

ASX ANNOUNCEMENT

20 August 2019

Announcement No. 10/19

**The Manager
Corporate Announcement Office
Australian Securities Exchange**

ANNUAL REVIEW, ANNUAL REPORT AND PROPERTY COMPENDIUM 2019

Please find attached a copy of the ALE Property Group (ALE) Annual Review 2019.

ALE will mail the Annual Review to securityholders unless they have elected not to receive one.

ALE's Annual Report was released on 7 August 2019.

ALE Property Group released the following 2019 reporting materials:

- FY19 Annual Review aleproperty2019.reportonline.com.au
- FY19 Annual Report aleproperty2019.reportonline.com.au
- FY19 Property Compendium aleproperties.com.au

ALE's website contains all the results materials alegroup.com.au

ALE's website also includes a video tour above and through a selection of our hotels.

- Ends -

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Managing Director
ALE Property Group

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ANNUAL
REVIEW
2019

16 YEARS OF ADDING

VALUE

CURRENT INCOME

FUTURE INCOME

LONG TERM VALUE

AJF
ALE PROPERTY GROUP

AUSTRALIA'S LARGEST PUB LANDLORD

The current value of ALE's 86 pub properties stands at more than \$1.1 billion making the Group Australia's largest pub landlord.

Development highlights across 86 properties over the past 16 years

10

Substantial reconstructions

24

Significant refurbishments

23

Dan Murphy's additions

MIAMI TAVERN, MIAMI QLD



For more information visit our
2019 Annual Review website:
aleproperty2019.reportonline.com.au

VALUE

THERE ARE THREE DISTINCT LAYERS OF VALUE INHERENT IN ALE'S PROPERTIES

CURRENT INCOME

- 100% of the pub properties are leased to ALH, Australia's largest pub operator
- Long term triple net leases (83 of 86 properties)
- Properties have operated in current locations as pubs for more than 60 years on average

FUTURE INCOME

- 2028 provides opportunity for open and uncapped review of rents

LONG TERM VALUE

- 95 hectares of land
- More than 90% of the -95 hectares of land owned by ALE is located in Australian capitals and major cities
- Mixed and alternate use opportunities exist in the long term

ALE's Board encourages securityholders to consider all aspects of the portfolio's value.



**CROWS NEST HOTEL,
SYDNEY NSW**

The value of ALE’s properties increased 2.4% during the year. ALE awaits the outcome of the rent determinations.

Statutory property values

\$1,163.2m

Average cap rate

5.09%

Average lease term

9.3 years
+40 years of options

Gross passing rental growth

4.28%

Gearing

41.5%

Average debt maturity

2.7 years

Hedge maturity

6.4 years

All up cash interest rate

4.26%

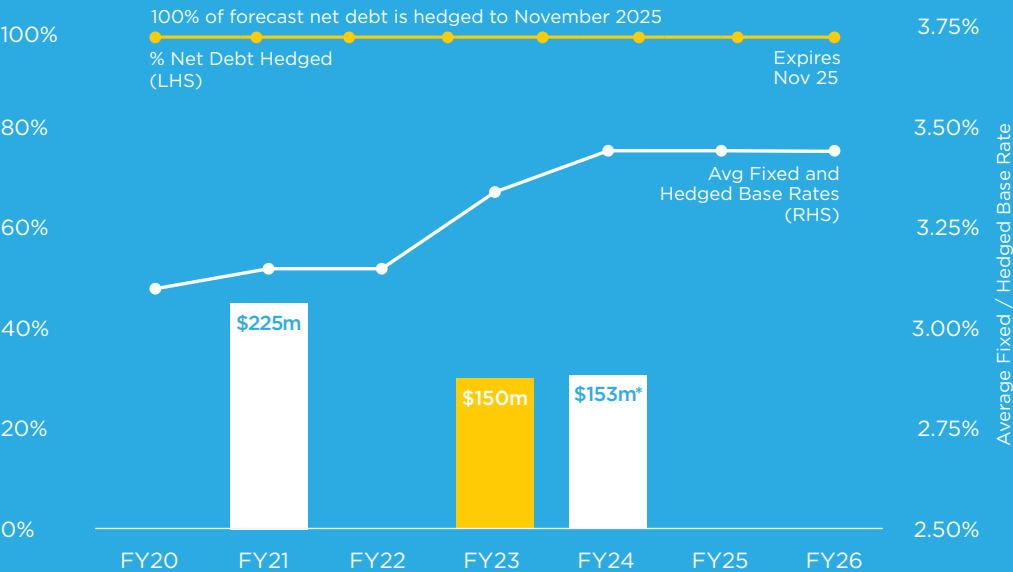
Distribution

20.9cps

Tax deferred

81.32%

DEBT MATURITIES AND HEDGING PROFILE



* balance escalates with CPI



YEAR IN REVIEW

CHAIRMAN'S
AND MANAGING
DIRECTOR'S
Q&A

“We maintained our core strategy of ensuring that we preserve, enhance and extract maximum value for our securityholders from our high quality and strategic portfolio of pub properties.”

Robert Mactier

Rob, we welcome your overall reflections on the past year

The 2019 year was dominated by intensive preparation of our submissions for the November 2018 rent reviews. This is obviously an important step in confirming the interpretation of our leases and gaining increased transparency over the likely future rental streams of ALE's hotels.

We look forward to finalising this process and setting our path toward the open market rent reviews in November 2028.

Andrew, what were the highlights of ALE's FY19 results?

ALE once again delivered positive results for all key financial metrics.

Distributions increased to 20.90 cents per security, 81.32% tax deferred. This represents a 0.5% increase on the prior year.

The property valuations increased during the year to around \$1,163 million and gearing reduced to a historic low of 41.5%.

“The total value of ALE’s properties increased by 2.4% to around \$1,163 million during the year. The current values reflect both the strong demand for quality pub properties like ALE’s and an increased recognition of the expected positive prospects for rental growth from rent reviews in 2018 and particularly 2028.”

Andrew Wilkinson

While the total return to securityholders over the past year underperformed other indexes, the average return over the past 16 years since ALE’s listing has been around 20% p.a.

Andrew, what is the latest update for the 2018 rent review?

During the 2019 financial year, ALE’s first major rent review commenced on 79 of ALE’s 86 investment properties.

ALH accepted a 10% increase for 36 properties while the rent for the remaining 43 properties may increase or decrease by up to 10% following determinations by independent valuers. The determinations are currently expected later this calendar year.

ALE remains confident of a positive result but notes it may not receive a full 10% rent increase for all 43 properties. The rent determination results will be back dated to 4 November 2018.

Andrew, what does the Endeavour Group announcement mean for ALE?

On 3 July 2019, Woolworths Group, ALH’s majority shareholder, announced that it had entered into an agreement to merge the Endeavour Drinks division with ALH. Woolworths has announced that shareholder approvals for the merger are expected in late CY19 and

the merged entity is to be named Endeavour Group. This will create Australia’s largest drinks and hospitality business with sales of approximately \$10 billion and earnings of \$1 billion. While ALH currently operates around 550 retail liquor outlets, following the merger this will expand to more than 1,500 outlets.

Following the merger and as a second step, during CY20 it aims to separate Endeavour Group from Woolworths by demerger or value accretive alternative. In the event of a demerger, the Group’s capital structure is targeting an investment grade rating.

ALE will continue to monitor any developments in relation to the future control and ownership of ALH.

Andrew, what is the CEO succession plan that you and ALE have recently announced?

After nearly 16 years in the role I recently advised ALE’s Board that I will look to pursue new executive challenges outside ALE. I intend to remain fully committed to my role until the 2018 rent determinations are completed, a new CEO is appointed and an effective transition is completed. The new CEO should look forward to working with a high quality property portfolio and a very capable Board and executive team.

Rob, what succession steps will ALE take in light of Andrew’s plans?

First, I wish to thank Andrew for his significant and consistent contribution to the Group since 2003. I note that during his tenure Andrew has overseen a growth in ALE’s market capitalisation from \$91 million to more than \$1.0 billion delivering a total return of around 20% per annum. On behalf of the Board I wish to thank Andrew for his contribution to the Group.

We will work with Andrew to confirm the optimal timing of his departure and to ensure a smooth and orderly transition process to a new CEO, to lead ALE in its next phase of growth. ALE will commence a CEO search process in August 2019.



Robert Mactier
Non-Executive
Chairman



Andrew Wilkinson
Managing Director

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