December 08 Half-Year Results Presentation

25 February 2009

Elsternwick Hotel, Melbourne, VIC

Breakfast Creek Hotel, Brisbane, QLD

ALE PROPERTY GROUP

Australian Leisure and Entertainment Property Management Limited ABN 45 105 275 278
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Highlights – strong result and positive outlook

December 08 Half-Year Results

- distribution of 15.00 cents per security, as per guidance
- distribution is 75.9% of free cash flow of 19.77 cents per security
- revaluation of property assets to $828.9m, reflecting
  - 5.08% increase in CPI based rental income
  - 0.34% increase in property capitalisation rate
- 100% of ALE's debt is now hedged for a weighted average 14.7 years

Looking forward

- cash interest rate reduced to 3.14% p.a.
- $18m cash balance growing and providing capital management flexibility
- no debt maturities until May 2011
- debt covenant headroom allows property values fall a further 14%
- disciplined focus on low risk and high quality properties will continue to apply
- FY09 full year total distribution guidance of at least 30.00 cents per security

ALE Risk and Capital Management Track Record

Over the past five years ALE has consciously avoided:

- expanding offshore
- taking on development risks
- establishing a funds management business
- acquiring volumes of property at the top of the market

At the same time ALE has:

- reduced its gearing by around 18%
- extended financing and hedging maturities
- consistently managed its capital and risk position
- reduced MER to 0.24% (lower than most A-REITs)
- acquired and sold assets selectively and value accretively
- ensured future distributions are fully funded from free cash flow

ALE has consciously decided to keep it simple and avoid additional risk !

December 08 Half-Year Results - Distributable Profit

	$M
Revenue	28.6
Borrowing Expense [1]	(8.7)
Management Expense	(1.8)
Land Tax Expense	(1.0)
Distributable Profit [1]	**17.1**
Distributions Paid [2]	13.0
Cash Retained For Capital Management [3]	4.1

1. *Excludes non-cash accounting items. Figures include rounding. See Appendix.*
2. *As per guidance (before DRP)*
3. *Before further cash arising from DRP*

December 08 Half-Year Results - Distributable Profit

	$M	Impact
Distributable Profit Dec 2007 Half	15.3	
Increased Property Income	2.0	↑
Increased Interest Income	0.5	↑
Decreased Borrowing Costs	6.1	↑
Increased Management Costs	(0.6)	↓
Increased Land Tax	(0.2)	↓
Fair Value Gains (no longer distributed)	(6.0)	↓
Distributable Profit Dec 2008 Half	17.1	

NB: Excludes non-cash accounting items. Figures include rounding.

December 08 Half-Year Results – Financial Highlights

Half-year ended	Dec 2008	June 2008	
Distribution per Security	**15.00¢**	16.75¢	↓
Property Values [1]	**$828.9m**	$842.4m	↓
Gearing [2]	**70.4%**	68.0%	↑
Net Asset per Security [3]	**$2.84**	$2.95	↓

1. Based on sum of individual property values and development properties at cost
2. Total Net Debt as a % of Total Property Assets (based on sum of individual valuations)
3. Excludes mark to market valuations of hedging (expected to be a timing difference as amount is unwound over hedging term)

Property Portfolio – Security of Rental Income and Market Demand

Security of Income

- ALH - a tenant with strong credit quality
- 0% property vacancy
- ALH has specific development rights
- triple net leases with average terms of 19.8 years + options
- properties expanding with Dan Murphy rollouts
- ALH continues to exhibit outstanding growth

Demand from Investors

- widespread demand continues for securely tenanted quality Australian properties valued at under $20m

Property Portfolio - Market Overview

- both property and credit markets have deteriorated further
- investment grade and smaller value properties continue to be in demand from private investor market
- private investors flight to domestic, investment grade properties with sustainable cash flows
- limited liquidity in larger value properties ie $20m+
- properties with operations featuring less discretionary, defensive and counter cyclical operational characteristics remain favoured

Property Portfolio - Valuation Results

- independent valuation of one third representative sample
- average capitalisation rate movement on a sum of individual properties basis (accounting value): 6.20% to 6.54%
- independent advice from DTZ that cap rate movements apply to all properties on a state by state basis
- land tax in QLD reflects revaluations: $2.0m for FY09
- capitalisation rate of 6.54% provides a margin over current Aust. Government long term real interest rates of 4.3%
- long term nominal interest rates have fallen by around 3.1% since June 2008 and CPI in year to Sep 2008 rose by 5.08%

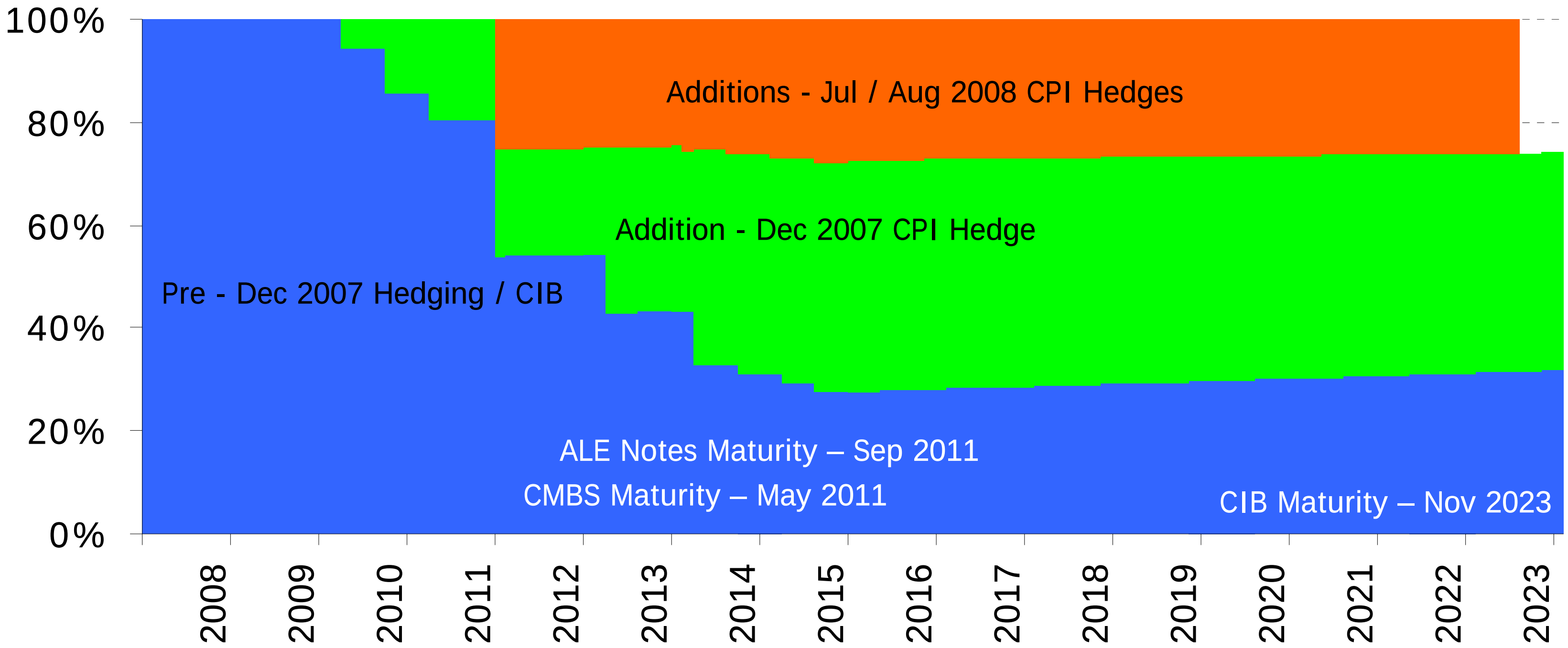
Risk Management - CPI Hedge Transactions

CPI Hedges

- ALE entered into long term hedges between Dec 2007 and Jul 2008
- terms expire 2023 (approx. 14 years)
- A) ALE receives floating rate interest at BBSW (plus a margin)
- B) ALE pays fixed real rate interest averaging 3.55%
- Fixed rate payments are based on a balance that commences at $450m and escalates by CPI (the same basis as existing CIBs)
- ALE can break at anytime and hedge provider has rights to break or extend every five years
- amount repayable in 2023 under the Hedge is the amount by which $450m escalates by CPI. Earlier unwind may also include break costs or profits

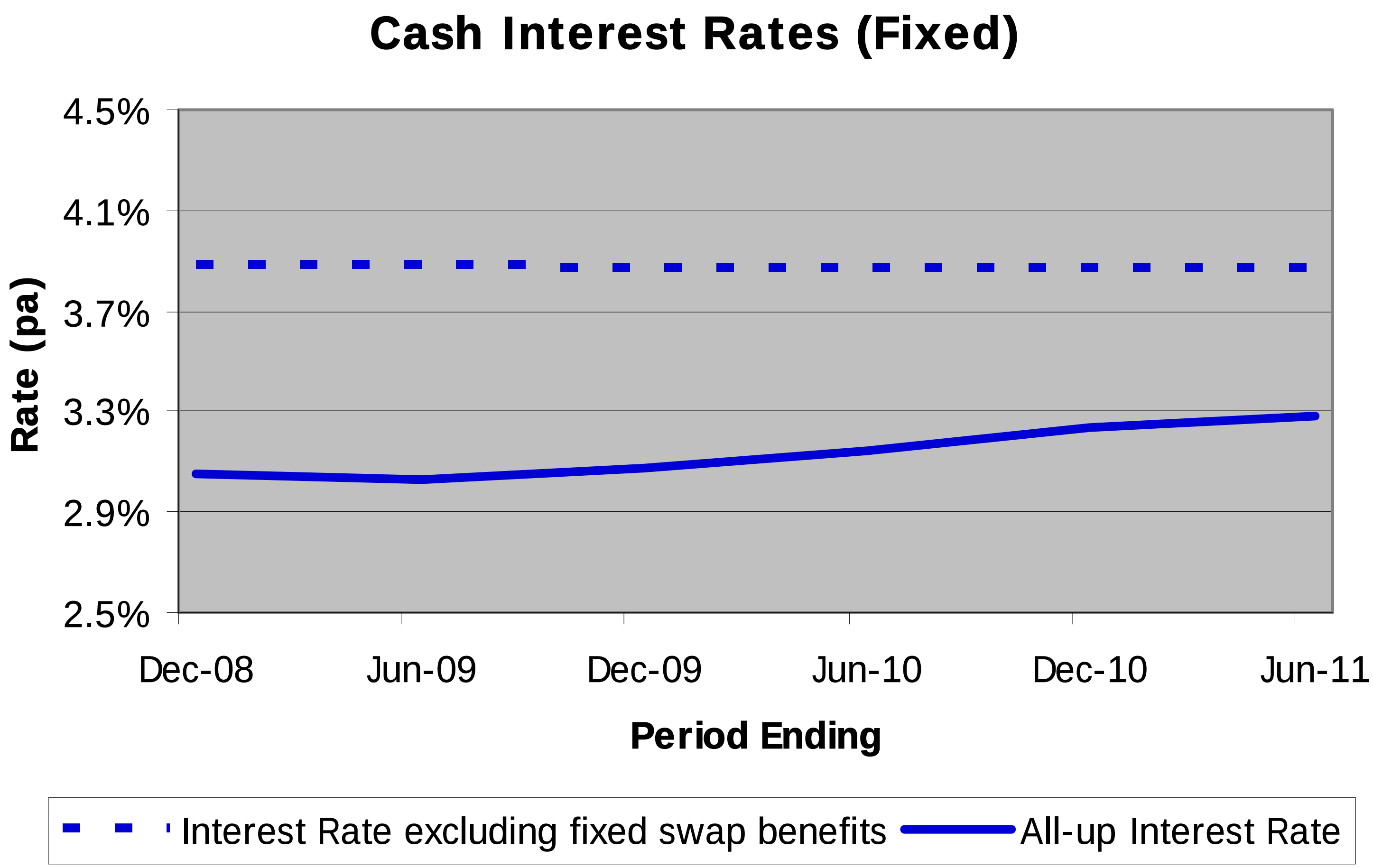
Risk Management - CPI Hedge Transactions

As at February 2009 – WAV hedging term of **14.6 years**



ALE is 100% hedged until May 2023

Risk Management - CPI Hedge Transactions



Risk Management - CPI Hedge Benefits

Real or CPI interest rate hedging benefits for ALE:

- locked in historically low real interest rates
- reduced the volatility of free cash flow available for distribution to debt and equity
- increased certainty of interest cover at refinancing
- extended hedging term to 14.7 years
- increased matching of assets and liabilities
- increased matching of income and expense growth
- increased surplus cash balances assist capital management

Benefits for both ALE's debt providers and equity investors

Risk Management - CPI Hedge Benefits

Crystallised value of pre-existing hedging

- ALE previously had nominal interest rate hedging in place in respect of the $450m of CMBS, NAB Facility and ALE Notes
- ALE entered into offsetting swaps (counter swaps)
- remaining value of $12m was locked in and is available as free cash flow for distribution to FY15
- provides even further covenant headroom

Capital Management - Liability Scorecard

Focus on quality and risk management (as at Feb 2009)

➢ WAV debt maturity term:	5.2 years
➢ earliest debt maturity:	May 2011 (in 2.3 years)
➢ WAV hedging term:	14.6 years [1]
➢ earliest 100% hedge maturity:	May 2023 (in 13.9 years) [1]
➢ gearing:	70.4% (reduced from 88% at IPO) [2]
➢ FY09 WAV interest rate:	3.10% p.a. (plus CPI indexation)
➢ property value headroom:	14% decrease in property values
- as at Dec 08	0.86% increase in cap. rates (to 7.4%)
- going forward	1.03% increase in cap. rates (to 7.6%) [3]
➢ interest cover headroom:	70% decrease in ALH's EBITDAR
	33% decrease in ALE rental income

1. subject to counterparty rights of extension and review at Dec 2012 and May 2013

2. net debt as a % of property asset values

3. cap.rate headroom at 1.03% includes locked in hedge profits and future cash balance growth

Capital Management– Capital Structure

Current Capital Structure (as at February 09)

Debt Security	Amount * $M	Maturity Date	Maturity Term	Hedge Term	Interest Rate Arrangements
CIB	137	Nov 2023	14.8	14.8	Fixed Real Rate
CMBS / BANK	257	May 2011	2.3	14.8 **	Floating Nominal Rate - Hedged
BANK	57	May 2011	2.3	14.3 **	Floating Nominal Rate - Hedged
ALE NOTES	154	Sep 2011	2.7	14.3 **	Fixed Nominal Rate - Hedged
TOTAL DEBT & W. AVERAGES	**601**		**5.2 years**	**14.6 years**	

* Includes CPI Hedge indexation applicable to debt security
** Subject to CPI Hedges with rights to break and extend at Dec 2012 and May 2013 and each five yearly anniversary thereafter

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Capital Management – Moving Forward

Capital management focus will continue

- debt maturities in second half of FY11
- early dialogue with banks has commenced
- free cash flow surpluses growing from
  - free cash flow exceeding distributions
  - continuing DRP*
  - together adds around $11m p.a. to a current surplus cash balance of $18m, providing increasing liquidity and covenant flexibility
- net rental income is capable of fully repaying all the current debt within the initial term of the lease

  (see hypothetical scenario analysis in Appendix)

* Assumes DRP participation continues at 20% with no buyback and annual distribution at 30 cps

FY09 Outlook and Strategy

- acquisitions will only proceed on a value accretive basis. Current funding costs (margins and equity funding) rule out most low risk opportunities available

- outlook is for distributable free cash flow to exceed future distributions

- distribution policy will continue to have regard to gearing levels, expected future credit margins and any other relevant financial parameters

- distributions are expected to be 96.3% tax deferred and 3.7% tax concessional for FY09 and then at least 90% tax deferred thereafter
(on an unchanged portfolio basis)

FY09 Outlook and Strategy - Distribution Guidance

- FY09 full year distribution guidance of at least 30.0 cents per stapled security is maintained
- FY09 full year free cash flow guidance of at least 35.0 cents per stapled security is maintained
- if credit margins reduce from levels currently prevailing in the debt markets there is the opportunity for distribution growth

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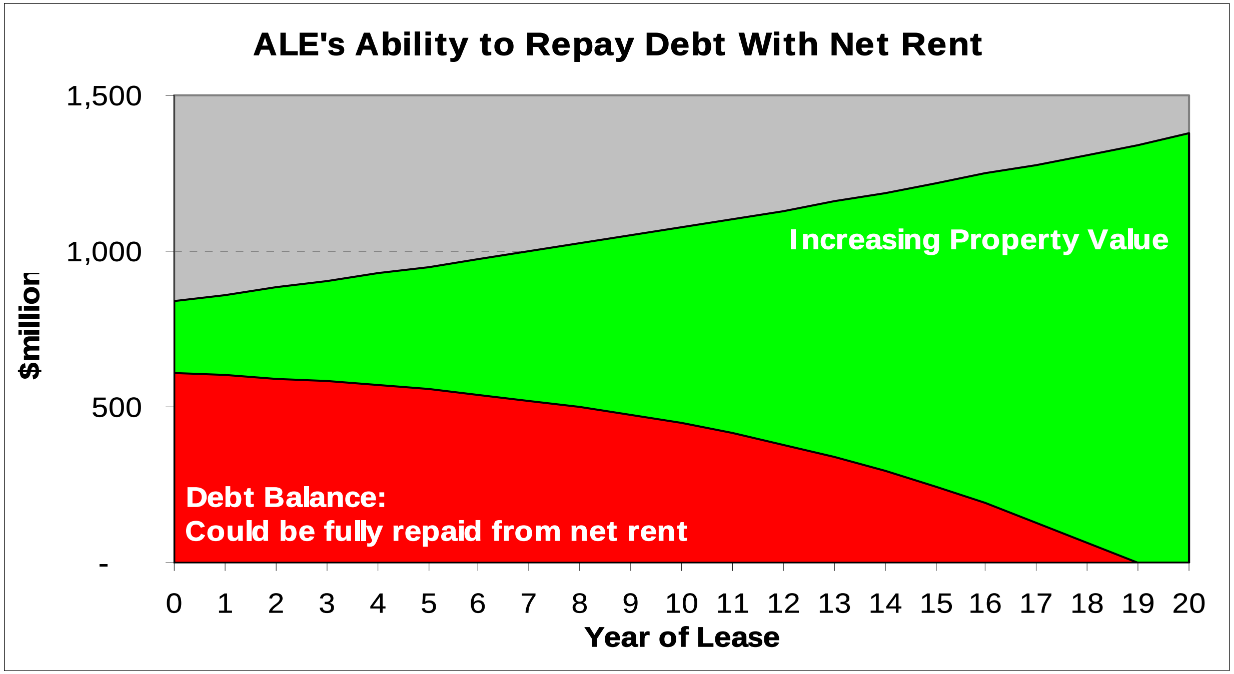
This information contained herein is current as at the date of this presentation.

Reconciliation of Accounting Profit to Distributable Income

Reconciliation of loss after tax to amounts available for distribution

	A$'000
Loss after income tax for half-year	(48,935)
Plus / (Less)	
Profit on sale of investment properties	(1,911)
Fair value decrement to investment properties	6,974
Fair value reduction in derivatives	52,327
Employee security based payments	68
Finance costs – non cash	18,349
Income tax benefit	(9,737)
Total available for distribution	**17,135**
Distribution payable	13,000
Available and undistributed at the half-year	**4,135**

Capital Management - Debt Repayment Scenario Analysis



Broad and indicative assumptions applied:

* 2009 passing net rent less costs: $51 million
* Rent Growth at CPI: 2.5% p.a.
* Interest rate (incl. margin): 7.2% p.a.
* Constant cap. rates

<u>Full repayment within initial lease term !</u>