

ALE Property Group – AGM 2007

13 November 2007



Burleigh Heads Hotel, QLD



The Brass Monkey, Perth, WA

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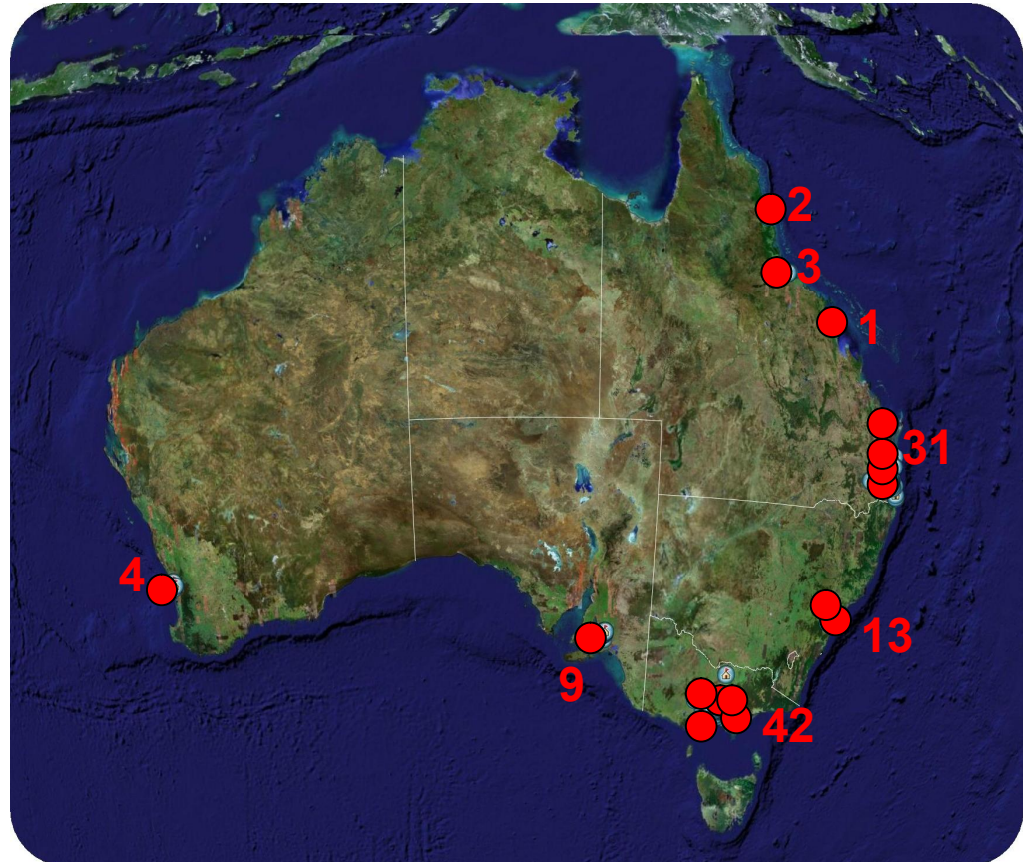
About ALE



Pelican Waters Hotel, QLD

About ALE

- **105 properties**
- **All Australian**
- **100% leased**
- **Valued at \$825m**



FY 07 Results



Berwick Inn, VIC

FY 07 Results - Highlights

FY 07 Highlights

Growth in...

➤	Income DPS	25.4%
➤	Total DPS	103.1%
➤	Net Assets (sum of individual)	27.8%
➤	Net Assets (whole of portfolio)	65.2%
➤	Accounting Net Profit	\$52.2m to \$97.7m
➤	Market capitalisation	\$245.0m to \$398.9m

Total Security Holder Return	77.7% p.a.
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Capital management initiatives	Adding Value
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Risk management initiatives	Protecting Value
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FY 07 Results - Distributable Profit

	\$m
Revenue	51.4
Borrowing Expense	(29.2)
Management Expense	(2.8)
Land Tax Expense	(1.3)
Distributable Fair Value Gains	11.3
Distributable Profit¹	29.4
Distributions Paid	29.6

1. Excludes non-cash accounting items

FY 07 Results - Distributable Profit Compared to FY 06

	\$M	Impact
Distributable Profit FY 06	14.6	
Increased Property Income	2.4	↑
Increased Interest Income	0.2	↑
Reduced Management Costs ¹	1.2	↑
Increased Land Tax	(0.1)	↓
Increased Interest Expense	(0.2)	↓
Increased Distributable Gains	11.3	↑
Distributable Profit FY 07	29.4	

1. Net of recoveries

FY 07 Results – Growth since IPO

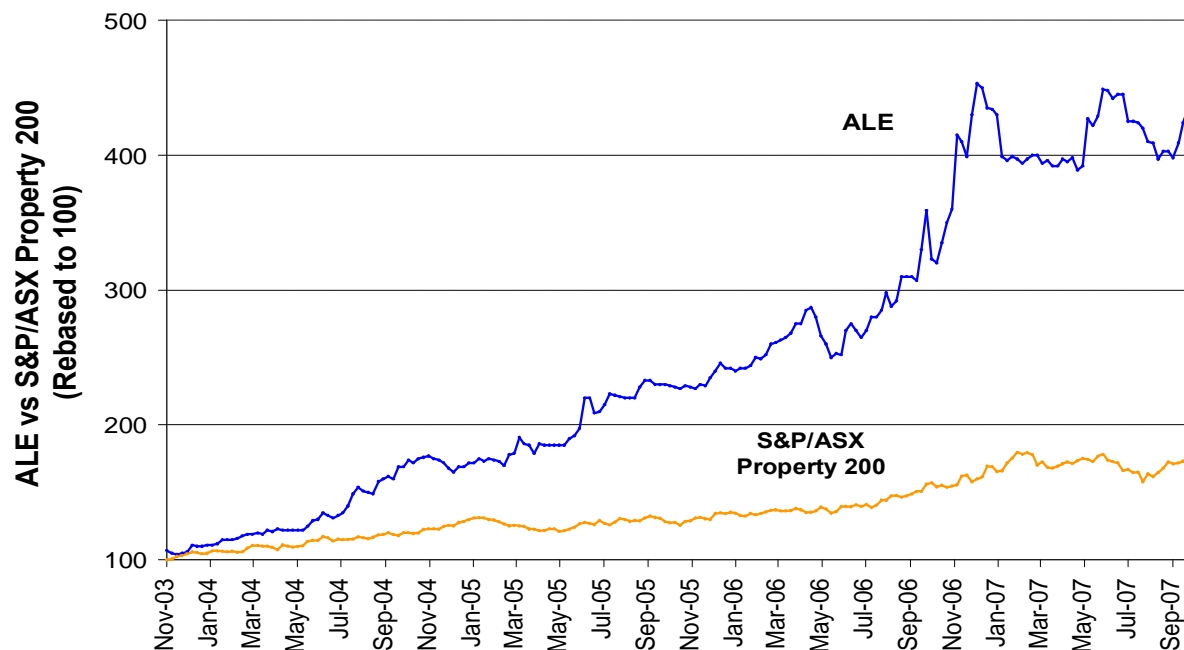
At 30 June	04	05	06	07	Impact
Distributable Profit ¹	\$8.0m	\$11.7m	\$14.6m	\$29.4m	↑
Distribution per Security	7.50¢	12.85¢	16.00¢	32.50¢	↑
Property Values ²	\$576.7m	\$651.5m	\$717.6m	\$791.2m	↑
Gearing ³	80%	72%	68%	63%	↓
Total Security Holder Return	49.9%	68.4%	39.0%	77.7%	↑
Net Assets per Security ²	\$1.41	\$2.17	\$2.64	\$3.37	↑
Net Assets per Security ⁴				\$4.36	

1. Distributable Profit includes add backs for non-cash accounting items
2. Based on sum of individual property values + development properties at cost
3. Total Liabilities as a % of Total Assets (based on sum of individual valuations)
4. Based on independent whole of property portfolio valuation

FY07 Results - Equity Performance

ALE Stapled Securities vs Other LPTs

Nov-03 to Oct-07



FY 08 total distribution represents at least 8.5% of current security price of \$3.95

Equity Performance - Delivering value

- IPO price in November 2003 \$1.00
- currently trading at around \$3.95
- distributions over first four years (incl Aug 07) \$0.69
- accumulated value of \$1.00 + distributions \$5.20

- total annual rate of return (IPO to Jun 07) 61.2% (compound)
- total rate of return for year to Jun 07 77.7%

Quality assets and the right structure delivers value !

Property Portfolio

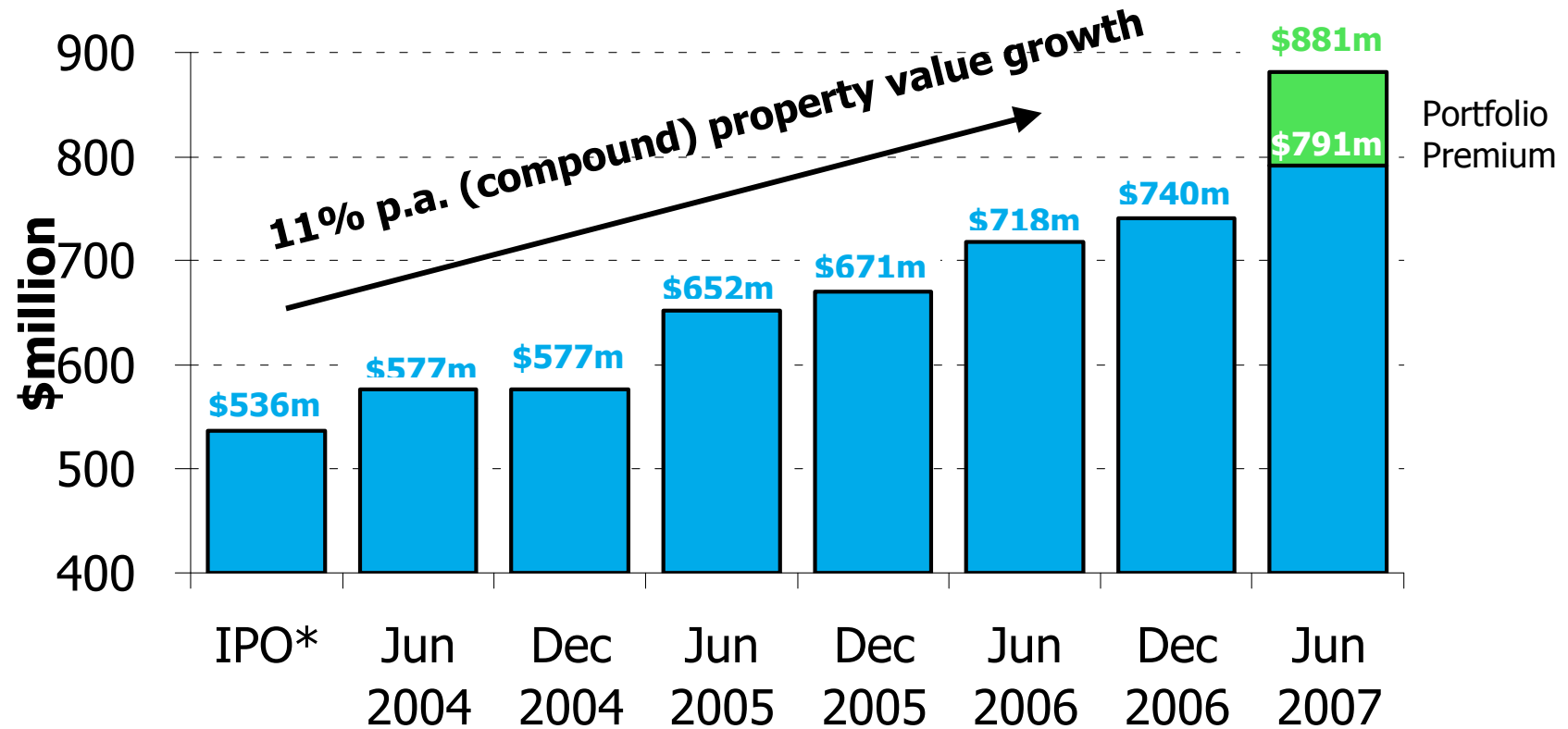


Ramsgate Hotel, Adelaide, SA and Queens Hotel, Perth, WA

Property Portfolio - Valuation Results to June 07

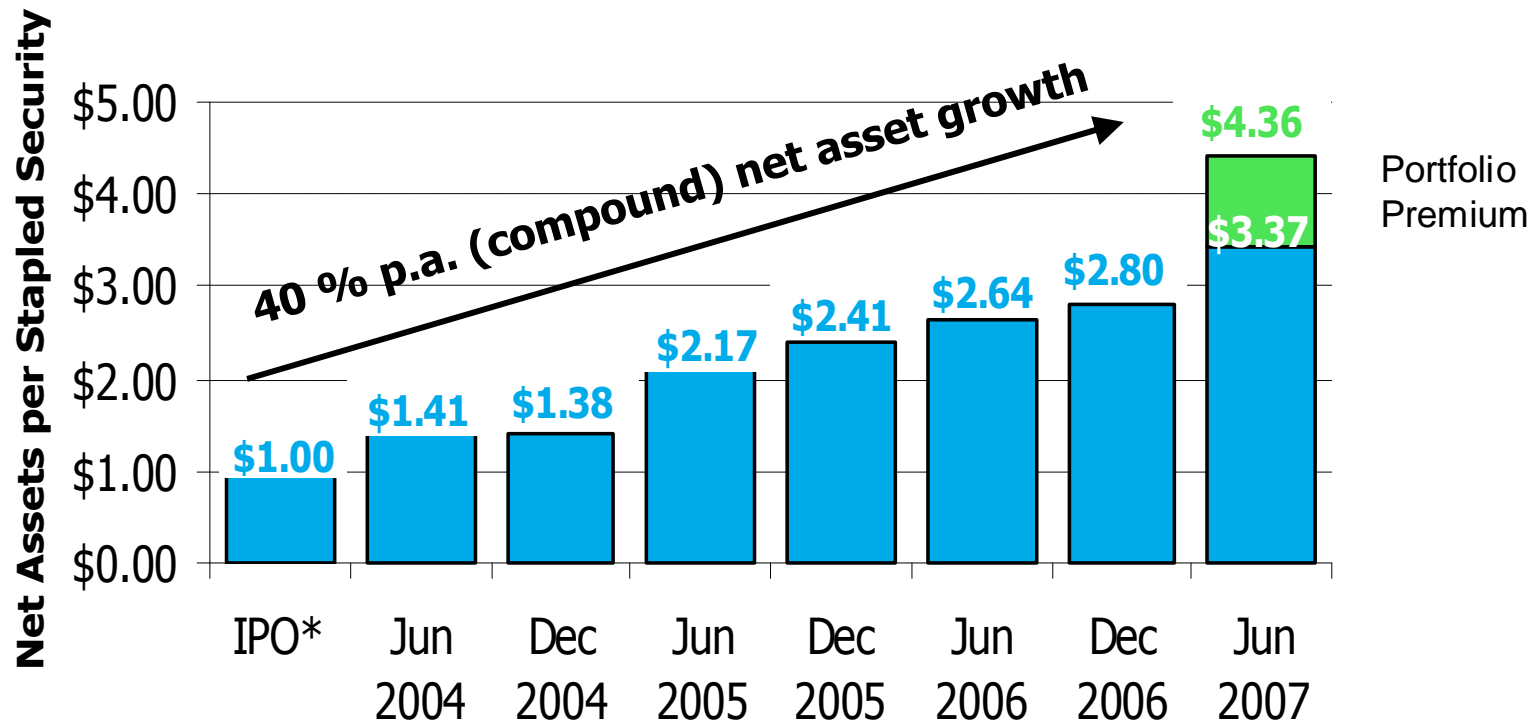
- independent valuation of 1/3 representative sample
- capitalisation rate movements on a sum of individual properties basis increased values by around 10%
- independent advice from DTZ that cap rate movements apply to all properties
- land tax expense in QLD is expected to be 1.6m for FY 08
- independent assessment by DTZ of the whole of portfolio value provided a further 11% premium
- movements in long term interest rates since June 07 are a favourable influence for future valuations

Property Portfolio - Increasing Property Values



* November
2003

Property Portfolio - Increasing Net Assets



* November 2003

Property Portfolio – Acquisitions

- Focus remains on value accretion, not growth of assets under management for its own sake
- ALE is seeking properties that
 - are strategic to the operations of strong tenant covenants
 - provide long term indexed rental streams
 - similar to its existing portfolio
- properties include
 - pubs
 - industrial and retail properties
 - social infrastructure: schools, universities, hospitals, courts etc

Property Portfolio – Recent Acquisitions



Pritchards Hotel, Mt. Pritchard, NSW



Balmoral Hotel, Perth, WA



The Brass Monkey, Perth, WA

➤ Acquisitions totalling \$33.3 million - all on long term leases to ALH

Property Portfolio - Leasehold Additions

ALH has funded a number of leasehold additions

- structural additions
- structural replacements
- Dan Murphy additions (below)



Dalrymple Hotel, Townsville, QLD



Springwood Tavern, Brisbane, QLD



Albany Creek Hotel, Brisbane, QLD

Risk Management



New Brighton Hotel, Manly, NSW

Risk Management - Scorecard

Focus on quality and risk management (as at November 2007)

- strong tenant: ALH (75% owned by Woolworths)
- average lease term: 21 years (+ 4 options of 10y each)
- lease structure: triple net
- average debt & hedging term: 7 years
- gearing: 64% (reduced from 88% at IPO)
- geographic diversification: 5 states of Australia
- default on higher cap. rates: not applicable
- debt covenant compliance: significant buffers exist
- foreign exchange risk: not applicable

Risk Management – Capital Structure

Current Capital Structure (as at November 2007)

- \$131 million of CIB (super senior debt)
- \$245 million of CMBS (senior debt)
- \$26 million of Bank Debt (unsecured)
- \$150 million of ALE Notes (subordinated debt)
(code: LEPHB)
- \$341 million* of Stapled Securities - listed on ASX
(code: LEP)

* Approximate current market capitalisation

Risk Management - Certainty of Funding

Sources

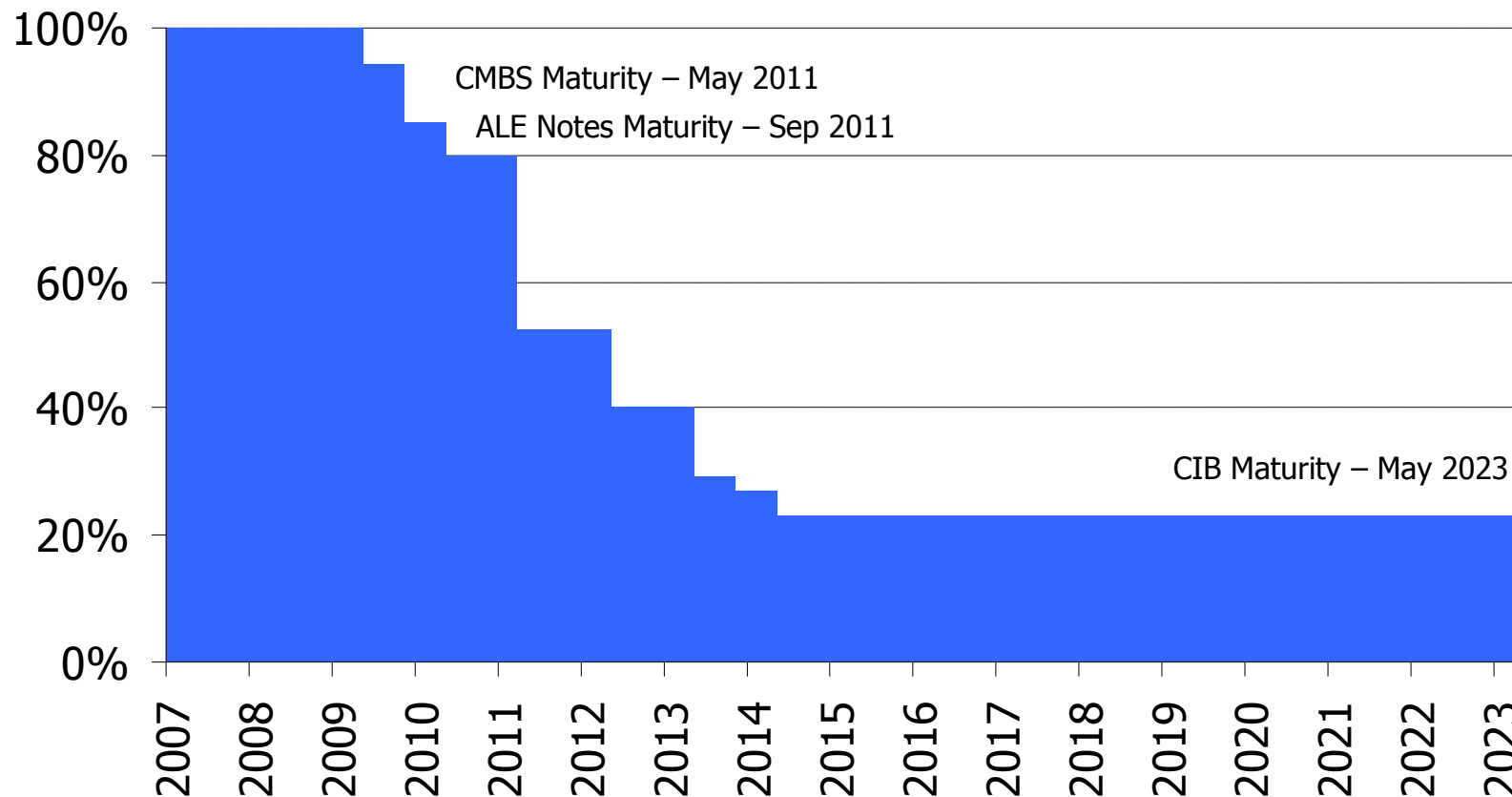
- operational income: CPI rent & largely hedged expenses
- undrawn CMBS facilities: \$54m (secured)
- undrawn standby banking facilities: \$29m (unsecured)
- further debt facilities for future acquisitions

Applications

- income distributions
- ongoing capital distributions
- on-market buyback
- further capital management initiatives
- future property acquisitions

Risk Management - Hedging

Weighted average hedging term of **7 years** (as at November 07)



Capital Management



Sail and Anchor Fremantle, WA

Capital Management - Scorecard

Protecting and adding value for security holders

➤	management expense ratio:	0.24%
➤	selective equity reinvestment plans:	not applicable
➤	external management fees:	not applicable
➤	performance fees:	not applicable
➤	on-market Buyback of excess capital	yes
➤	capital distributions to maintain gearing:	yes

Capital Management - Security Buyback Is Delivering Value

Buyback summary and progress

- on-market buyback of up to 10% or 9.08 million securities by May 08 (approx \$40 mill at current prices)
- replaces equity with cost efficient cash and debt funding (increasing gearing by up to 3%)
- progress from 1 May 07 to 13 November 07
 - buyback of 5.24% or 4.76 million securities

“Delivering Value”

Capital Management – Ongoing Capital Distributions

Ongoing Capital Distributions

- policy is to distribute at least 50% of rent based revaluations
- objective is to maintain gearing at around current levels
- FY 07 revaluations of \$81.6m comprised
 - cap. rate / yield compression of \$59.0m
 - indexed rent of \$22.6m
- FY 07 ongoing capital distribution of \$11.3m (= to 50%)
- ongoing policy is to distribute capital of at least \$11.3m p.a. – higher distribution if CPI is above 2.6%
- policy is subject to Board review of ALE's financial position from time to time

FY 08 Outlook and Strategy



Breakfast Creek Brisbane, QLD

FY 08 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 and Risk Management**

- Continue to seek opportunities to reduce cost and risk

➤ **Maintain a strong distribution growth profile**

FY 08 Outlook and Strategy - Tax Deferred Distributions

- ALE has paid 100% tax deferred distributions each year since listing in 2003
- ALE expects for the four years to FY 12*:
 - FY 08 - FY 09 to be 100% tax deferred
 - FY 10 - FY 11 to be at least 75% tax deferred

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

FY 08 Outlook and Strategy - Distribution Guidance

- CPI for November 2007 annual rent review was 2.1%
- total distribution guidance of at least 33.5 cps¹
- further buybacks will decrease income distributions and increase capital distributions
- capital distributions remain subject to gearing levels, acquisitions and other financial matters
- a FY 08 total distribution of at least 33.5 cps¹ equates to
 - current yield of at least 8.5%²
 - total distribution growth of at least 3.1%

1. cps is cents per security

2. based on current security price of \$3.95

FY 08 Outlook and Strategy – Building Blocks of Certainty

ALE is Australia's largest triple net lease LPT !

8.5% Total Yield
(100% tax deferred)

64% Gearing
(hedged for 7.0 yrs)

ALH quality tenants
(75% Woolworths)

25yr Lease
(+ 4×10 yr options)

105 pubs /\$825m
(trading for 55+ yrs)

Annual General Meeting 2007



NEW BRIGHTON HOTEL, MANLY

13 November 2007

ALE Property Group

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