

Moving Forward

Results for half ended
31 December 2020

● 10 February 2021

Group Highlights

- 2018 rental determinations received; litigation begun in Victoria
- Portfolio assessed by valuers as 33% under-rented*
- FY21 distribution guidance of 21.5cps, up 3%
- Property valuations up 4.4%, NTA \$3.24ps
- Gearing decreased to 39.7%
- Portfolio highly resilient during COVID 19 – all pub rent paid when due

*Refer our ASX announcement of 16 November 2020 for more details





Statutory Profit and Distributable Profit

Half Year to 31 December 2020

Millions	Dec 20	Dec 19
Total Revenue	\$31.4	\$30.9
Total Other Income (Including fair value increments)	\$51.6	\$8.8
Total Expenses (Including fair value decrements)	(\$14.9)	(\$19.2)
Income tax expense	(\$0.0)	(\$0.0)
Statutory Profit after income tax (IFRS)	\$68.1	\$20.5
Add back non cash items:		
Fair value decrement/(increments) to investment properties	(\$51.6)	\$(8.8)
Fair value decrements to derivatives	\$0.8	\$2.5
Employee share based payments	\$0.1	\$0.1
Non-cash finance costs	\$0.5	\$1.3
Income tax expense	\$0.0	\$0.0
Distributable Profit*	\$17.9	\$15.6
Distribution paid	\$21.3	\$20.4

Distributable Profit is a non-IFRS measure and has not been audited. Rounding differences may arise in the above table.



Results analysis

Half Year to 31 December 2020

Millions	Dec 20	Dec 19	Comments
Revenue from properties	\$31.4	\$30.7	▪ Impact of CPI increases and rental determinations
Other revenue	\$0.0	\$0.2	▪ Lower cash balances and lower interest rates
Borrowing expense	\$8.4	\$11.0	▪ Fixed interest rates on 100% of debt
Management expense	\$3.4	\$2.6	▪ Increase in insurance costs, CEO transition costs and legal costs
Land tax expense	\$1.7	\$1.7	▪ QLD properties only
Distributable Profit ¹	\$17.9	\$15.6	
Distribution (cps)	10.75c	10.45c	▪ Reflects FY2021 guidance

1. Distributable Profit excludes non-cash accounting items – see full reconciliation to IFRS Net Profit.
2. Rounding differences may arise
3. Note: ALE did not receive any government COVID-19 relief payments



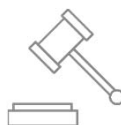
Rental determinations

2018 rent determination received



79 of ALE's 86 properties subject to review

- Rent for 36 properties mutually agreed – no determination
- 43 determined properties – rental in aggregate essentially unchanged
- ALE's ASX announcement of 14 September 2020 provides more details



Legal action

- 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
- ALE has commenced proceedings in the Supreme Court of Victoria seeking declarations that the 19 Victorian Determinations are not binding on the parties.
- Hearing scheduled for July 2021



Next rent review

- 85 of 86 ALE leases have annual CPI reviews
- 2028 provides opportunity for open and uncapped/uncollared review of rents



Portfolio review

- Following receipt of the rental determinations the portfolio is undergoing a detailed review



Tenant Update

High quality covenant - 100% of rent received on time

ALH: Australia's largest pub operator

- 328 licensed venues
 - > 1,000 bars & night clubs
 - 295 venues with restaurants or bistros
 - > 60,000 meals a day
- 599 liquor outlets
- 2,000 accommodation rooms across 96 locations
- High quality covenant
 - 100% of rent received on time, irrespective of trading status of pubs
 - 85.4% owned by Woolworths at present

Endeavour Drinks

- Restructure and merger of ALH and Endeavour Drinks has been completed
- Endeavour Drinks is Australia's largest drinks and hospitality business
- Separation of Endeavour Drinks and Woolworths has been deferred to CY21 in view of the impact of COVID-19
- In event of a demerger, Endeavour Drinks is targeting an investment grade capital structure
- Portfolio highly resilient during COVID 19
 - all pub rent paid when due

Sources: Woolworths ASX announcements, ALH's website and ALH's accounts. All numbers are approximate



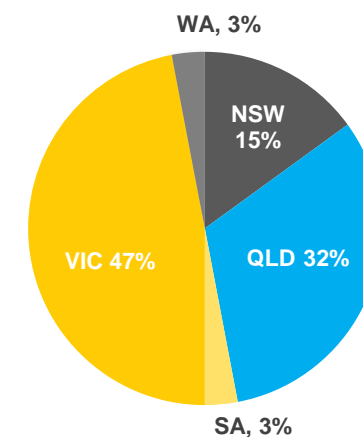
31 December carrying values

Portfolio assessed as 33% under-rented

- Entire portfolio was valued independently as at 31 October 2020 – carrying value unchanged as at 31 December
- The independent valuations indicates that as at 31 October 2020 the uncapped/uncollared rent for the overall portfolio is approximately 33% higher than current passing rent
 - The variance is not distributed evenly across the portfolio
- Weighted average adopted yield of 4.94% firmed 14bps
- Valuers' adopted yields reflect a blend of cap rate and DCF methodologies. Weighting to DCF method has increased

Portfolio composition as at 31 December 2020

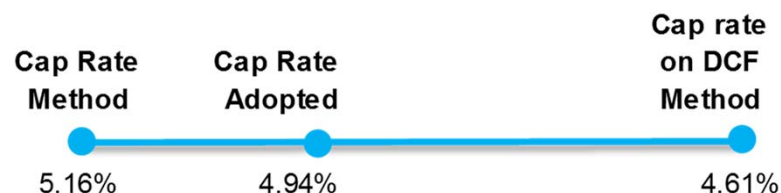
State	Properties	Value (m)	Average Value (m)	WAAY*
NSW	10	\$186.2	\$18.6	4.58%
QLD	32	\$390.7	\$12.2	4.78%
SA	7	\$42.1	\$6.0	5.20%
VIC	33	\$574.3	\$17.4	5.06%
WA	4	\$32.5	\$8.1	6.28%
Total	86	\$1,225.8	\$14.2	4.94%



Geographic Diversity

Geographic percentages represent book values in each State

* WAAY: Weighted Average Adopted Yield





Key Balance Sheet Metrics

Key Metrics

As at	December 2020	June 2020	Change
86 properties total value	\$1,225.7m	\$1,174.2m	+ 4.4%
Gearing ¹	39.7%	41.1%	
Net assets	\$641.1m	\$605.5m	+ 5.9%
Net assets per security	\$3.24	\$2.99	+ 8.4%
Price as premium to NTA ²	45.0%	66.2%	
Market Capitalisation ²	\$926.2m	\$973.0m	- 4.8%

1. AMTN covenant gearing = (Total Borrowings – Cash) / (Total Assets – Cash) for ALE DPT. Excludes derivatives values, deferred tax assets and unamortised borrowing costs
This ratio is considered most relevant to securityholders as it is the debt covenant that has the least headroom available

2. Based upon security price of \$4.70 as at 31 December 2020 and \$4.97 as at 30 June 2020



Distribution and Gearing Policy

FY21 Distribution Guidance of 21.5cps

Updated Distribution Policy and Guidance

- ALE will maintain its strategic priority of delivering predictable and growing distributions for securityholders whilst maintaining an investment grade credit profile.
- ALE's distribution policy going forward reflects the positive outlook for earnings and valuations following receipt of the 2018 rental determinations and expected to flow from the 2028 uncapped/uncollared rent reviews.
 - It is presently expected that distributions following FY21 will be increased by at least CPI.

Gearing policy

- Gearing is expected to be impacted given distributions are expected to remain above operating earnings.
- The extent to which gearing changes will depend on actual business performance, asset valuations and capital and portfolio management initiatives which may be undertaken from time to time

Credit rating

- Moody's Investors Service ("Moody's") has confirmed ALE's Baa2 investment grade credit rating but with a negative outlook in consideration of the revised distribution and gearing policy
- ALE is committed to maintaining an investment grade credit profile



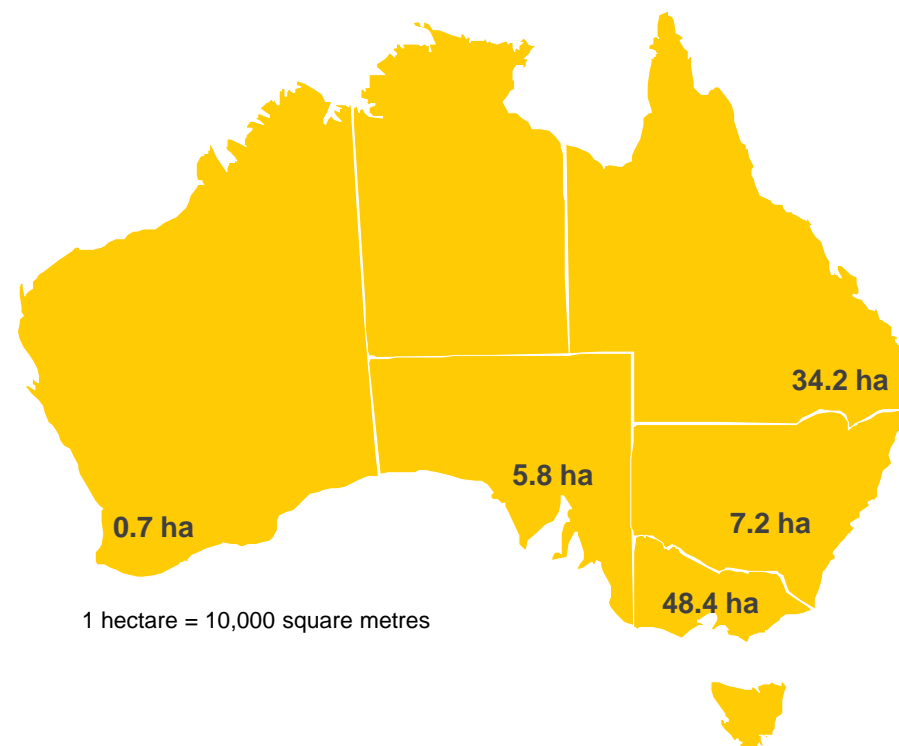
Property Portfolio Characteristics

Triple-net lease and significant land holdings

- Australia's largest portfolio of freehold pubs
- \$1.22 billion book value
- 83 of 86 pubs are leased on a triple-net basis with annual CPI reviews
 - Uncapped/uncollared open reviews at lease expiry in 2028, should 10-year options be exercised
- 90%+ located in Australian capitals and major cities
- 86 properties occupy a land area of 96.3 hectares (ha)
- All development opportunities are subject ALH's lease rights and require ALE and ALH to agree

As at 31 December 2020. All areas are estimates and rounded approximations only

Total Land Holdings – 96.3 hectares (ha)



1 hectare = 10,000 square metres



Capital Management

A Sound Debt Capital Structure

Capital management priorities

- Refinance pending expiries
- Maintain investment grade credit profile

Capital structure with positive features

- Investment grade credit rating of Baa2 (negative outlook)
- 100% of forecast net debt hedged over the next 4.9 years
- All-up cash interest rate of 3.15% fixed until the next interest rate step up
- Gearing at low of 39.7% (41.3% at June 2020)
- Interest cover ratio at 2.9 times (2.6 times at June 2020)

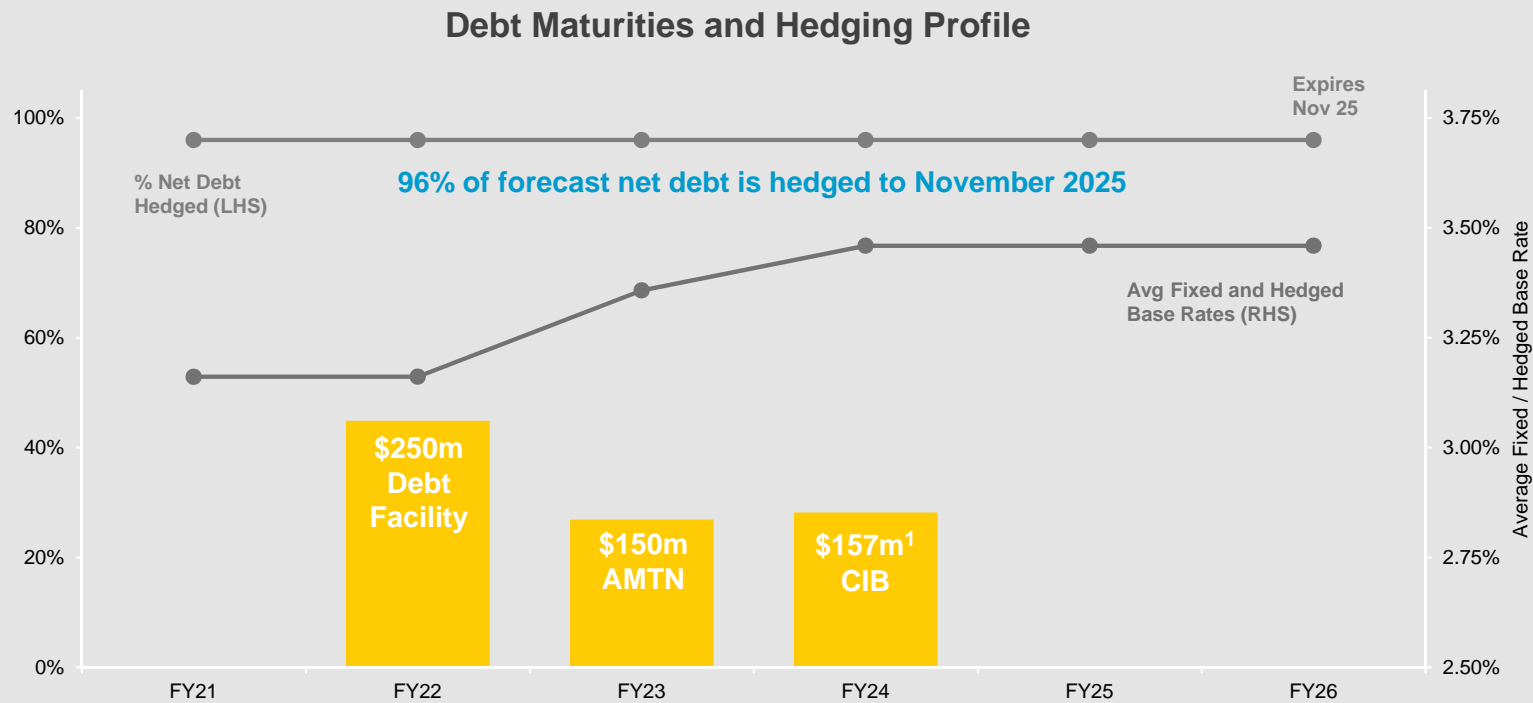
The Club Hotel, Ferntree Gully, Melbourne





Capital Management

Diversified Debt Maturities And Long Term Hedging



Note: Base interest rates exclude credit margins



ALE's Value Proposition Remains Unchanged

- National portfolio of 86 pub properties
- High quality pub properties mostly located in capital cities
- Triple net leases to ALH, Australia's largest pub operator
- Long term leases over strategically important property
- Weighted average lease expiry of 7.8 years plus four 10 year options to renew
- Investment grade and low risk capital structure

Disclaimer

This presentation has been prepared by Australian Leisure and Entertainment Property Management Limited (ALEPML) ABN 45 105 275 278 for general information purposes only, without taking into account any potential investors' personal objectives, financial situations or needs. Before investing in securities issued by entities managed by ALEPML, you should consider your own objectives, financial situation and needs or you should obtain financial, legal and/or taxation advice.

Past performance information provided in this presentation may not be a reliable indication of future performance. Information, including forecast financial information, in this presentation should not be considered as a recommendation in relation to holding, purchasing or selling shares, securities or other instruments of entities managed by ALEPML. Due care and attention has been exercised in the forecasts and any variation may be materially positive or negative.

This information contained herein is current as at the date of this presentation.

© ALE Property Group