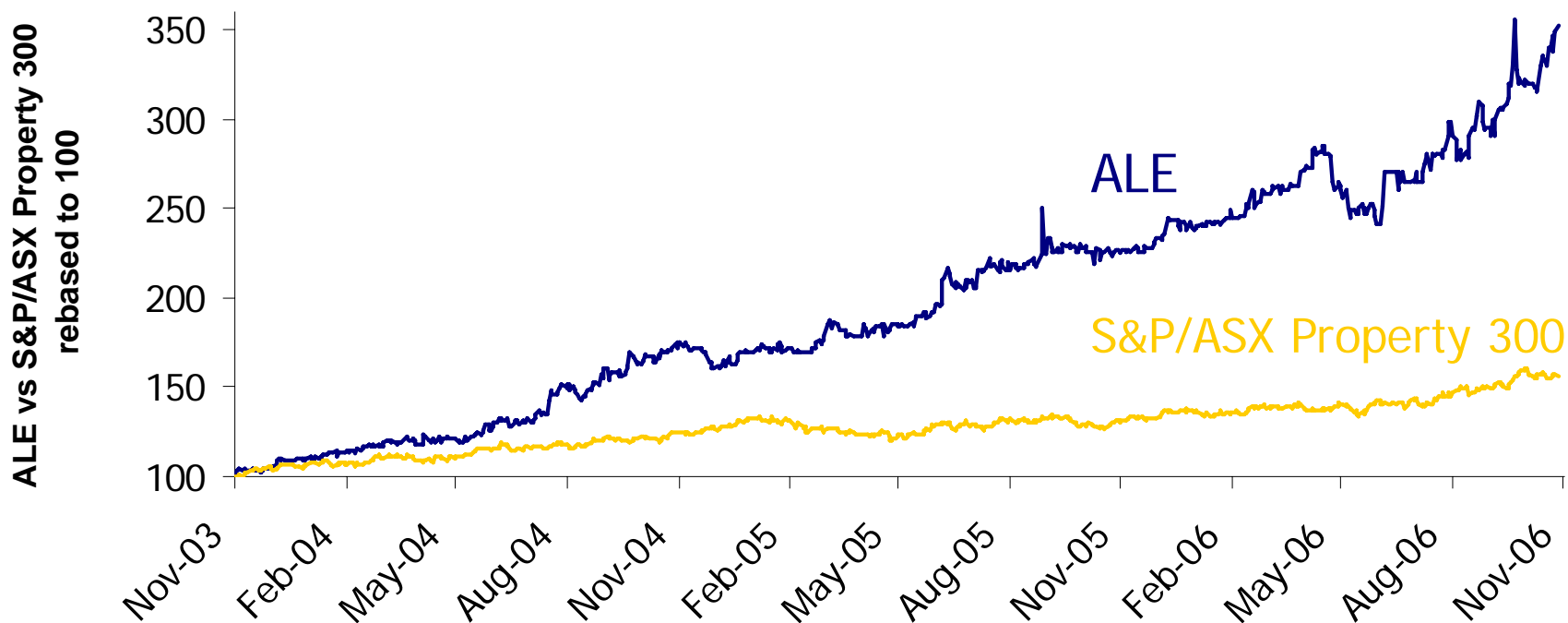
## Comparison to 2003 PDS/Prospectus Forecasts



# Performance

## *Total Equity Return*

### ALE Stapled Securities vs Other LPTs



Accumulated total return of 39% pa for FY06 (vs S&P/ASX Property 300 17%)

Accumulated total return of 60% pa since listing (vs S&P/ASX Property 300 23%)



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# Performance

## *Best Performing LPT over 3 years*

- ALE is the best performing listed property trust in Australia over the last 3 years

<u>Ranking</u>	<u>Total Returns*</u>
➤ 1. ALE Property Group	60.0%
➤ 2. Macquarie Leisure	51.3%
➤ 3. Macquarie Goodman	44.0%
➤ 4. Centro Properties Group	43.3%
➤ S&P/ASX LPT 300 sector average	23.2%

\*Source: UBS Investment Research Real Estate Management Report 31 October 2006

# FY 07 Outlook and Strategy



BREAKFAST CREEK  
HOTEL

# FY 07 Outlook and Strategy

## *November 2006 Rent Review/Distribution Guidance*

- State based average CPI increased by 3.82%
- Increased rent has positive impacts upon
  - Revenues and Distributions
  - Asset Valuations and Net Assets
- Board reaffirms guidance for FY07 DPS of at least 19.0 cents\*
- Rent review alone increases Net Assets\*\* by a further 28 cents (\$2.64 at June 06)

\* DPS guidance is on an unchanged portfolio basis.

\*\* Assumes no change in property capitalisation rates.

Final Net Assets will be determined in Feb 07 following the audit of the December 06 profit result

## FY 07 Outlook and Strategy

### *Future Tax Deferred Distributions*

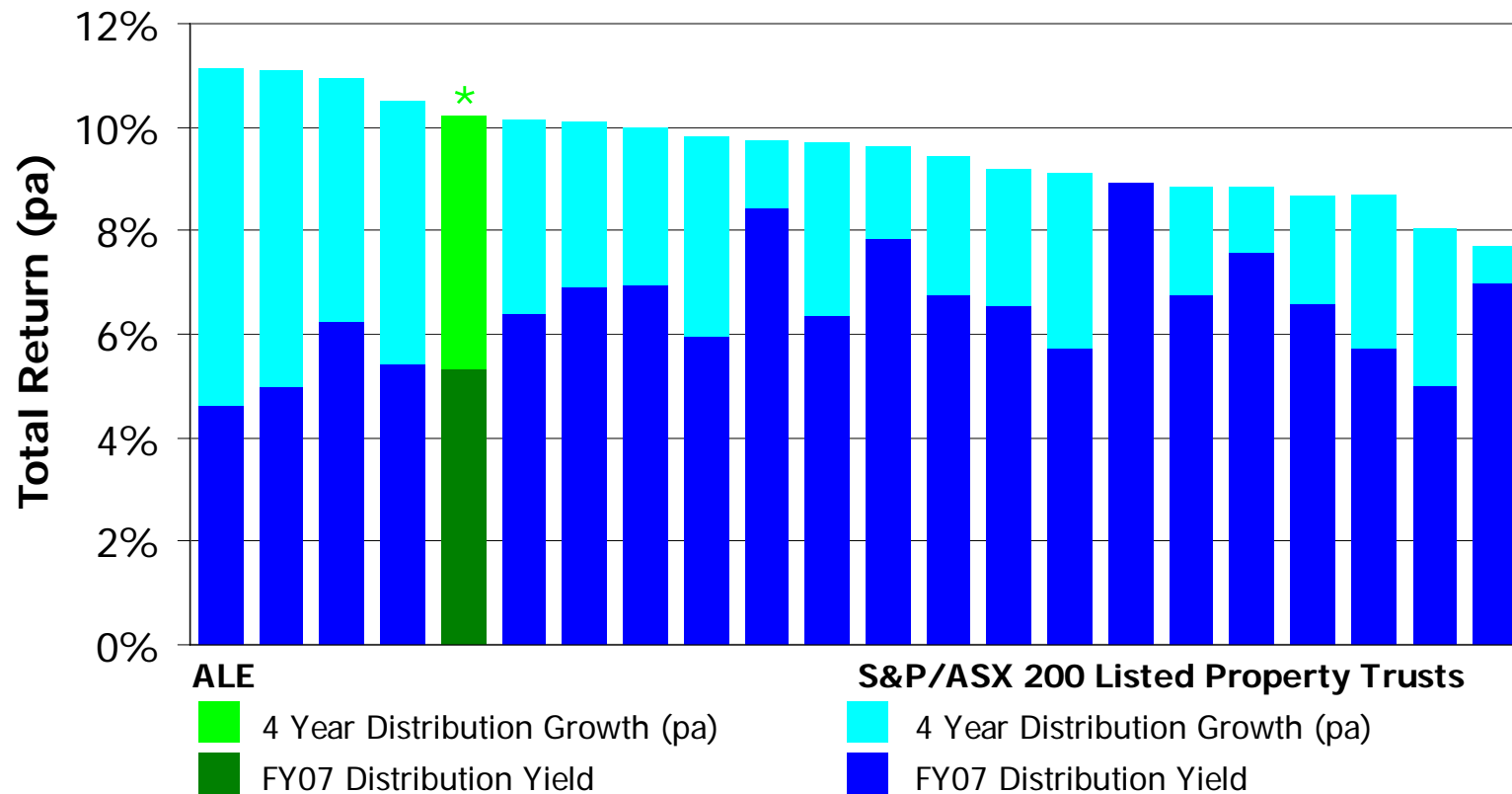
- ALE has paid 100% tax deferred distributions each year since listing in 2003
- ALE has already announced that it expects FY 07 distribution to be 100% tax deferred
- ALE expects for the 5 years to FY 12\*:
  - FY 07 - FY 08 to be 100% tax deferred
  - FY 09 - FY 12 to be at least 50% tax deferred

\* Based on current assets, interest rates and CPI levels prevailing over the period to 30 June 2012



# FY 07 Outlook and Strategy

## *Independent Return Comparison – 4 Year Forecast*



Source: Macquarie, November, 2006

Note: This is not a forecast by ALE Property Group.

\* ALE's distribution for 2007 is expected to be 100% tax-deferred.  
This may provide some investors with additional after tax returns.

# FY 07 Outlook and Strategy

*Focus going forward*

- Acquisitions
  - Focus remains on secure long term leases
  - Both pubs and other commercial property
  - Selective and value accretive in a competitive market
- Capital Management
  - Continue to seek opportunities to reduce cost and risk
  - Potential return of capital to investors if acquisitions are not available at value-accretive pricing
- Maintain a strong distribution growth profile

# FY 07 Outlook and Strategy

## *Conclusion*

- Foundations: solid
  - Long term leases – certainty of rental income
  - Inflation indexation – strong likelihood of rental growth
  - Interest rate hedging – certainty of interest costs
  - Internal management – maximises returns to investors
  
- Strategy: enhance value
  - Target low risk property (pub & non-pub assets)
  - Accretive acquisitions
  - Further capital management
  
- Outlook: secure and growing
  - Security of distributions
  - Relative certainty of distribution growth

# Annual General Meeting 2006





# Resolution 1

## *Re-election of Peter Warne*

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

	<b>Proxy votes received</b>	<b>Votes %</b>
For & Chair's Discretion	32,869,400	99.5%
Against	35,025	0.1%
Discretionary (Non-Chair)	129,200	0.4%
Abstain	30,000	N/A
<b>Total</b>	<b>33,063,625</b>	<b>100%</b>

## Resolution 2

### *Re-election of Helen Wright*

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

	<b>Proxy votes received</b>	<b>Votes %</b>
For & Chair's Discretion	32,856,800	99.5%
Against	47,625	0.1%
Discretionary (Non-Chair)	129,200	0.4%
Abstain	30,000	N/A
<b>Total</b>	<b>33,063,625</b>	<b>100%</b>

## Resolution 3

### *Non Binding Advisory Vote on the Remuneration Report*

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

	<b>Proxy votes received</b>	<b>Votes %</b>
For & Chair's Discretion	32,431,564	98.2%
Against	458,976	1.4%
Discretionary (Non-Chair)	129,200	0.4%
Abstain	43,885	N/A
<b>Total</b>	<b>33,063,625</b>	<b>100%</b>

## Resolution 4

### *Non-executive Directors' Remuneration*

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

	<b>Proxy votes received</b>	<b>Votes %</b>
For & Chair's Discretion	31,497,630	97.1%
Against	836,805	2.6%
Discretionary (Non-Chair)	109,200	0.3%
Abstain	47,285	N/A
<b>Total</b>	<b>32,490,920</b>	<b>100%</b>



# ALE Property Group

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