

ASX ANNOUNCEMENT

19 October 2020

Announcement No. 24/20

The Manager
Corporate Announcement Office
Australian Securities Exchange

Rental Determinations

ALE Property Group refers to its ASX announcement of 14 September referring to the results of the 2018 rent determinations. (“Determinations”)

Following its detailed review of the Determinations, ALE considers that the Determinations issued in relation to the 19 Victorian properties were not made in accordance with the requirements of the rent review provisions of the relevant leases. Therefore, ALE has today commenced proceedings in the Supreme Court of Victoria seeking declarations that the 19 Victorian Determinations are not binding on the parties.

In particular, ALE contends that the valuer erred by:

1. not taking into account an estimate of EBITDAR based upon what a good average manager would have achieved in relation to each of the Victorian properties; and
2. taking into account a submission from the tenant which the valuer was not permitted to take into account.

ALE expects that a decision of the court providing guidance in relation to the rent review provisions in the leases will be relevant to any rent determinations which are undertaken as at November 2028, when an uncapped and uncollared rent review is due for all properties where the tenant has exercised its option to renew the lease for a further ten years.

Update on Property Valuations and Distribution Policy

As advised, in light of the November 2018 rental determinations received, ALE continues to work on updating its property valuations and our assessment of the uncapped rents for each of our 86 hotels. These and other factors will contribute to the determination of our future distribution and capital management policies.

We will update the market as soon as we conclude our reviews of each of these matters. We note that the outcome of the proceedings launched today might in the future require further updates of these matters.

This ASX release was approved and authorised for release by the Board.

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