



ANNUAL REVIEW 2012

RENOVATED MULTI-LEVEL HOTELS

New Brighton Hotel: Completely renovated and remodelled and opened as a new multi-level venue in November 2011. This modern entertainment offering now includes ground level bars, bistro, nightclub and rooftop cocktail bar. The complete reconstruction of the hotel undertaken by our tenant ALH, at their cost, offers a superior venue in arguably one of Sydney's most popular beachside suburbs.



www.alegroup.com.au

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Cover: New Brighton Hotel, Manly

Contained within this review are Non-IFRS measures. Where they first appear they have been indicated and explained. Non-IFRS measures within this review are not audited or reviewed by KPMG in accordance with Australian Auditing Standards.





NBH NEW
BRIGHTON
HOTEL

A REVIEW

with

PETER WARNE

Chairman



Peter Warne

DEAR FELLOW INVESTOR, ON BEHALF OF THE BOARD I AM PLEASED TO REPORT TO YOU ANOTHER SOLID FINANCIAL RESULT FOR THE ALE PROPERTY GROUP FOR THE YEAR ENDED 30 JUNE 2012.

The market

Before I touch on ALE's performance and other matters, it may be helpful for me to share some of my thoughts on the bigger picture in terms of both the global and domestic property and capital markets.

As concern about the economic and financial outlook for Europe and the US has continued to impact confidence in the financial markets, many investors have focused on fixed income markets and away from equity markets.

Bond yields, particularly government bond yields, have rallied significantly in the US, Canada, UK, Australia and the stronger economies of Europe. This has been aided by continuing accommodative monetary policy as authorities have continued to endeavour to stimulate growth.

Investor demand for high quality, well-leased, prime commercial real estate in Australia continues to be evident, although we have not yet seen yields fall and prices rise as we have in bond markets. This lower risk profile of property investment also continues to enjoy support from both the banking and debt funding communities.

Against a background of global uncertainty driven by well-documented concerns about the economic future of a number of European countries, Australian and global long term interest rates have fallen materially over the past 18 months. Over the same period, A-REITs, or ASX-listed owners of property portfolios, that deliver a high level of earnings certainty, have gained favour as their

anticipated yields become increasingly attractive relative to bonds and other investment alternatives.

While funding and capital markets continue to remain open and selective, the credit margins charged continue at levels that have remained above long term averages.

ALE's continuing priorities

I am pleased again to emphasise the strength of ALE's successful approach to growing and protecting securityholder value, underpinned by our focus on the following priorities:

- Delivering predictable distributions growing reliably over time (distributions consistently in line with guidance);
- Continuing to review our portfolio to ensure ALE properties are well maintained and, to the extent we are able, value is maintained or enhanced;
- Maintaining our operating costs below those of our peers;
- Ensuring a sustainable capital management position;
- Closely managing risk to preserve value for all stapled securityholders;
- Undertaking acquisitions or disposals where value accretive to do so; and
- Adopting and executing high standards of regulatory and compliance practices, ensuring all our obligations under the law, ASX Listing Rules and regulatory and lease obligations are met.

ALE's strategy in the current market

In recent years ALE completed a range of steps to implement a capital structure characterised by relatively longer-term debt maturities and diverse sources of funding beyond those offered by the traditional bank debt markets. At the same time

we have continued to enjoy solid and long standing relationships with Australian banks. The capital structure that ALE enjoys today is significantly stronger as a result.

With those capital foundations in place, ALE has continued to focus on opportunities for further growth in securityholder value. We have noted the recent material falls in base interest rates and some evidence of continuing distress in the commercial property markets. These factors combine to increase the opportunity to secure accretive acquisitions of higher quality long term leased properties. ALE actively reviews these opportunities against the consistently applied criteria and with appropriate levels of both restraint and discipline that have served us well over many years.

Financial results

I am pleased to report a distributable profit for the 2012 financial year of \$26.8 million*. While this outcome slightly exceeded the guidance provided earlier in the year, as a matter of prudence, the Board has decided to declare a full year distribution of 16.00 cents per security (expected to be 100% tax deferred) in line with that guidance.

Distribution Reinvestment Plan (DRP)

The Board has decided to continue to provide a DRP for the September 2012 distribution payment at a discount of 2.25% to the applicable trading price. Around 36.9% of the securities on issue are currently electing to participate. The Board will give ongoing consideration to the convenience the DRP provides securityholders as well as the potential ongoing capital needs of ALE.



Balmoral Hotel, Perth

I am pleased to report a distributable profit for the 2012 financial year of \$26.8 million. While this outcome slightly exceeded the guidance provided earlier in the year, as a matter of prudence, the Board has decided to declare a full year distribution of 16.00 cents per security (expected to be 100% tax deferred) in line with that guidance.

General commentary

During the year we have seen the difference between the ALE's stapled security price and net asset value narrow significantly. Investors have increasingly recognised the relatively attractive risk and return attributes of the underlying assets held by the Group and also sought investments that have higher quality and stable characteristics with predictable, reliable income.

Sustainability of distributable income continues to be a key focus for the Board. ALE's nearest funding maturity is August 2014, being the earliest redemption date on the ALE Notes 2. The maintenance of a high quality cash flow profile and a strong capital position are but two of the principles that remain absolute priorities for the Group.

ALE's properties continue to reflect their higher quality by increasing in value, and they remain positively exposed to higher rates of CPI. As previously advised, ALE continues to evaluate the merits of different approaches to hedging its long term interest and inflation risks. Any changes in these arrangements will be advised to the market as has been our consistent practice.

Vale Hotel matter

I am pleased to confirm the conclusion of the Vale Hotel litigation. The successful outcome for ALE provides significant certainty with respect to how the development provisions operate in the lease arrangements with ALH. The Court determinations also increase the certainty with which market-based rent will be determined in the future.

While the first major market rent review is scheduled for November 2018, the approval of development proposals, such as redevelopment of the Vale Hotel property, would trigger immediate rent reviews in relation to individual properties.

Thanks to management

On behalf of the Board, I extend my thanks to Andrew Wilkinson and the management team for their dedication to a range of strategic, operational and risk management tasks over the past year. In particular, the successful outcome of the Vale Hotel matter mentioned above followed nearly five years of management and legal discussions and various Court processes.

Corporate governance

Again this year a number of Board, and Audit, Compliance and Risk Management Committee, meetings were required. I again thank my Board and Committee colleagues for their dedication to these tasks.

As previously announced, as part of the Group's staged process of Board renewal, we expect to nominate a further Director to the Board in the near term. As required, securityholders will be given the opportunity to elect all nominees to the Board at the subsequent AGM.

This year's Annual General Meeting will be held at the Sofitel Sydney Wentworth Hotel in Sydney on Tuesday, 30 October 2012. The Notice of Meeting and Explanatory Memorandum will be sent to stapled securityholders in advance of the Meeting.

I would like to thank all of ALE's stapled securityholders for your continuing support this year. Your long standing relationship and support is very valuable to ALE and is greatly appreciated by the Board.

PETER WARNE CHAIRMAN

* Distributable profit is a non-IFRS measure that shows how free cash flow is calculated by ALE and hence how distributions are determined. Distributable profit excludes non cash items.

ALE'S HIGHLIGHTS

In the current market conditions the need to demonstrate quality, security and growth prospects is increasingly evident. In ALE's case our focus remains on the quality and security of the tenant, the current and prospective profitability of each of the pub operations, the structure of the leases and the market rental review prospects in just over six years from now.

PROFITABLE

ACTUAL	16.71c
GUIDANCE	16.00c

PROFIT EXCEEDS GUIDANCE

ALE's Distributable Profit of 16.71 cents per security exceeded guidance by 4.4% as a result of reduced management costs and a strong CPI rental increase.

\$2.13

DISTRIBUTIONS SO FAR

ALE has paid \$2.13 per security of distributions and rights issue renunciation payments since the ASX listing in 2003.

VALE HOTEL MATTER

SUCCESSFULLY CONCLUDED

ALE is pleased that the Courts have now clarified the interpretation of the lease and looks forward to being able to continue its support of ALH's development of ALE's properties. Further development would be expected to further enhance ALH's already very profitable operations.

\$5.21

REINVESTED VALUE OF \$1.00

The reinvested value of \$2.13 of distributions since ASX listing in 2003, plus the current market value per security of \$2.14, has turned \$1.00 into \$5.21.

100%

TAX DEFERRED

Again this year ALE's distribution is expected to be 100% tax deferred.

20.3% p.a.

ONE YEAR TOTAL RETURN

Over the year to 30 June 2012, ALE has outperformed all other A-REITs in the 300 index (which averaged 11% p.a.) with distributions and market price movements to deliver a total return of 20.3% p.a. The All Ordinaries Index delivered -7.0% p.a. over the same period.

VALUABLE

2012	\$772m
2011	\$758m
2010	\$714m
2009	\$718m

GROWING VALUES

ALE's continuing 87 properties have demonstrated value growth off the back of rent increases driven by higher levels of CPI.

2012	6.57%
2011	6.44%
2010	6.60%
2009	6.45%

CAP RATE STABILITY

ALE's properties' relatively stable capitalisation rates have demonstrated a 'flight to quality' in volatile investment markets.

\$8.9m

AVERAGE PROPERTY VALUE

The total value of ALE's freehold pub properties is independently assessed at \$771.5m at June 2012. That represents an average value of \$8.9m. The market for lower value and higher quality commercial property in Australia is currently strong.

6.3 years

AVERAGE TERM TO MARKET REVIEW

The average term remaining until the next market rent review on the properties is around 6.3 years, being November 2018.

2012	52%
2011	52%
2010	52%
2009	68%

STABLE NET GEARING

ALE has maintained its net gearing at a level that provides significant headroom to all covenants.

\$778m

COMMITTED RENTAL INCOME

ALH is committed to a minimum of \$778 million of rent over the remaining average 16 years initial lease term. This amount excludes inflation increases, lease extensions, market reviews, land tax or management costs. Before adjustments for time value of money this amount compares favourably to \$412 million of net debt.

\$250m AND 20 DAN MURPHY'S

CAPITAL EXPENDITURE

ALH has spent more than \$250m on capital expenditure over the past five years refurbishing and reconstructing the properties. This includes the completion of 20 Dan Murphy's retail liquor outlets.

1.6 RUGBY FOOTBALL FIELDS

AVERAGE PER PROPERTY

The average land area of ALE's freehold pub properties is 10,955 square metres or 117,919 square feet. This is equivalent to an average 1.6 rugby union football fields each.

136 RUGBY FOOTBALL FIELDS

TOTAL LAND HOLDINGS

The land area across all 87 pubs totals 953,118 square metres or 10.26 million square feet. This is equivalent to 136 rugby union football fields.

A CONVERSATION

with
**ANDREW
WILKINSON**

Managing Director
and Chief Executive Officer

THE HIGHLIGHTS FOR THIS YEAR INCLUDE INCREASING RENTAL INCOME LINKED TO CPI, THE SUCCESSFUL CONCLUSION OF THE VALE HOTEL MATTER AND GROWING PROPERTY VALUES.

Have there been any significant influences on this year's distributable profit?

There were several significant influences on distributable profit during the year to June 2012.

The rental increase of 3.47% in November 2011 as a result of the CPI changes was a positive outcome.

Borrowing expenses were in line with guidance, and higher, as they now reflect a full year of increased credit margins arising from the refinancing completed in May 2011.

Pleasingly, management costs were down around 7%. This result was assisted by the partial recovery of costs relating to the Vale Hotel matter.

All the above factors led to ALE delivering a distributable profit ahead of guidance. The distribution is expected to be 100% tax deferred.

What are the factors that have impacted ALE's property valuations over this past year?

The valuations demonstrated the portfolio's relative strength and stability. A flight to quality and yield is certainly evident, given the ongoing volatility in the wider markets.

Following the independent assessment, the total value of the properties increased by 1.7% to \$771.5 million (or an average value of \$8.9 million each).

First, the positive impact of the CPI-based rent increases is mentioned above. Secondly, land tax costs were stable, and finally the average capitalisation rates increased marginally.

The independent valuer observed that recent and material falls in long term interest rates had not yet

flowed through to the property transaction market. This time last year the average capitalisation rate represented a premium of around 4% to the Australian Government's long term real bond rate benchmarks. Today, that premium has expanded out to around 6% as the bond rates have fallen to their current low levels.

During the year a number of lower quality and distressed hotel portfolios, owned by third parties, were restructured, sold or leased to stronger industry participants. The acquisition of the Compass portfolio in Perth by ALE's tenant, ALH, is one example.

The valuer also recognised that the market values for ALE's properties were starting to benefit from major ALH funded capital expenditure, which is expected to significantly impact the 2018 market rent reviews, that are capped at 10%. ALE anticipates that the prospect of this positive market rent review will continue to have a strong positive influence on the market values of its properties.

ALH is the tenant of ALE's properties. How are they performing?

ALH is performing well. Members of the ALH Group are the tenants for all 87 of ALE's Properties.

Today, ALH is Australia's largest and most profitable pub and retail liquor operator. ALH has delivered earnings growth significantly higher than CPI since its 2004 acquisition by the joint venture of Woolworths Limited and Bruce Mathieson.

ALH now operates around 290 licensed venues and over 460 retail liquor outlets, including BWS and Dan Murphy's. It is notable that it has recently expanded its operations significantly in both WA and NSW. For the year ending 30 June 2011, ALH reported revenue of \$3.0 billion and EBITDAR of \$502 million.



Andrew Wilkinson

We are advised that over the past six years ALH has expended around \$250 million on capital improvements to ALE's land.

What do you regard as the unique features of the leasing arrangements with ALH?

An abbreviated list of the unique key features of ALE's leasing arrangements appears on Page 7 of this Review.

In summary, the leases have features that not only protect ALE as landlord, but also capture benefits arising from ALH taking steps to make its operations at the properties even more profitable.

The initiatives that ALH has already taken on ALE land to drive higher profitability include the addition of Dan Murphy's retail liquor stores on 20 properties, completion of a large number of pub refurbishments and a range of other operating efficiencies. If ALH continues to develop our properties and further enhance its operations, the prospect of a further increase in ALH's profitability is likely.

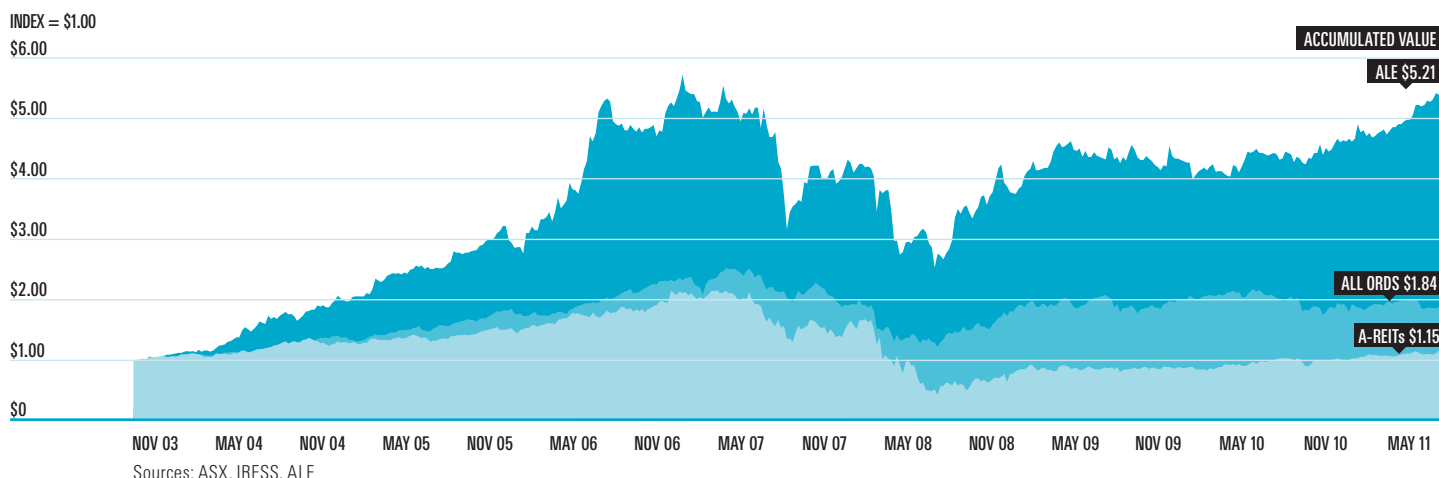
As the next market rent review on 81 of the 87 leases is just over six years away (in November 2018) it is timely to remind ALE's securityholders of the opportunity that review provides. As affirmed by the Courts in the Vale Hotel matter, any market rent review is to have regard to the venue's profitability. ALE will be entitled, at the rent review date, to reset the previous year's rent up or down by up to 10% on each of the 81 hotels. This provides the potential for upside in both rent and distributable profit for securityholders.

Is there anything to update on ALE's capital management position?

ALE used surplus cash to redeem the remaining \$72 million of ALE Notes 1 in full on 30 September 2011. ALE's funding structure is now characterised by a

STRONG RELATIVE VALUE PERFORMANCE

■ ALE price with distributions reinvested ■ All Ordinaries Accumulation Index ■ UBS Commercial Property Accumulation Index



ALE's unique leases

ALE's high quality freehold pubs have very long term leases that include a number of unique features that add to the security of net income and opportunity for rental growth. The following is an abbreviated list of the features that ALE's leasing and security arrangements currently provide, which of course should be read with the lease and intercreditor documents to gain a fuller understanding of the detailed terms and conditions.

25 years initial term

Leases commenced in November 2003 with an initial term of 25 years and four options of 10 years for ALH to extend.

Unlimited CPI upside

Annual CPI rent reviews are not subject to any cap. Rents do not decline with negative CPI, as any CPI decrease can be applied against future CPI increases.

2018 rent review

In addition to CPI growth, rents will be adjusted to market in around six years (November 2018) and are capped and collared at 10% above or below 2017 rent.

\$1

ALH funded property improvements revert to ALE for \$1 on lease expiry.

Sixteen years from now

Full open market rent reviews in around 16 years (November 2028) and, assuming ALH exercises options to extend the leases, each 10 year anniversary until 2058 (no caps and collars).

Earnings

KEY DETERMINANT OF MARKET RENT – Earnings from all improvements on ALE's land are to be taken into account in determining market rent in 2018 and each 10 year anniversary that follows.

Triple net leases

Triple net leases require that ALH takes responsibility for rates, insurance and essentially all structural repairs and maintenance, as well as land tax in all states except Queensland.

Cross default

Any (unlikely) ALH default on one lease may trigger cross defaults to 84 of the other leases at ALE's election.

ALH committed

ALH is committed to meeting its lease obligations even if liquor or gaming licence laws change.

Assignment protection

Assignment of the lease only with rating agency approvals. ALH is not released on assignment.

Security

Secured creditors of ALE have recourse to ALE assets, as well as ALH business assets (in certain circumstances when ALH is in lease default) to recover secured funding and hedging exposures (intercreditor arrangements).

Development rights

ALH may exercise property development rights upon ALE approval and make whole payment by ALH (ALE to be fully compensated).

Unfettered auction rights

ALH does not have a first right of refusal on sale of the properties when ALE puts them to a public auction.

diversity of sources and maturity dates averaging 5.9 years. The next scheduled funding maturity is the ALE Notes 2 in August 2014. ALE is entitled to elect to extend the maturity date by one or two years by paying additional redemption premiums.

At 30 June 2012, net covenant gearing is stable at 51.9%. ALE continues to maintain appropriate headroom to all debt covenants. The headroom is equivalent to a 23% fall in property values, currently considered a very unlikely prospect.

How is ALE protecting securityholders against market risks?

ALE has consistently sought to protect investors from inflation and interest rate risk and currently has substantially hedged its debt for around 11 years. The existing CPI hedging continues to be subject to five yearly rights to break, with the next potential break date being December 2012. ALE has held discussions with the counterparty since late 2011 and has recently formed the view that it may exercise the break right. ALE is in advanced dialogue with other hedging providers with a view to implementing new and simplified hedging arrangements in the short term.

Long term interest rates have fallen recently to all time historical low levels. ALE is currently giving detailed consideration to two hedging solutions, namely new CPI hedging and new nominal hedging. Each has different impacts on the level of distributable income and growth. Proposals in respect of both of these solutions are currently being evaluated.

In accordance with accounting requirements, ALE must recognise the market value of its hedging arrangements on its balance sheet and annual changes in their market value in its profit and loss.

At June 2012, the CPI Hedge escalation balance was \$36 million. The net mark to market value of hedging was \$22 million (based on liabilities of \$45 million less associated assets of \$23 million). The mark to market value will continue to change as rates change.

A pay down of the existing net hedging balances is able to be fully funded from surplus cash and new undrawn debt facilities (letter of offer remains subject to final documentation).

The balance sheet impacts of a full pay down of the existing hedge would include:

- no increase in total liabilities;
- increase in covenant* net gearing from 52% to 55% (within target range); and
- significant covenant head room remaining, equivalent to a 19% reduction in property values or an expansion in cap rates to 8.1%.

The market will be advised once the hedging review is completed and new arrangements are implemented.

Has ALE's performance compared favourably with other Australian real estate investment trusts?

ALE has continued to outperform in both the short and longer term.

If a securityholder had invested \$1.00 in ALE securities at the time of its ASX listing around nine years ago and reinvested all of their distributions, they would have \$5.21** in accumulated value at 30 June 2012. This compares to the broader All Ordinaries index which over the same period would have yielded the securityholder just \$1.84 and the A-REIT 300 index which would have delivered just \$1.15.

Also over the year to 30 June 2012, ALE's distributions and market price movements delivered a total return of 20.3% p.a. This compares favourably with a total return of 11.0% p.a. for the A-REIT 300 Index and -7.0% p.a. for the broader All Ordinaries Index. This has seen ALE outperform all other A-REITs in the S&P/ASX 300 Index during the year.

What was the outcome of the Vale Hotel matter?

ALH's 2007 application to subdivide land at the Vale Hotel in Mulgrave was finally resolved on 15 December 2011 in ALE's favour, with costs awarded to ALE.

Judgment endorsed ALE's interpretation and confirmed that:

- the hotel's earnings can be taken into account in determining market rent;
- ALH cannot require a subdivision and transfer of a Balance Lot unless development and use details are provided and approved by ALE; and
- valuations made under the Lease are to be made by a jointly appointed Valuer.

No further appellate processes are available to ALH with respect to its application. The matter is now successfully concluded.

ALE now looks forward to being able to continue its support of ALH's development of ALE's properties. The significant reconstruction of the New Brighton Hotel at Manly Beach in Sydney is just one example.

Is ALE releasing a new property book?

The property book is released today for the first time and may be viewed on ALE's website.

The property book includes aerial photos with key metrics for each of ALE's 87 properties. ALE owns 953,118 square metres of land across 87 properties. This is equivalent to 10.3 million square feet or 136 rugby union football fields.

Low site utilisation at a number of the properties may provide an opportunity for further development by ALH and additional future earnings and market rent growth.

What is the outlook for the 2013 financial year?

ALE has worked to both preserve the quality of the property portfolio and establish a long term diversified funding platform.

During FY12 ALE's property assets continued to exhibit their high quality by increasing in value. The current historically high spreads between capitalisation rates and long term real interest rates of around 6% are expected to contract back towards historic levels of around 4%.

Advanced discussions with a number of parties continue on implementing new hedging, and these are expected to be concluded in the short term.

Distributable profit guidance for the year ending June 2013 will be provided to the market upon conclusion of hedging review.

Any remarks in closing?

Finally, I would like to take this opportunity to again thank my management colleagues for their support and hard work and the Board for their wisdom and guidance through what continue to be challenging and volatile market conditions.



ANDREW WILKINSON
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

FURTHER NOTES

ALE has a policy of only paying distributions from free cash flow, subject to the minimum requirement to distribute taxable income of the trust under the Trust Deed. Distributable Profit is a non-IFRS measure that shows how free cash flow is calculated by ALE and hence how distributions are determined. Distributable Profit excludes items such as unrealised fair value (increments)/decrements arising from the effect of revaluing derivatives and investment property, non-cash expenses and non-cash financing costs. The reconciliation between Operating Profit before Tax and Distributable Profit has not been audited or reviewed by KPMG.

Net gearing = (Net Finance Debt – Cash) / (Total Assets – Cash – Derivatives Assets) as per ALE Notes 2 covenant. This ratio is considered, in the opinion of the Directors, most relevant to securityholders as it is the debt covenant that is most relevant for assessing the headroom available.

* ALE Notes 2 Covenant Net Gearing = (Net Finance Debt – Cash) / (Total Assets – Cash – Derivatives).

** Assumes market price at 30 June 2012 and reinvestment of distributions including the declared distribution for September 2012.

MANAGEMENT TEAM

ALE's small and stable management team has remained focused on a range of key deliverables for the Group. Innovation and professionalism are key traits that will continue to be pursued.



1.



2.



3.



4.



5.

Andrew Wilkinson

BBus, CFP, MAICD
MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER

1.

Andrew was appointed Managing Director of the Company in November 2004. He joined ALE as Chief Executive Officer at the time of its listing in November 2003. Andrew has over 30 years' experience in banking, corporate finance and funds management. He was previously a corporate finance partner with PricewaterhouseCoopers, and spent 15 years in finance and investment banking with organisations including ANZ Capel Court and Schroders.

Andrew Slade

BEc (Actuarial Studies)
CAPITAL MANAGER

2.

Andrew joined ALE in July 2005. He has more than 20 years' experience in investment banking and structured finance. Andrew spent 10 years with Oxley Corporate Finance, where he was involved with a range of structured, project and property finance transactions, the latter involving major Australian companies and listed property trusts.

Andrew has also acted as principal of Slade Financial Consulting, where he has provided advice on structured property and asset-based financing arrangements for public and private sector projects. Andrew has a Bachelor of Economics degree, majoring in Actuarial Studies, from Macquarie University.

Don Shipway

BCom (Prop Econ), MCom (Prop Dev), GAPI
ASSET MANAGER

3.

Don joined ALE in September 2010 as Asset Manager. Don has a Bachelor of Commerce (Property Economics) from the University of Western Sydney and a Master of Commerce (Property Development) from Sydney Graduate School of Management.

Don has over 12 years' experience in the corporate real estate sector, holding national management roles with Retail Adventures and Metcash Limited, specialising in property, lease and asset management. Don is a Graduate member of the Australian Property Institute.

Michael Clarke

BCom, MMAn, CA, ACIS
FINANCE MANAGER AND ASSISTANT COMPANY SECRETARY

4.

Finance Manager and Assistant Company Secretary Michael joined ALE in October 2006. Michael has over 27 years' experience in accounting, taxation and financial management. Michael previously held senior financial positions with subsidiaries of listed public companies and spent 12 years working for Grant Thornton.

He has also owned and managed his own accounting practice. Michael has a Bachelor of Commerce degree from the University of New South Wales and a Master of Management from Macquarie Graduate School of Management, and is an associate member of the Institute of Chartered Secretaries and Administrators.

Brendan Howell

BEc, GDipAppFin
COMPANY SECRETARY AND COMPLIANCE OFFICER

5.

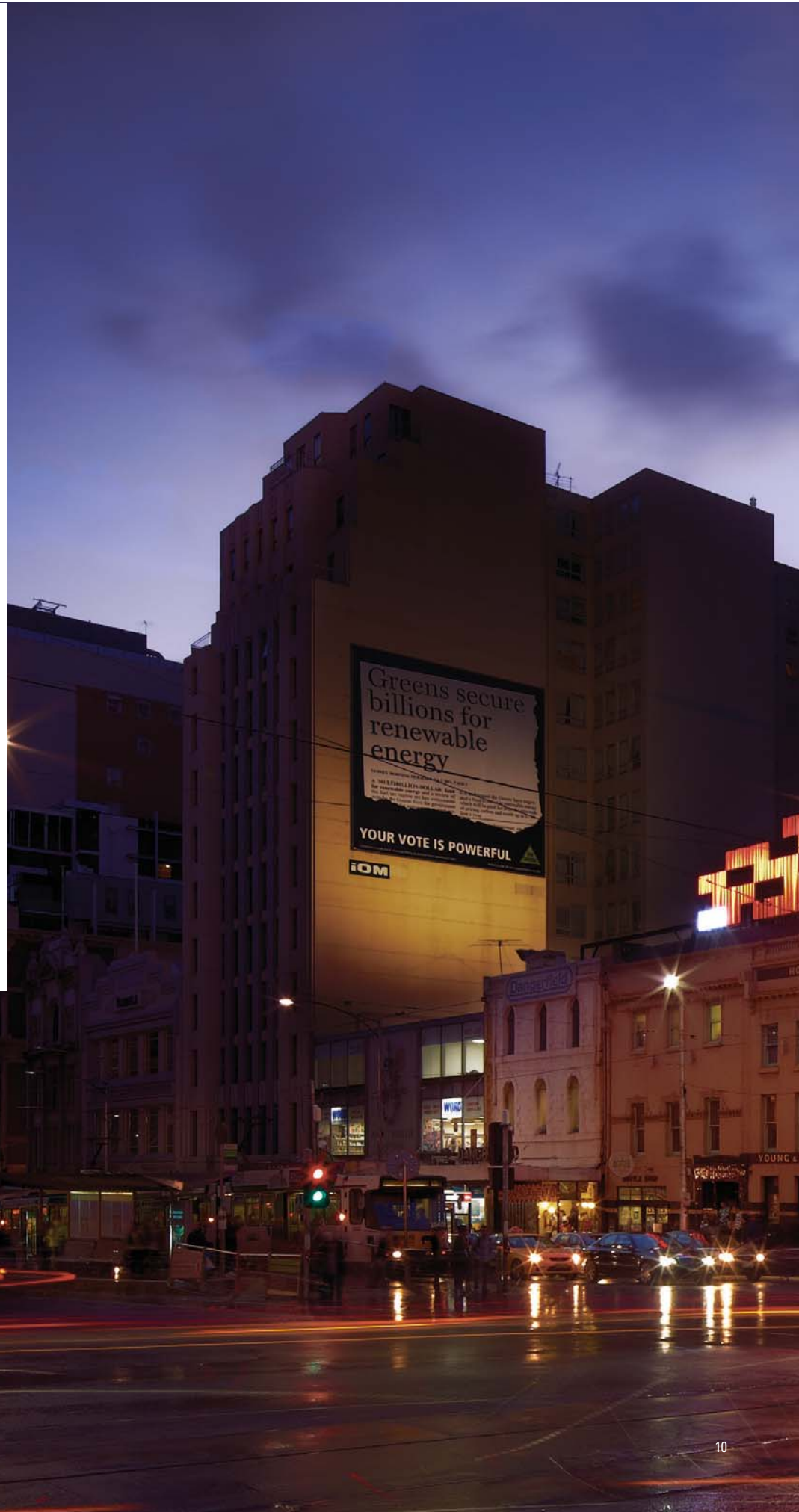
Brendan was appointed to the position of company secretary in April 2007, having previously held the position from September 2003 to September 2006. Brendan has a Bachelor of Economics from the University of Sydney and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia, and over 21 years' experience in the funds management industry.

He was formerly an associate member of both the Securities Institute of Australia and the Institute of Chartered Accountants in Australia. Brendan has a property and accounting background and has previously held senior positions with a leading Australian trustee company administering listed and unlisted property trusts. For over 12 years Brendan has been directly involved with MIA Services Pty Limited, a company which specialises in funds management compliance; and acts as an independent consultant and external compliance committee member for a number of property, equity and infrastructure fund managers. Brendan also acts as an independent director for several unlisted public companies, some of which act as responsible entities.

WELL LOCATED PORTFOLIO

ALE's 87 quality hotels have been trading in their current locations for an average of more than 60 years. The properties are strategically located across major metropolitan areas of Australia's major capital cities.

Young & Jackson Hotel: Located opposite Melbourne's Flinders Street Station, Federation Square and St Paul's Cathedral, the Young & Jackson Hotel has been operating for over 150 years on one of Melbourne's most prominent CBD corners.







BURVALE HOTEL Nunawading

45,280m²
LAND AREA

\$15.5m
VALUATION AT LATEST
BOOK DATE

6.60%
BOOK CAPITALISATION RATE

VICTORIA

ALE's 34 Victorian hotels are strategically located within major population catchment areas and growth corridors. These large land banks are well positioned for our tenant ALH to take advantage of future growth potential over the term of the lease.

\$379.6m
TOTAL VALUE OF PROPERTY PORTFOLIO

THE VALE HOTEL Mulgrave

20,941m²
LAND AREA

\$8.8m
VALUATION AT LATEST
BOOK DATE

6.50%
BOOK CAPITALISATION RATE



STAMFORD INN HOTEL Rowville

35,390m²
LAND AREA

\$18.6m
VALUATION AT LATEST
BOOK DATE

6.80%
BOOK CAPITALISATION RATE



34

NUMBER OF PROPERTIES

The Victorian Portfolio is strategically located on major roads throughout metropolitan Melbourne and surrounding districts.

14,186m²

AVERAGE LAND AREA

The average land area of ALE's 34 Victorian hotels is 14,186m² which is equivalent to just over **two rugby football fields** per hotel.

\$11.2m

AVERAGE VALUE

The average property value of ALE's 34 Victorian hotels is \$11.2 million.

482,330m²

TOTAL LAND AREA

This represents approximately **69 rugby football fields** in total and a very significant landholding across Melbourne.

Ashley Hotel, Braybrook / Bayswater Hotel, Bayswater / Berwick Inn, Berwick / Blackburn Hotel, Blackburn / Blue Bell Hotel, Wendouree / Boundary Hotel, East Bentleigh / Burvale Hotel, Nunawading / Club Hotel, Ferntree Gully / Cramers Hotel, Preston / Deer Park Hotel, Deer Park / Doncaster Inn Hotel, Doncaster / Ferntree Gully Hotel & Motel, Ferntree Gully / Gateway Hotel, Corio / Keysborough Hotel, Keysborough / Mac's Hotel, Melton / Meadow Inn Hotel, Fawkner / Mitcham Hotel, Mitcham / Morwell Hotel, Morwell / Olinda Creek Hotel, Lilydale / Pier Hotel, Frankston / Plough Hotel, Mill Park / Prince Mark Hotel, Doveton / Royal Exchange Hotel, Traralgon / Sandbelt Hotel, Moorabbin / Sandown Park Hotel, Noble Park / Sandringham Hotel, Sandringham / Somerville Hotel, Somerville / Stamford Inn Hotel, Rowville / Sylvania Hotel, Campbellfield / Tudor Inn Hotel, Cheltenham / The Vale Hotel, Mulgrave / Victoria Hotel, Shepparton / Village Green Hotel, Glen Waverley / Young & Jackson Hotel, Melbourne CBD



SPRINGWOOD HOTEL Springwood

22,650m²
LAND AREA

\$13.0m
VALUATION AT LATEST
BOOK DATE

6.63%
BOOK CAPITALISATION RATE

QUEENSLAND

The Queensland portfolio of 32 hotels is located throughout Brisbane's major metropolitan areas and in the growth centres of the Gold Coast, Sunshine Coast and North Queensland. A significant number of these properties are located adjacent to major road infrastructure or prominent Brisbane River locations.

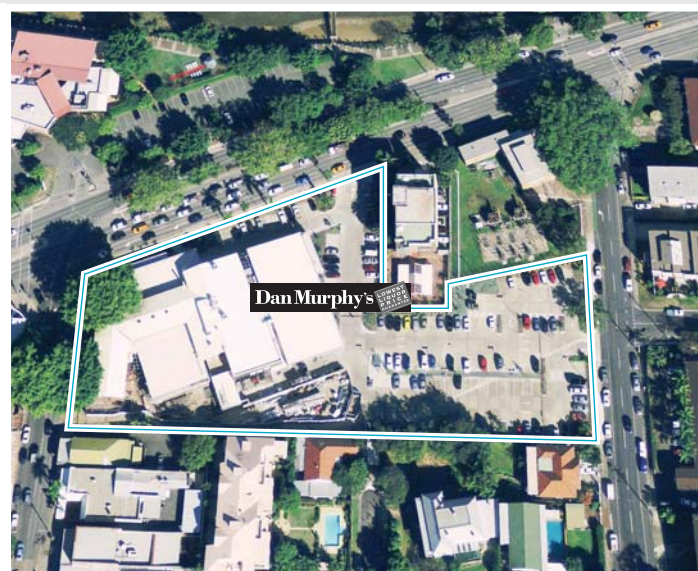
\$225.9m
TOTAL VALUE OF PROPERTY PORTFOLIO

HAMILTON HOTEL Hamilton

10,006m²
LAND AREA

\$9.0m
VALUATION AT LATEST
BOOK DATE

6.07%
BOOK CAPITALISATION RATE



REDLAND BAY HOTEL Redland Bay

18,300m²
LAND AREA

\$8.0m
VALUATION AT LATEST
BOOK DATE

5.16%
BOOK CAPITALISATION RATE

LOCATIONS OF ALE PROPERTIES IN QUEENSLAND

Note: All hotel locations, outlines and areas are approximate.



32

NUMBER OF PROPERTIES

The majority of ALE's 32 Queensland hotels are located throughout Brisbane and the Gold Coast's growth areas and major population centres.

10,466m²

AVERAGE LAND AREA

The average land area of ALE's 32 Queensland Hotels is 10,466m² which is equivalent to around **one and a half rugby football fields** per hotel.

\$7.1m

AVERAGE VALUE

The average property value of ALE's 32 Queensland hotels is \$7.1 million.

664,927m²

TOTAL LAND AREA

This represents approximately **48 rugby football fields** in total and is a very significant landholding across Brisbane and other cities in Queensland.

Albany Creek Tavern, Albany Creek / Alderley Arms Hotel, Alderley / Anglers Arms Hotel, Southport / Balclava Hotel, Cairns / Breakfast Creek Hotel, Albion / Burleigh Heads Hotel, Burleigh Heads / Camp Hill Hotel, Camp Hill / Chardons Corner Hotel, Annerly / Dalrymple Hotel, Townsville / Edge Hill Tavern, Cairns / Edinburgh Castle Hotel, Kedron / Four Mile Creek Hotel, Strathpine / Hamilton Hotel, Hamilton / Holland Park Hotel, Holland Park / Kedron Park Hotel, Kedron Park / Kirwan Tavern, Townsville / Lawnton Tavern, Lawnton / Miami Tavern, Miami / Mt Gravatt Hotel, Mt Gravatt / Mount Pleasant Tavern, Mackay / Noosa Reef Hotel, Noosa Heads / Nudgee Beach Hotel, Nudgee / Palm Beach Hotel, Palm Beach / Pelican Waters, Caloundra / Prince of Wales Hotel, Nundah / Racehorse Hotel, Booval / Redland Bay Hotel, Redland Bay / Royal Exchange Hotel, Toowong / Springwood Hotel, Springwood / Stones Corner Hotel, Stones Corner / The Vale Hotel and Aikenvale Motel, Townsville / Wilsonton Hotel, Toowoomba



COLYTON HOTEL Colyton

19,300m²
LAND AREA

\$12.8m
VALUATION AT LATEST
BOOK DATE

6.67%
BOOK CAPITALISATION RATE

NEW SOUTH WALES

ALE's 10 New South Wales hotels include some great locations such as Manly and Narrabeen Beaches, Crows Nest and major population catchment areas such as Colyton, Penrith and Blacktown.

\$108.1m
TOTAL VALUE OF PROPERTY PORTFOLIO

PIONEER TAVERN Penrith

7,493m²
LAND AREA

\$9.3m
VALUATION AT LATEST
BOOK DATE

6.31%
BOOK CAPITALISATION RATE



BLACKTOWN INN HOTEL Blacktown

14,559m²
LAND AREA

\$8.5m
VALUATION AT LATEST
BOOK DATE

6.45%
BOOK CAPITALISATION RATE





10

NUMBER OF PROPERTIES

The New South Wales portfolio is strategically located in major growth corridors within the Sydney Basin.

7,192m²

AVERAGE LAND AREA

The average site area of ALE's ten New South Wales hotels is 7,192m², which is equivalent to just over **an average rugby football field** per hotel.

\$10.8m

AVERAGE VALUE

The average property value of ALE's 10 New South Wales hotels is \$10.8 million.

71,922m²

TOTAL LAND AREA

Sydney is Australia's gateway capital city and ALE holds a significant land bank that ALH could develop in the future.

Blacktown Inn Hotel, Blacktown / **Brown Jug Hotel**, Fairfield Heights / **Colyton Hotel**, Colyton / **Crows Nest Hotel**, Crows Nest / **Melton Hotel**, Auburn / **Narrabeen Sands Hotel**, Narrabeen / **New Brighton Hotel**, Manly / **Pioneer Tavern**, Penrith / **Pritchard's Hotel**, Mt Pritchard / **Smithfield Hotel**, Smithfield



SOUTH AUSTRALIA

ALE's seven South Australian hotels are located throughout Adelaide's population centres in both the northern and southern suburbs.

\$31.8m
TOTAL VALUE OF PROPERTY PORTFOLIO



KEY STATS South Australia

7
NUMBER OF PROPERTIES

\$4.5m
AVERAGE VALUE

8,207m²
AVERAGE LAND AREA

57,448m²
TOTAL LAND AREA

PROPERTIES South Australia

Aberfoyle Hub Tavern,
Aberfoyle Park
Eureka Hotel, Salisbury
Exeter Hotel, Exeter
Finsbury Hotel,
Woodville North

Gepps Cross Hotel, Blair Athol
Hendon Hotel, Royal Park
Stockade Tavern, Salisbury



KEY STATS Western Australia

4
NUMBER OF PROPERTIES

\$6.5m
AVERAGE VALUE

1,623m²
AVERAGE LAND AREA

6,490m²
TOTAL LAND AREA

PROPERTIES Western Australia

Balmoral Hotel,
Victoria Park
Queens Tavern,
Highgate
Sail and Anchor Hotel,
Fremantle
The Brass Monkey Hotel,
Northbridge

WESTERN AUSTRALIA

ALE's four Western Australian hotels are located minutes from the Perth and Fremantle CBDs in popular entertainment districts, within major population catchment areas.

\$26.1m

TOTAL VALUE OF PROPERTY PORTFOLIO

QUALITY PROPERTY ASSETS

ALE's portfolio of 87 freehold hotels are in great locations, with secure and long term indexed rental arrangements with ALH. ALH is increasingly profitable and is 75% owned by Woolworths Limited.

Breakfast Creek Hotel: Built in 1889, it has been serving the Brisbane community for over 120 years and is arguably one of Brisbane's (and Australia's) best known and most popular hotels.





BOARD OF DIRECTORS

The ALE Board has a depth of experience highly relevant to the Group's requirements including property, capital management, legal and compliance skills.

Peter H Warne

BA, FAICD
CHAIRMAN AND NON-EXECUTIVE DIRECTOR

1.

Peter was appointed as Chairman and a non-executive director of the Company in September 2003. Peter began his career with the NSW Government Actuary's Office and the NSW Superannuation Board before joining Bankers Trust Australia Limited (BTAL) in 1981. Peter held senior positions in the Fixed Income Department, the Capital Markets Division and the Financial Markets Group of BTAL and acted as a consultant to assist with integration issues when the investment banking business of BTAL was acquired by Macquarie Bank Limited in 1999. Peter is also a board member of three other listed entities, being ASX Limited, Macquarie Group Limited and WHK Group Limited. He is also on the board of NSW Treasury Corporation, Capital Markets Cooperative Research Centre Limited and Securities Industry Research Centre for Asia Pacific (SIRCA) and is a member of the Advisory Board for the Australian Office of Financial Management.

Peter graduated from Macquarie University with a Bachelor of Arts, majoring in Actuarial Studies. He qualified as an associate of, and received a Certificate of Finance and Investment from, the Institute of Actuaries, London.

Andrew Wilkinson

BBus, CFTP, MAICD
MANAGING DIRECTOR

2.

Andrew was appointed Managing Director of the Company in November 2004. He joined ALE as Chief Executive Officer at the time of its listing in November 2003. Andrew has over 30 years' experience in banking, corporate finance and funds management. He was previously a corporate finance partner with PricewaterhouseCoopers and spent 15 years in finance and investment banking with organisations including ANZ Capel Court and Schroders.

John Henderson

BBldg, MRICS, AAPI
NON-EXECUTIVE DIRECTOR

3.

John was appointed as a non-executive director of the Company in August 2003. John has been a director of Marks Henderson Pty Ltd since 2001 and is actively involved in the acquisition of investment property.

Previously an International Director at Jones Lang LaSalle and Managing Director of the Sales and Investment Division, he was responsible for overseeing the larger property sales across Australasia, liaising with institutional and private investors, and coordinating international investment activities. John graduated from the University of Melbourne and is a member of the Royal Institution of Chartered Surveyors, is an associate of the Australian Property Institute and is a licensed real estate agent.

Helen Wright

LL.B, MAICD
NON-EXECUTIVE DIRECTOR

4.

Helen was appointed as a non-executive director of the Company in September 2003. Helen was a partner of Freehills, a leading Australian firm of lawyers, from 1986 to 2003. She practiced as a commercial lawyer specialising in real estate projects, including development and financing and related taxation and stamp duties.

Helen is the Chair of Screen NSW (formerly Film & Television Office), and is the Statutory and Other Offices Remuneration Tribunal and the Local Government Remuneration Tribunal for NSW. Prior appointments include the Boards of several State, university, commercial and charitable entities. Helen has a Bachelor of Laws from the University of NSW, and in 1994 completed the Advanced Management Program at the Harvard Graduate School of Business.

James McNally

BBus (Land Economy), DipLaw
EXECUTIVE DIRECTOR

5.

James was appointed as an executive director of the Company in June 2003. James has over 16 years' experience in the funds management industry, having worked in both property trust administration and compliance roles for Perpetual Trustees Australia Limited and MIA Services Pty Limited, a company that specialises in compliance services to the funds management industry. James' qualifications include a Bachelor of Business in Land Economy (Hawkesbury Agricultural College) and a Diploma of Law (Legal Practitioners Admission Board). He is a registered valuer and licensed real estate agent.

David Lawler

BBus, CPA
INDEPENDENT MEMBER OF THE AUDIT, COMPLIANCE AND RISK
MANAGEMENT COMMITTEE (ACRMC)

David was appointed to ALE's ACRMC on 9 December 2005 and has over 25 years' experience in internal auditing in the banking and finance industry. He was the Chief Audit Executive for Citibank in the Philippines, Italy, Switzerland, Mexico, Brazil, Australia and Hong Kong. He was Group Auditor for the Commonwealth Bank of Australia. David is an audit committee member of the Australian Office of Financial Management, the Defence Materiel Organisation, the Australian Trade Commission, the Australian Sports Anti-Doping Authority, the Australian Agency for International Development and National ICT Australia. David is a director of Australian Settlements Limited and chairman of its audit committee. David has a Bachelor of Business Studies from Manchester Metropolitan University in the UK. He is a Fellow of CPA Australia and a past President of the Institute of Internal Auditors – Australia.



Graeme MacLaren

BBus, CPA, MBA, MAICD, F Fin
NON-EXECUTIVE DIRECTOR, ALE FINANCE COMPANY PTY LIMITED

Graeme was appointed as a non-executive director of ALE Finance Company in September 2003. Graeme's qualifications include a Bachelor of Business, Postgraduate Diploma in Banking Management and a Masters of Business Administration from Macquarie Graduate School of Management. Graeme is a member of the Australian Society of Certified Practising Accountants, Australian Institute of Company Directors and a Fellow of the Financial Services Institute of Australasia.

Graeme has over 20 years' experience in banking and financial services and has occupied numerous senior positions within the Commonwealth Bank of Australia involving audit, property investment, finance, operations and compliance. Graeme also specialises in providing advice to the funds management industry. He acts as an independent director and executive director for a number of companies, as an external member on a number of compliance committees and compliance manager for managed investments.

Brendan Howell

BEC, GDipAppFin (Sec Inst)
COMPANY SECRETARY

Brendan was appointed to the position of company secretary in April 2007, having previously held the position from September 2003 to September 2006. Brendan has a Bachelor of Economics from the University of Sydney and a Graduate Diploma in Applied Finance and Investment from the Securities Institute of Australia, and over 21 years' experience in the funds management industry. He was formerly an associate member of both the Securities Institute of Australia and the Institute of Chartered Accountants in Australia.

Brendan has a property and accounting background and has previously held senior positions with a leading Australian trustee company administering listed and unlisted property trusts.

For over 12 years Brendan has been directly involved with MIA Services Pty Limited, a company which specialises in funds management compliance, and acts as an independent consultant and external compliance committee member for a number of property, equity and infrastructure funds managers. Brendan also acts as an independent director for several unlisted public companies, some of which act as responsible entities.

CORPORATE GOVERNANCE

The Board of Directors of Australian Leisure and Entertainment Property Management Limited (ALE) is accountable to stapled securityholders for the performance of ALE.

ALE remains committed to maintaining high standards of corporate governance. A range of policies have been further developed and implemented during the year. These policies may be viewed on our website.

Roles of the Board and management

The Board's responsibilities encompass the following:

1. Input to and approving management's development of corporate strategy and performance objectives;
2. Appointing and, where appropriate, removing the Chief Executive Officer (CEO);
3. Ratifying the appointment of and, where appropriate, the removal of the Capital Manager, Asset Manager, Finance Manager and Company Secretary;
4. Overseeing the operation of ALE, including its controls and accountability systems;
5. Identifying, assessing and ratifying plans to control and manage risks facing ALE, including interest rate risk, liquidity risk and financial covenant compliance, as well as overseeing of all systems of risk management, including risk reporting;
6. Approving the Annual Review, annual budgets and financial plans;
7. Overseeing and monitoring organisational performance and the achievement of ALE's strategic goals and objectives;
8. Monitoring financial performance and liaising with ALE's external auditor;
9. Ensuring systems are in place to deliver compliance with laws, leases, ASX rules, codes of conduct and internal policies and procedures as well as reviewing their effectiveness and the causes of identified breaches (if any);
10. Reviewing capital management strategy formulation including debt and equity raisings, hedging, buybacks and refinancing arrangements;
11. Approving all new policies and procedures relating to the proper functioning of ALE, including all financial and operational matters;
12. Monitoring senior management performance and implementation of strategy as well as ensuring appropriate resources are available and succession plans are in place;
13. Approving and monitoring the progress of major strategic initiatives, including capital expenditure, capital management, acquisitions and divestitures;
14. Enhancing and protecting the reputation of ALE;
15. Reporting to, and communicating with, ALE's securityholders;

16. Approving and monitoring financial and other reporting; and
17. Establishing and maintaining ethical standards.

The Board delegates to the CEO the responsibility for implementing strategic direction and managing the day-to-day operations of ALE. The CEO consults with the Chairman, in the first place, on matters which are sensitive, extraordinary or of a strategic nature.

In carrying out its responsibilities, the Board undertakes to serve the interests of stapled securityholders, employees, customers and the broader community honestly, fairly, diligently and in accordance with applicable laws.

Board composition

The full Board determines the Board size and composition, subject to limits imposed by the Company's Constitution.

The Board has determined that it is currently appropriate to have five directors, three of whom, including the Chairman, are non-executive.

The three non-executive directors, Peter Warne, John Henderson and Helen Wright, are independent directors as defined under section 601JA of the Corporations Act, and satisfy the principles of independence as outlined in the ASX Corporate Governance Council Recommendations. A review of each director's independence is undertaken by tabling any changes in director interests at each and every ALE Board meeting and more formal assessments of independence are undertaken from time to time.

The Chairman is selected by the full Board annually at the first meeting following the annual general meeting (AGM), and is to be an independent director in accordance with the Board Charter and ASX Corporate Governance guidelines.

The Board has implemented an annual performance evaluation process for management, directors, the Board and its committees. Part of this process is to also ensure that the Board and its committees maintain an appropriate balance of skills, experience and expertise.

Details of the performance evaluation process for management are set out in the Directors' Report in the Annual Report.

The Board appoints a specialist governance adviser every three years to review the performance of the Board and that of directors. An Adviser was appointed during the financial year to review the Board's performance.

The Adviser confirmed that the Board and Audit, Compliance and Risk Management Committee were working effectively and recommended some minor enhancements to practices which have all since been adopted.

Under the Company's Constitution, a director may not hold office for a continuous period in excess of three years or past the third annual general meeting following the director's appointment, whichever is the longer, without submitting for re-election.

If no director would otherwise be required to submit for re-election, but the ASX Listing Rules require that an election of directors be held, the director to retire at the AGM is the director who has been longest in office since their last election.

Peter Warne and Helen Wright will be retiring and standing for re-election as directors of the Company at its next AGM.

Independent professional advice

After prior approval of the Chairman, directors may obtain independent professional advice at the expense of the Company on matters arising in the course of their Board duties.

Ethics and conduct

In accordance with ALE's Code of Conduct, all directors and employees are expected to perform their duties professionally and act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of ALE.

Audit, Compliance and Risk Management Committee (ACRMC)

To assist it in carrying out its responsibilities, the Board has established an ACRMC. This is a standing committee that is composed of four members, being three non-executive independent directors and an independent consultant.

Helen Wright, an independent director, has been appointed as Chair of the Committee. The other members of the Committee are Peter Warne and John Henderson, also independent directors, and independent consultant David Lawler.

The ACRMC meets at least four times a year.

As the Board comprises 50% or more independent directors, an independent compliance committee has not been appointed. The Board has, however, determined that the ACRMC fulfil this role.

Details of the members of the ACRMC and their attendance at meetings are set out in the Directors' Report in the Annual Report.

Given the small number of staff within the Company, the Company does not have an internal audit function.

To ensure appropriate levels of internal control, ALE commissions an annual controls review. Following the completion of that review, Grant Thornton reported to the Committee in July 2012 that the standard of controls was assessed as satisfactory.

Board and executive remuneration

Details of Board and executive remuneration are set out in the Directors' Report in the Annual Report.

Independence and materiality thresholds

The Board considers that a director is independent if the director is a non-executive director and:

1. Is not a substantial shareholder of the Company or an officer of, or otherwise associated directly with, a substantial shareholder of the Company;
2. Within the last three years has not been employed in an executive capacity by the Company or another Group member, or been a director after ceasing to hold any such employment;
3. Within the last three years has not been a principal of a material professional adviser or a material consultant to the Company or another Group member, or an employee materially associated with the service provided;
4. Is not a material supplier or customer of the Company or other Group member, or an officer of or otherwise associated directly or indirectly with a material supplier or customer;
5. Has no material contractual relationship with the Company or another Group member other than as a director of the Company;
6. Has not served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
7. Is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

Peter Warne is also a non-executive director of Macquarie Group Limited (Macquarie). Macquarie has provided banking services and corporate advice to ALE in the past and may continue to do so in the future. Mr Warne does not take part in any decisions to appoint Macquarie in relation to banking services and corporate advice provided by Macquarie to ALE.

Remuneration Committee

The Board has established a Remuneration Committee composed of three non-executive independent directors. Peter Warne has been appointed as chairman of the Committee. The other members of the Committee are Helen Wright and John Henderson.

Details of members and meetings held are set out in the Directors' Report in the Annual Report.

Nominations Committee

The Board has also established a Nominations Committee composed of three non-executive independent directors. Peter Warne has been appointed as Chairman of the Committee. The other members of the Committee are Helen Wright and John Henderson.

Part of the Committee's responsibility is to monitor ALE's policies in respect of Board Renewal and Appointment of Directors, and Diversity for the ALE Property Group. The Committee is currently reviewing candidates as part of the Board's Renewal and Appointment of Directors Policy.

Details of members and meetings held are set out in the Directors' Report in the Annual Report.

Diversity

The Board of ALE has adopted a Diversity Policy for the ALE Property Group, which includes details on how the Board and Nominations Committee take into account the diversity criteria when identifying and assessing potential Director candidates and members of the senior management team.

ALE notes the ASX Corporate Governance Council's diversity recommendations under the Corporate Governance Principles and Recommendations with 2010 Amendments. However, as ALE comprises a small team of directors and employees, the Board has determined that it will not be setting benchmarks for achieving a certain level of gender diversity, and will not be reporting against its progress to achieve any measurable objective. This is a departure from the ASX Corporate Governance Council's recommendations on gender diversity.

As at 30 June 2012, ALE's gender diversity may best be summarised as follows:

1. Of the seven staff members two were female;
2. No women held senior executive positions; and
3. Of the three independent directors on the Board one was a female.



Crows Nest Hotel, Sydney

Trading in securities

ALE has a Trading Policy with which all directors and employees must comply. Directors, employees and their associates may not utilise information obtained by their position for personal gain or for gain of another person. Each director and employee must ensure that any information in their possession that is not publicly available and which may have a material effect on the price or value of ALE's stapled securities, ALE Notes 2 or any derivatives based on either of these (collectively, ALE Securities) is not provided to anyone who may be influenced to subscribe for, buy or sell ALE Securities.

Directors, employees and their associates may buy or sell ALE securities only during the four week periods commencing the day after:

- the release of the half-year results;
- the release of the full-year results; and
- the AGM.

Outside these four week periods are closed periods for trading in ALE Securities, unless exceptional circumstances apply.

All directors and employees are precluded from buying or selling ALE Securities at any time if they are aware of price sensitive information that has not been made public, or at any time while ALE is undertaking a general on-market buyback of that particular type of ALE Security.

All directors or employees are entitled to participate in the distribution reinvestment plan on the same terms as other securityholders, except where the Distribution Reinvestment Plan is partly or wholly satisfied by an on-market buyback of ALE Securities, in which case directors and employees are precluded from participating.

In accordance with provisions of the Corporations Act 2001 and the Listing rules of the ASX, ALE advises the ASX of any transaction conducted by directors in ALE Securities.

All directors, officers and employees must disclose their financing arrangements relating to their ALE Securities to the Chairman and must advise if the following circumstances apply:

- the director, officer or employee holds ALE Securities that have been lent, mortgaged or charged to a financier;
- circumstances have arisen in which the financier is entitled or is likely to become entitled to exercise a right under the finance arrangement to demand payment; and
- the director, officer or employee expects that the demand will not be able to be satisfied without the disposal of securities representing 2.5% or more of the total number of issued securities in ALE.

Directors, officers and employees who enter into margin loans or other financing arrangements over ALE Securities are directed to ensure that they have sufficient available cash or other acceptable collateral to meet margin calls, including during a period of extreme sudden market downturn. Directors, officers or employees may not be provided with a clearance by ALE to dispose of ALE Securities that are subject to a margin call.

Details of directors', key management personnel and their associate's holdings in ALE Securities are set out in the Directors' Report in the Annual Report.

Investor relations

ALE is committed to the provision of timely, full and accurate disclosure of material information concerning ALE.

ALE has a policy that securityholders have equal access to ALE's information and has procedures to ensure that all price sensitive information is disclosed to the ASX in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the Listing Rules of the ASX.

The Board encourages full participation of securityholders at the AGM. The external auditor will attend the AGM to answer any questions concerning the audit and content of the auditor's report.

ALE website

All information provided to the ASX is also posted on the ALE website, www.alegroup.com.au. The ALE website includes various corporate governance documents and policies, such as the Board's Charter, ALE's Code of Conduct and the Audit, Compliance and Risk Management Committee's Charter.

Distributions and interest payments

Distributions are expected to be paid to stapled securityholders every six months.

Interest payments are due to be paid to ALE Notes 2 holders every three months until they are fully repaid.

ASX Corporate Governance Council Principles and Recommendations

ALE has adopted best practice corporate governance principles consistent with the ASX Corporate Governance Council Principles and Recommendations, with the exception of its Diversity Policy as outlined above.

SECURITY HOLDER INFORMATION

The equity holder information as set out
was applicable as at 3 July 2012.

A. Distribution of equity securities

Analysis of number of equity securityholders by size of holding:

Range	Total holders	Units	% of Issued Capital
1 – 1,000	363	132,822	0.08
1,001 – 5,000	904	2,922,738	1.83
5,001 – 10,000	798	6,215,778	3.89
10,001 – 1,000,000	1,627	64,005,436	40.04
1,000,001 – 9,999,999,999	13	86,585,729	54.16
Total	3,705	159,862,513	100.00

The stapled securities are listed on the ASX and each stapled security is comprised of one share in Australian Leisure and Entertainment Property Management Limited (Company) and one unit in Australian Leisure and Entertainment Property Trust (Trust). The NIVUS have been issued by the Trust to the Company. The number of shareholders holding less than a marketable parcel of stapled securities is 161.

B. Top 20 Equity Securityholders

The names of the 20 largest holders of stapled securities are as listed below:

Rank	Name	Units	% of Units
1.	Woolworths Limited	17,076,936	10.68
2.	UBS Nominees Pty Limited – PB Seg Account	15,380,260	9.62
3.	HSBC Custody Nominees (Australia) Limited	12,744,241	7.97
4.	National Nominees Limited	11,455,771	7.17
5.	J P Morgan Nominees Australia Limited	7,331,209	4.59
6.	Citicorp Nominees Pty Limited	7,216,686	4.51
7.	ABN AMRO Clearing Sydney Nominees Pty Ltd – Custodian Account	3,374,327	2.11
8.	Mr Edward Furnival Griffin and Mr Alastair Charles Griffin (Est Jean Falconer Griffin Ac)	2,788,709	1.74
9.	RBC Dexia Investor Services Australia Nominees Pty Limited – APN Account	2,341,677	1.46
10.	UBS Wealth Management Australia Nominees Pty Ltd	2,020,637	1.26
11.	Citicorp Nominees Pty Limited – CFS INV Account	1,987,214	1.24
12.	Melic Pty Limited – The Melic Unit Account	1,458,496	0.91
13.	Neasham Holdings Pty Ltd – Neasham Account	1,275,000	0.80
14.	UBS Nominees Pty Limited	1,100,710	0.69
15.	Manderrah Pty Ltd (GJJ Family Account)	1,000,000	0.63
16.	Mr John George Whiting and Mrs Diana Patricia Whiting – The Whiting Investment Account	750,000	0.47
17.	BT Portfolio Services Limited – Caergwrle Invest P/L Account	745,787	0.47
18.	JP Morgan Nominees Australia Limited – Cash Income Account	688,773	0.43
19.	ABN AMRO Clearing Sydney Nominees Pty Ltd – Next Custodian Account	585,000	0.37
20.	BT Portfolio Services Limited (The AC Maxwell Family Account)	500,000	0.31
Totals: Top 20 holders of STAPLED SECURITIES (TOTAL)		91,821,433	57.44
Total Remaining Holders Balance		68,041,080	42.56

C. Substantial Holders

Substantial holders of ALE (as per notices received as at 3 July 2012) are set out below:

Stapled securityholder	Number held	Percentage of voting rights %
Allan Gray Australia (formerly Orbis)	20,743,121	13.01
Caledonia (Private) Investments Pty Ltd	17,612,586	11.02
Woolworths Limited	17,076,936	10.68

D. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(a) Stapled securities

On a show of hands every stapled securityholder present at a meeting in person or by proxy shall be entitled to have one vote and upon a poll each stapled security will have one vote.

(b) NIVUS

Each NIVUS entitles the Company to one vote at a meeting of the Trust. 9,080,000 NIVUS have been issued by the Trust to the Company and 159,862,513 units have been issued by the Trust to stapled securityholders.

The NIVUS therefore represent 5.37% of the voting rights of the Trust.

INVESTOR INFORMATION

The information is provided as a short summary of investor information. Please view our website at www.alegroup.com.au for all investor information.

Major Australian Securities Exchange (ASX) Announcements

2012

31 Jul	Full Year results released
5 Jul	Property valuations increased
21 Jun	Full Year distribution of 16.00 cents declared
22 May	Caledonia becomes a substantial holder
16 May	Allan Gray reduces substantial holding
27 Mar	Allan Gray reduces substantial holding
5 Mar	Half Year distribution payment date
15 Feb	Half Year results released
11 Jan	Caledonia reduces substantial holding

2011

16 Dec	Property Valuations increased
16 Dec	Vale appeal dismissed in ALE's favour
8 Dec	Half year distribution of 8.00 cents declared
8 Nov	Annual General Meeting
30 Sep	ALE redeems ALE Notes
30 Sep	Annual Report released
26 Aug	Caledonia ceases to be substantial holder
2 Aug	Full year results released

Stock Exchange Listing

The ALE Property Group (ALE) is listed on the Australian Securities Exchange (ASX). Its stapled securities are listed under ASX code: LEP; stapled security distributions may be paid twice yearly, normally in March and September; and its ALE Notes 2 are listed under ASX code: LEPHC.

Distribution Reinvestment Plan

ALE has established a distribution reinvestment plan. Details are available on ALE's website.

Electronic Payment of Distributions

Securityholders may nominate a bank, building society or credit union account for payment of distributions by direct credit. Payments are electronically credited on the payment dates and confirmed by mailed advice. Securityholders wishing to take advantage of payment by direct credit should contact the registry for more details and to obtain an application form.

Website

The ALE website, www.alegroup.com.au, is a useful source of information for stapled securityholders. It includes details of ALE's property portfolio, current activities and future prospects. ASX announcements are also included on the site on a regular basis.

Distributions

Stapled security distributions are paid twice yearly, normally in March and September.

Securityholder Enquiries

Please contact the registry if you have any questions about your holding or payments.

Annual Tax Statement

Accompanying the final stapled security distribution payment, normally in September each year, will be an annual tax statement which details the taxable, tax concessional and deferred tax components of the year's distribution.

Publications

The Annual Review and Annual Report are the main sources of information for stapled securityholders. In August each year, the Annual Review, Annual Report and Full Year Financial Report, and in February each year, the Half Year Financial Report, are released to the ASX and posted on the ALE website. The Annual Review is mailed to stapled securityholders unless we are requested not to do so. The Annual Report is only mailed on request. Periodically, ALE may also send releases to the ASX covering matters of relevance to investors. These releases are also posted on the ALE website and may be distributed by email to stapled securityholders if they register on ALE's website. The election by holders to receive communications electronically is encouraged by ALE.

Registered Office

Level 10, Norwich House, 6 O'Connell Street, Sydney NSW 2000, Tel: +61 2 8231 8588

Company Secretary

Mr Brendan Howell, Level 10, Norwich House, 6 O'Connell Street, Sydney NSW 2000 Tel: +61 2 8231 8588

Auditor

KPMG, 10 Shelley Street, Sydney NSW 2000

Lawyers

Allens Linklaters, Level 28, Deutsche Bank Place, Corner Hunter and Phillip Streets Sydney NSW 2000

Custodian (of Australian Leisure and Entertainment

Property Trust) The Trust Company Limited, Level 15, 20 Bond Street, Sydney NSW 2000

Trustee (of ALE Direct Property Trust)

The Trust Company (Australia) Limited, Level 15, 20 Bond Street, Sydney NSW 2000

Registry

Computershare Investor Services Pty Ltd, Reply Paid GPO Box 7115, Sydney NSW 2000 Level 3, 60 Carrington Street, Sydney NSW 2000 Tel: 1300 302 429 Fax: (02) 8235 8150 www.computershare.com.au

For emailed updates, visit the ALE website and join "Email Alerts" at www.alegroup.com.au.



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