

**ASX ANNOUNCEMENT**

**13 February 2019**

**Announcement No. 01/19  
The Manager  
Australian Securities Exchange**

---

**Property Valuations as at 31 December 2018**

**Highlights**

- Directors' valuation of ALE's 86 properties are unchanged at \$1,136.26 million
- Passing net rent increased 4.26% to \$58.97 million following the partial completion of the 2018 rent review
- 45 properties remain in the process of having their rent determined
- With unchanged property values, the resulting weighted average property yield increased from 4.98% to 5.19% reflecting the 10% rent increases on 34 properties.

**Statutory Property Valuations**

Listed property trust and management company, ALE Property Group (ASX code: LEP) today announces that the directors have resolved to maintain the value of its 86 properties at \$1,136.26 million, as at 31 December 2018.

Details of the statutory valuation results are included in ALE's 31 December 2018 Financial Statements, also released today.

During the period, the first major rent review commenced on 79 of the 86 investment properties. On 3 August 2018, ALE issued rent notices to ALH, advising that the rent on the properties should increase by 10%. ALE and ALH had already agreed that two properties' rents would increase by 10%. ALH accepted the rent notices on 32 of the properties and rejected the remaining 45 notices.

The accepted rent notices increased the passing net rent to \$58.97 million, an increase of 4.26% from 30 June 2018.

ALE expects the determination process for the remaining 45 properties will conclude during the next financial year, as a result the passing rent for those individual properties may increase or decrease by up to 10%.

Of the remaining seven properties, four properties have later review dates, including two that have received CPI increases in the current period, and three properties have non-standard leases.

As the rent review process has not been finalised, the Directors received advice from the independent valuers that:

- the 10% rent increase for 34 properties was anticipated by the valuers at June 2018;
- the valuers' expectations of rents for the other properties have not altered since they were valued at June 2018;
- the demand for investment properties leased to high grade tenants remains strong;
- pub property values, pub rents and underlying capitalisation rates for comparable properties remain substantially unchanged; and
- it was not unreasonable for the Directors to adopt the same individual property values that prevailed at June 2018.

Therefore, the Directors have elected to keep property values unchanged as at 31 December 2018. As the property values remained unchanged but rent increased by 10% on 34 properties the resulting weighted average adopted property yield increased from 4.98% to 5.19%.

When assessing statutory valuations at June 2018 the valuers applied both traditional capitalisation rate and discounted cash flow (DCF) based valuation methods. The weighted average adopted property yield reflected a combination of these methods but continued to place significant emphasis upon the traditional capitalisation rate approach.

The Board has not had the individual properties independently revalued as at 31 December 2018.

The table below provides an analysis of the current property valuations.

(\$ Million) State	Property Numbers	Valuations at December 2018	Passing Net Rent	Resulting Average Yield
NSW	10	\$156.36	\$8.27	5.29%
QLD	32	\$361.39	\$18.31	5.07%
SA	7	\$40.83	\$2.12	5.20%
VIC	33	\$545.98	\$28.30	5.18%
WA	4	\$31.70	\$1.97	6.22%
<b>Totals</b>	<b>86</b>	<b>\$1,136.26</b>	<b>\$58.97</b>	<b>5.19%</b>

- (a) Net Rent is current rent net of Queensland land tax
- (b) Rounding differences occur due to individual property valuations being rounded to the nearest \$10,000
- (c) There was a \$1.4 million adjoining property acquired in the last financial year
- (d) Resulting Yield: Weighted average yield, being the passing net rent divided by value

- Ends -

Contact:

Andrew Wilkinson  
Managing Director  
**ALE Property Group**

02 8231 8588  
Website: [www.alegroup.com.au](http://www.alegroup.com.au)