

ALE Property Group – AGM 2008

12 November 2008



Burleigh Heads Hotel, QLD



Boundary Hotel, Melbourne, VIC

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FY 08 Results - Highlights

- **Distributable profit increased by 4.1%** to 33.60 cps (FY07 32.30 cps)
- Distribution represents **100% of distributable profit**
- Distribution is **100% tax deferred** (FY 07 100%)
- On market **buyback of 5.8%** of stapled securities completed
- **Portfolio value** \$842.4m (FY 07 \$791.2m)
- **Four ALH leased pub properties acquired** for \$53.3m
- Interest rate **hedging extended to 15.1 years** (FY 07 7.0 years)

FY 08 Results - Distributable Profit Compared to FY 07

	cps	Impact
Distributable Profit FY 07 (cps)	32.3	
Reduced Securities (On-Market Buyback)	1.8	↑
Increased Property and Interest Income	2.3	↑
Increased Management Costs	(0.1)	↓
Increased Land Tax	(0.4)	↓
Reduced Interest Expenses	2.4	↑
Reduced Distributable FV Gains	(4.7)	↓
Distributable Profit FY 08 (cps)	33.6	

ALE's First Five Years - Financial Highlights

30 June	04	05	06	07	08
Distributable Profit ¹	\$8.0m	\$11.7m	\$14.6m	\$29.4m	\$28.9m
Distribution per Security	7.50¢	12.85¢	16.00¢	32.50¢	33.60¢
Cumulative Distributions	7.50¢	20.35¢	36.35¢	68.85¢	102.45¢
Property Values ²	\$576.7m	\$651.5m	\$717.6m	\$791.2m	\$842.4m
Gearing ³	80%	72%	68%	63%	69.8%
Net Assets per Security ²	\$1.41	\$2.17	\$2.64	\$3.37	\$3.08

1. Distributable Profit adds back non-cash accounting items including fair value adjustments

2. Based on completed property values + any development properties at cost

3. Total Accounting Liabilities as a % of Total Accounting Assets

ALE's First Five Years - Key Metrics

5 years since IPO - Highlights

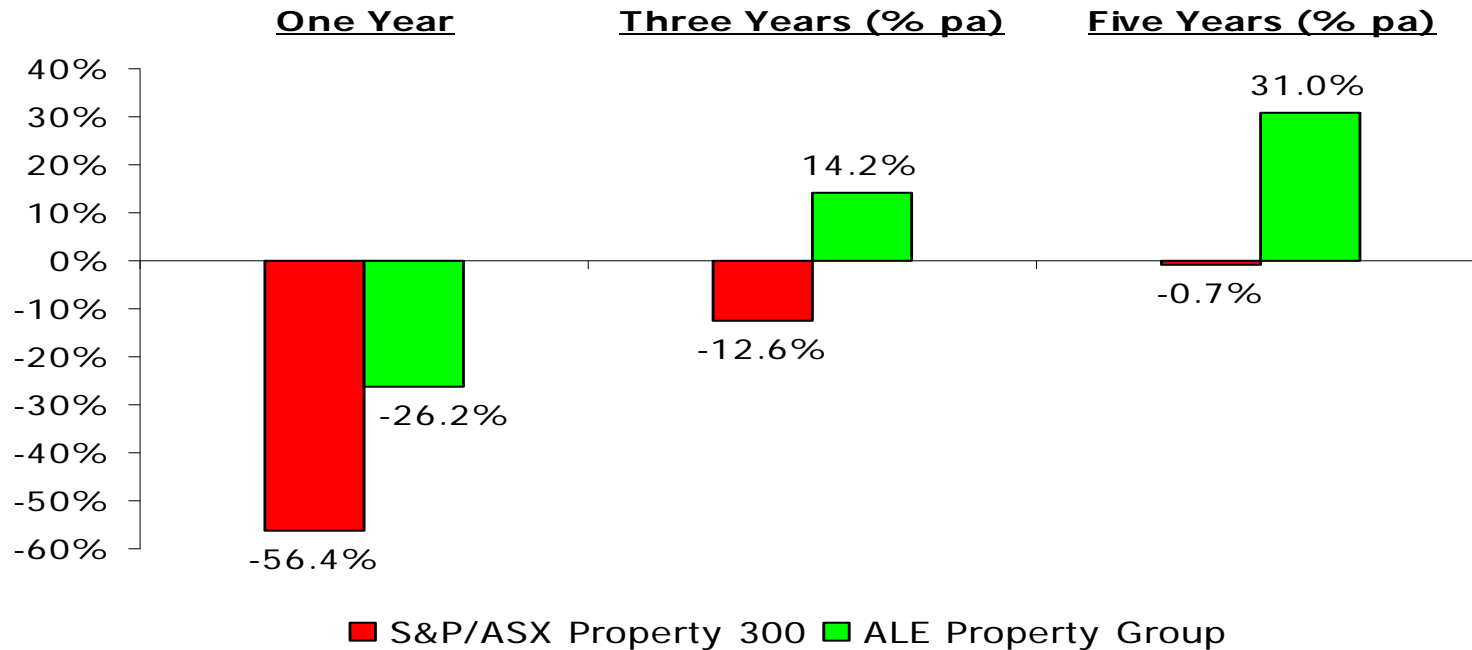
- Distributions Paid to Aug 08 (compared to \$1.00 IPO issue) **\$1.0245**
- Growth in Market Capitalisation * **\$90.8m to \$233m**
- Total Security Holder Return ** **31.0% p.a.**
- Accumulated Value at Nov 08 *** **\$4.62**
- Best performing AREIT over past 3 and 5 years

* Based on 31 October 2008 closing security price of \$2.69

** 5 years ending 31 October 2008

*** Trading price plus reinvested distributions

ALE's First Five Years – to 31 October 2008



ALE has consistently outperformed the AREIT index over the long term

Source: UBS

Property Portfolio - Valuation Results

At June 2008

- independent valuation of one-third representative sample
- average cap. rate adjusted from 6.07% to 6.20%
- 100% of the properties were revalued based on independent advice from DTZ
- DTZ identified positive influences including
 - high quality tenant
 - long term leases
 - CPI indexed rent
 - smaller value properties (average \$8m)

Property Portfolio – Recent market developments

Since June 2008

- low volumes of transactions (particularly at more than \$20m)
- capital constraints for larger property transactions
- long term swap (base) interest rates have fallen from around 8% to 6% p.a.
- CPI has increased: November 08 rents increased by 5.08%
- ALE sold the Parkway Hotel in July 08 at a cap. rate of 5.91%

Some fundamentals are supportive for commercial property values !

Property Portfolio – FY08 Acquisitions



Pritchard's Hotel, Mt. Pritchard, NSW



Balmoral Hotel, Perth, WA



The Brass Monkey, Perth, WA



Boundary Hotel, Melbourne, VIC

Acquisitions totalling \$53.3 million - all on long term indexed leases to ALH

Property Portfolio – Recent Acquisition

Burleigh Heads Hotel, QLD

- One of the original 2003 properties developed by Foster's Group
- Pre-agreed acquisition price of \$6.6m back in 2003
- Deferred acquisition finalised November 2008
- Valued by DTZ at 30 June 2008 at \$10.4m (cap. rate of 6.0%)
- **Acquired at 36% discount to valuation**



Property Portfolio – Recent Annual Rent Review

November 08 rent review

- 5.08% weighted average CPI increase (state based) for the year to September 08
- Brisbane CPI was 5.6%
- Melbourne CPI was 4.8%
- \$2.1m p.a. increase in net* rental income
- estimated increase in property values: \$33.7m

* Net of QLD land tax increase of \$0.4m

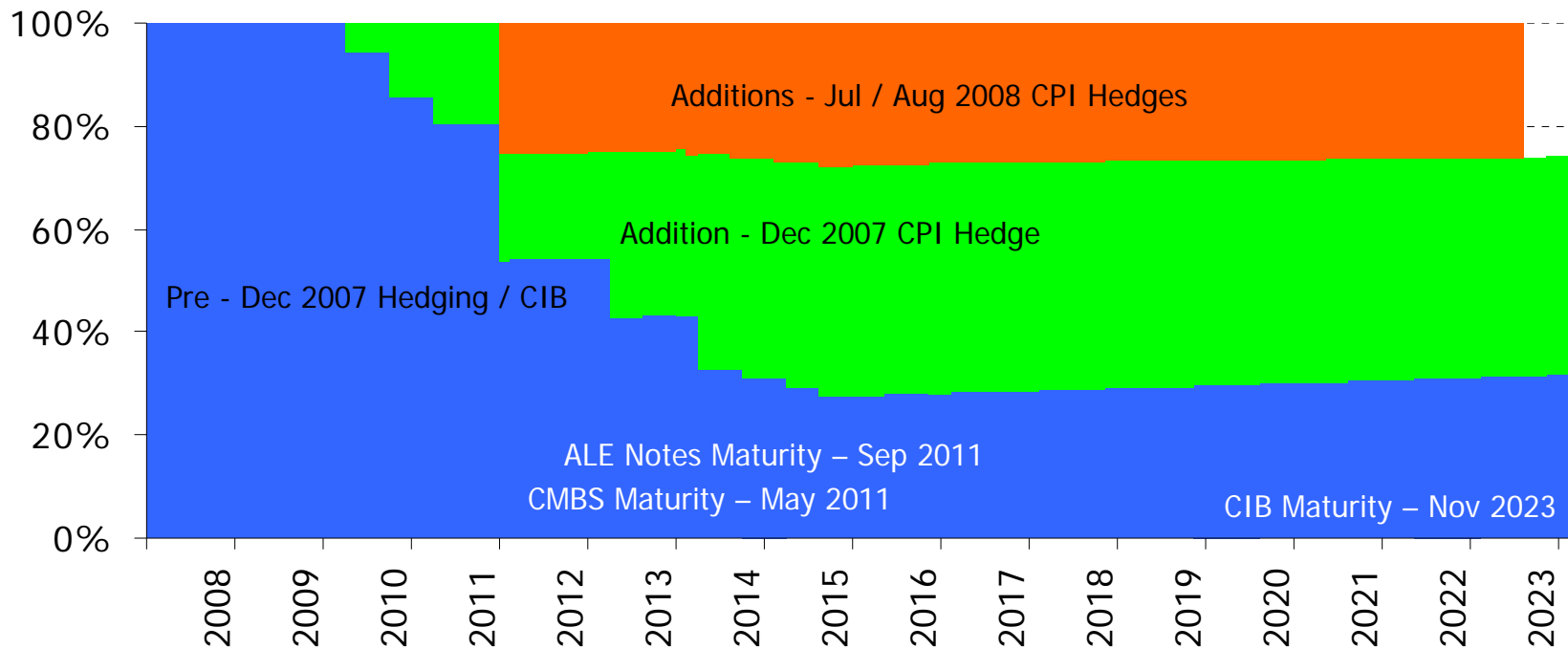
Risk and Capital Management - Liability Scorecard

Focus on quality and risk management (as at August 2008)

- WAV debt maturity term: 5.7 years
- earliest debt maturity: May 2011 (in 2.8 years)
- WAV hedging term: 15.1 years (WAV 5.1 yrs for LPTs)
- earliest 100% hedge maturity: May 2023 (in 14.9 years)
- gearing: 69.8% (reduced from 88% at IPO)
- FY 09 WAV interest rate: 3.10% p.a. (plus CPI indexation)
- property value headroom: 15% decrease in property values
1.2% increase in capitalisation rates
- interest cover headroom: 70% decrease in ALH's EBITDAR
33% decrease in ALE rental income

Risk and Capital Management - Hedging

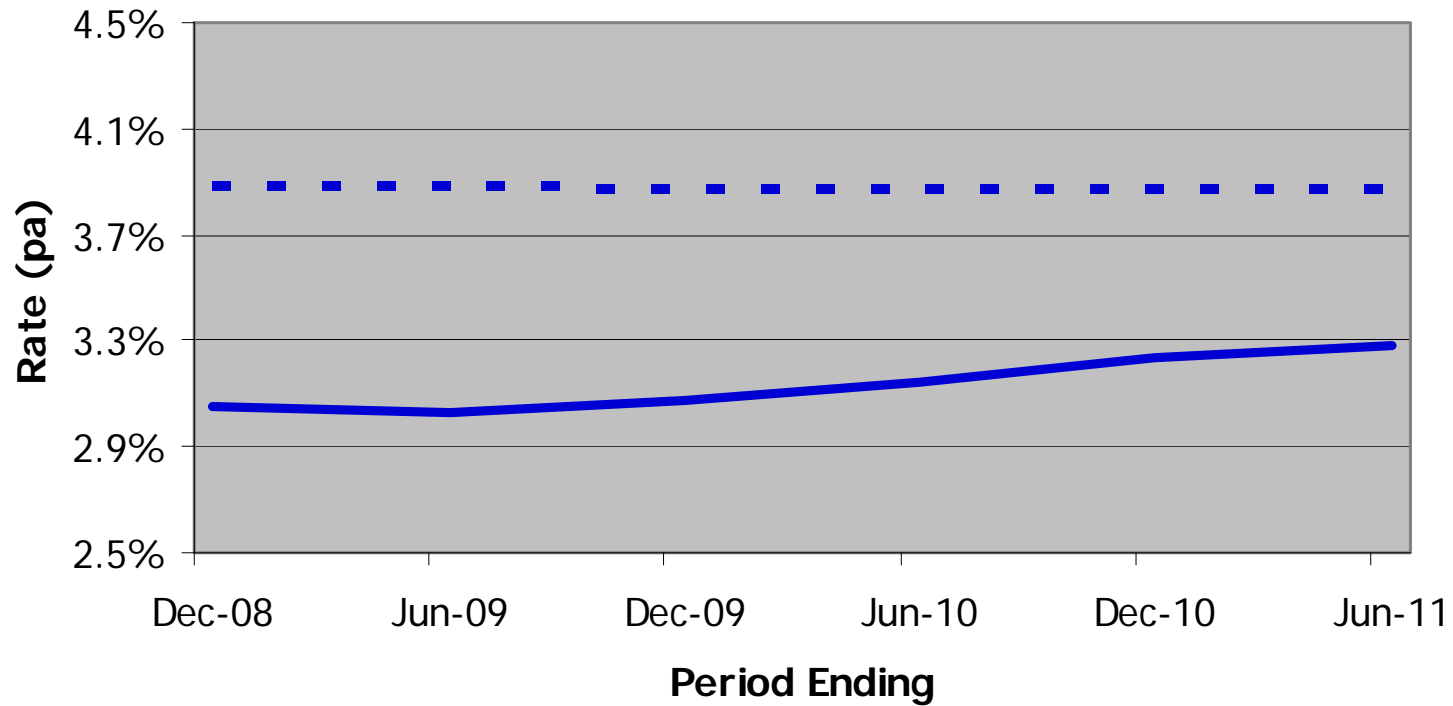
As at August 2008 – WAV hedging term of **15.1 years**



ALE is 100% hedged until May 2023

Risk and Capital Management - Hedging

Cash Interest Rates (Fixed)



■ ■ Interest Rate excluding fixed swap benefits — All-up Interest Rate

Risk and Capital Management – Distribution Reinvestment Plan

- introduced June 2008 in response to requests from investors
- DRP price initially set at a 2.25% discount to market price
- DRP may be supplied by on-market acquisition of existing securities and/or the issue of new securities
- participation in DRP first made available for June 2008
- 16.4% elected to participate – as expected. May increase in future.
- \$2.36m raised in August 2008. Proceeds allocated to partly fund Boundary Hotel in Melbourne.

Stapled Securities

- on-market buyback between May 07 and Jan 08
- 5.8% acquired for around \$20 million
- funded from surplus cash and long term fixed rate debt

ALE Notes

- on-market buyback from June 08
- \$150m of Notes currently trading at discount
- ASX approvals in place

FY 09 Outlook and Strategy – Risk Positioning

ALE not directly exposed in near term to changes in:

- property development outlook
- property sales income or lease renewals
- maintenance capital expenditure
- property funds management revenues
- nominal and real base interest rates
- residential property prices
- pub turnover or profitability
- land tax values in States other than QLD
- foreign exchange rates
- property values in other countries

2011 Refinancing

- work and planning is already underway
- positive feedback to date - quality assets remain attractive in today's credit markets
- considering range of funding options
- strong existing banking relationships - key to implementation
- to be implemented well in advance of maturity dates
- ready to move sooner as funding market opportunities arise

FY 09 Outlook and Strategy – Distribution Guidance

- distribution policy is to pay no more than free cash flow
- FY09 free cash flow is expected to be at least 35.00 cps ¹
- applying higher credit margins (to reflect current market conditions) shows that free cash flow after refinancing may be reduced
- free cash flow of 30.00 cps ¹ is sustainable long term (on the basis of credit margins increasing from 0.55% to 2.35% p.a.)

1. cps is cents per security

FY 09 Outlook and Strategy – Distribution Guidance

- if credit margins return to more normal levels, FY09 and future distributions may be revised upwards
- FY09 distribution guidance - expected to be **at least 30.00 cps**¹
- FY09 distribution guidance represents a yield of at least **11.2%**²
- distributions are expected to be 100% tax deferred for FY09 and FY10 and at least 75% tax deferred for FY11 and FY12³

1. cps is cents per security

2. based on current security price of \$2.69

3. all tax deferred estimates are based on current assets, gearing, interest and CPI rates continuing at current levels

Annual General Meeting 2008



New Brighton Hotel, Manly, NSW

12 November 2008

Resolution 1 - Re-election of John Henderson

Shares entitled to vote	86,338,181	
	Proxy votes received	Votes %
For & Chair's Discretion	28,125,009	99.1%
Against	81,238	0.3%
Discretionary (Non-Chair)	170,341	0.6%
Abstain	57,901	N/A
Total	28,434,489	100%

Resolution 2 - Non Binding Advisory Vote on Remuneration Report

Shares entitled to vote 86,338,181

	Proxy votes received	Votes %
For & Chair's Discretion	27,404,377	97.3%
Against	605,135	2.1%
Discretionary (Non-Chair)	165,341	0.6%
Abstain	259,636	N/A
Total	28,434,489	100%

Resolution 3 — Approval for the issue of Performance Rights

Shares entitled to vote	86,338,181	
	Proxy votes received	Votes %
For & Chair's Discretion	26,564,150	94.9%
Against	1,251,145	4.5%
Discretionary (Non-Chair)	165,341	0.6%
Abstain	121,892	N/A
Total	28,102,528	100%

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