

ASX ANNOUNCEMENT

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Sale of Non-Core Properties at Substantial Premiums

ALE Property Group (ASX: LEP), the owner of Australia's largest portfolio of freehold pub properties announces that after a portfolio review, the following non-core pub properties have been sold:

Property	Price	Yield ¹	Premium to Book Value ²	Agency
Boundary Hotel, East Bentleigh Vic	\$33.00m	4.23%	30%	JLL – at tender
Edinburgh Castle Hotel, Kedron Qld	\$7.50m	4.54%	0%	Burgess Rawson – immediately after auction
Kedron Park Hotel, Qld³	\$4.60m	4.80%	35%	Burgess Rawson – at auction
Morwell Hotel, Vic³	\$3.06m	4.74%	13%	Burgess Rawson – at auction
Noosa Reef Hotel, Noosa Heads, Qld	\$13.90m	4.81%	15%	JLL – at auction
Pelican Waters Inn Caloundra Qld³	\$10.80m	4.06%	42%	Burgess Rawson – at auction
	\$72.86m	4.40% w. av.	24.2% w. av.	

ALE Managing Director Guy Farrands commented: "These pubs were identified as non-core holdings following the receipt of the rental determinations late last year. They are all leased to ALH, Australia's largest hotel operator, on long-term triple-net leases with annual CPI reviews and renewal options. It has been some time since ALE has sold a

¹ Net income/price before acquisition costs

² As at 31 December 2020

³ Settled

property subject to this lease and we are pleased with how the market has received these assets.”

Gearing

Net proceeds of the sales are estimated at \$71m⁴ and will initially be used to reduce net debt. On settlement, ALE’s gearing⁵ is expected to decrease to approximately **35%**.

Asset Valuations

As part of its usual review processes, ALE is currently reviewing the carrying values of its portfolio of properties in connection with preparing its FY21 full year accounts. ALE will provide an update on the book value of the portfolio with its full year results.

Contact:
Guy Farrands
Managing Director
ALE Property Group

02 8231 8588
Website: www.alegroup.com.au

⁴ In view of the profits created by these sales ALE's FY21 distribution will contain capital gains tax components

⁵ 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
