

ASX ANNOUNCEMENT

16 June 2009

Announcement No. 14/09
The Manager
Australian Stock Exchange

Sale of Two Sydney Hotel Properties for \$11.74 million

Highlights

- Pymble Hotel and Kirribilli Hotel sold for combined total of \$11.74 million
- Average capitalisation rate of 6.42%
- Large number of bidders at auction

Sale of Pymble and Kirribilli Hotels

ALE Property Group (ASX Code LEP) has exchanged contracts for the sale of the Pymble Hotel for \$3.91 million and the Kirribilli Hotel for \$7.83 million.

The gross sale proceeds of \$3.91 million for the Pymble Hotel represents a:

- capitalisation rate of 6.33% and compares to the December 2008 carrying value capitalisation rate of 6.60%
- 38% increase on the cost price of the hotel when it was acquired in November 2003
- 4.3% increase on the book value of the hotel as at 31 December 2008.

The gross sale proceeds of \$7.83 million for the Kirribilli Hotel represents a:

- capitalisation rate of 6.46% and compares to the December 2008 carrying value capitalisation rate of 6.00%
- 34% increase on the cost price of the hotel when it was acquired in November 2003; and
- 7.1% decrease on the book value of the hotel as at 31 December 2008.

ALE Managing Director Mr Andrew Wilkinson said he was very pleased with the capitalisation rates achieved at the auction and strong interest in the properties from multiple parties.

“These two sales demonstrate strong demand for high quality and affordable hotel assets. ALE has a unique portfolio of assets, supported by long term CPI linked revenue streams to a strong tenant. Today’s sales indicate these types of assets are highly valued by investors. This sets a strong precedent for another three hotels ALE will be putting to auction in Melbourne on Wednesday 24 June.”

ALE will apply the sale proceeds to both debt reduction and to increase surplus cash balances.

- Ends -

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